

# Review of State DOT Approaches to Distribute Federal Metropolitan Planning (PL) Funds to MPOs

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## Introduction

Metropolitan Planning Funds (PL funds) are provided from the Federal Highway Trust Fund and are distributed by State Departments of Transportation (DOTs) to metropolitan planning organizations (MPOs) to conduct the planning activities required by [Title 23 of the U.S. Code 134](#). PL funds were first authorized under the Federal-aid Highway Act of 1962 and continue to be authorized through the 2005 “[Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users](#)” (SAFETEA-LU) and its 2012 reauthorization, “[Moving Ahead for Progress in the 21<sup>st</sup> Century](#)” (MAP-21). PL Funds comprise the majority of the funding that MPOs use to conduct planning.

Under SAFETEA-LU and MAP-21, MPOs are required to conduct specific transportation planning functions, including:

- Establish and manage a fair and impartial setting for effective regional decision-making in the metropolitan area.
- Use data and planning methods to generate and evaluate alternatives. Planning studies and evaluations are included in the Unified Planning Work Program or UPWP.
- Develop and update a long-range transportation plan for the metropolitan area covering a planning horizon of at least twenty years that fosters (1) mobility and access for people and goods, (2) efficient system performance and preservation, and (3) good quality of life.
- Develop a short-range (four-year) program of transportation improvements based on the long-range transportation plan; the TIP should be designed to achieve the area's goals, using spending, regulating, operating, management, and financial tools.
- Involve the general public and other affected constituencies in the four essential functions listed above.

Each MPO is responsible for planning to meet the transportation needs within its metropolitan planning area, the boundaries and size of which varies by MPO. In addition to the [Census-designated Urbanized Area \(UZA\)](#), MPO boundaries can also include areas expected to become urbanized within the next 20 years, and additional areas determined by political boundaries (e.g., a county) or other geographic boundaries.<sup>1</sup> FHWA provides [updated information](#) on current Census-defined areas and definitions related to MPO boundaries.

In addition to planning for transportation needs within their boundaries, MPOs are also required to plan for regionally significant<sup>2</sup> transportation needs, even if these fall partially outside of their boundaries. For this reason and to plan collaboratively and efficiently with other regional entities, MPOs should identify opportunities to coordinate with other MPOs and government agencies within their general region<sup>3</sup>.

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<sup>1</sup> [The Transportation Planning Process: Key Issues](#). FHWA / FTA. 2007.

<sup>2</sup> Defined by § 93.101 as a transportation project (other than an exempt project) that is on a facility which serves regional transportation needs (such as access to and from the area outside of the region, major activity centers in the region, major planned developments such as new retail malls, sports complexes, etc., or transportation terminals as well as most terminals themselves) and would normally be included in the modeling of a metropolitan area's transportation network, including at a minimum all principal arterial highways and all fixed guideway transit facilities that offer an alternative to regional highway travel.

<sup>3</sup> *Region* in this context refers to an undefined area around the MPO where collaboration may enhance the planning process.

PL funds are distributed to States based on a ratio of urbanized-area population in individual States to the total nationwide urbanized-area population. State DOTs then distribute this funding to the MPOs in their State based on a formula, agreed to by the MPOs, and approved by their FHWA Division Office. According to [Title 23 U.S.C. 104\(d\)](#), these formulas must consider population, status of planning, attainment of air quality standards, metropolitan area transportation needs, and other factors necessary to provide for an appropriate distribution of funds to carry out the requirements of Title 23 U.S.C. 134 and other applicable requirements of Federal law. It is important to note that funding that is not necessary for conducting the required Federal planning processes within metropolitan areas may be used for transportation planning outside of the areas with approval of the FHWA Division. Distribution formulas often account for this additional expected funding and allocate it to specific programs or through competitive grants.

While each State develops its distribution formula in accordance with Federal Regulations and in partnership with State MPOs and the FHWA Division Office, there are many methods for determining the appropriate approach to distribution. Many States use population as a primary factor in their formula, while others include additional factors such as air quality attainment status, State priority programs (such as regional planning), or vehicle miles traveled (VMT). Additionally, special considerations are often included for MPOs with boundaries that cross two or more States.

- This report describes a range of different approaches to distribution formulas, and provides observations drawn from the DOT and MPO contacts and the study team's analysis of the merits different approaches.
- FHWA is providing this information as a resource for DOTs and MPOs nationwide to use in self-assessment of current distribution approaches and to consider alternative approaches.



## Purpose

The purpose of this report is to provide examples of various approaches to PL funding distribution formulas, which can serve as a resource for State DOTs, FHWA Divisions and MPOs when changing or updating their current formulas.

Federal Regulations state that PL funds should be distributed to MPOs using a formula based on:

“...population, status of planning, attainment of air quality standards, metropolitan area transportation needs, and other factors necessary to provide for an appropriate distribution of funds to carry out the requirements of 23 U.S.C. 134 and other applicable requirements of Federal law...”<sup>4</sup>

Surveys of PL distribution formulas indicate that these formulas do not explicitly consider all of the above factors, but rather, use measures which may be considered a proxy for those elements called out in the law. State DOTs, FHWA Divisions, and MPOs interpret this regulation when developing the distribution formula to best suit the needs of the MPOs within that particular State. These formulas include different factors to ensure MPOs are able to satisfy the Federal planning requirements and sometimes include allocations for State priorities. In addition to funding distribution formulas, this report also identifies different approaches for securing the required financial match for Federal planning funds and briefly discusses approaches to distributing [5303 formula grants](#) (transit funds) and [State planning research \(SPR\) funds](#), although the focus is on PL Funds.

In addition to the guidance in the Federal Regulations, there are few additional resources or studies to assist DOTs and MPOs in developing or reviewing their PL funding formulas. This report draws mainly from discussions with State DOT representatives and a literature review focused on four reports on the topic:

- [AMPO 2004 Institutional Survey](#) Association of Metropolitan Planning Organizations. 2004.
- [Metropolitan-Level Transportation Funding Sources](#) American Association of State Highway Transportation Organizations. 2006.
- [Staffing and Administrative Capacity of Metropolitan Planning Organizations](#) Center for Urban Transportation Research. 2010.
- [State DOT Survey of PL/5303 Funds](#). American Association of State Highway Transportation Organizations. 2010.

While none of these reports provides a complete listing of PL funding formulas, they provide overviews of the process and information on the state of practice in formula development.

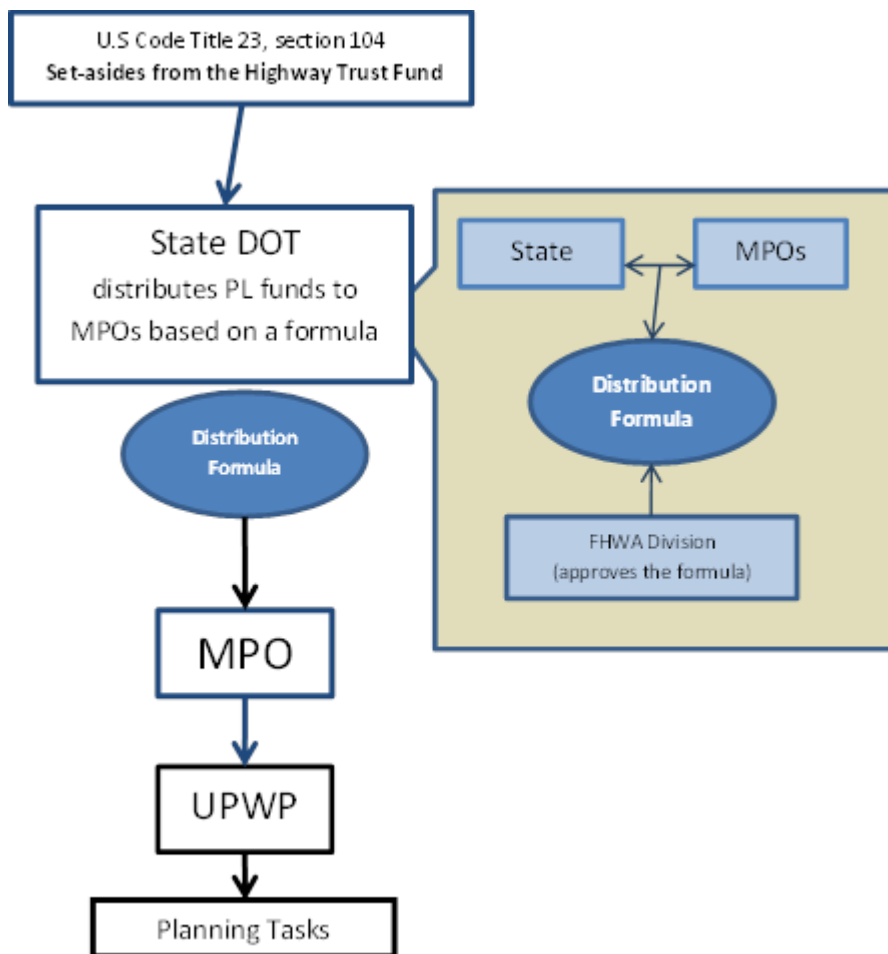
## PL Funding Process

The following diagram illustrates the process through which each level of government distributes PL funds. While this report focuses on the various methods used to distribute funds from the States to the MPOs, it is also important to consider how funds are allocated by the MPO to the actual planning tasks and related costs through development of the Unified Work Program (UPWP). The UPWP is the Federally required grant application developed by MPOs to document their transportation planning tasks and those of their partner agencies. Ideally, both the distribution of PL funds from DOTs to MPOs and other state or local planning funds to UPWP planning work should be related to meeting overall national, State, and metropolitan area transportation needs, goals, and

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<sup>4</sup> Distribution of PL Funds in [23 U.S.C. 134 §420.109](#)

priorities. The MPOs' planning activities, documented in the UPWP, reflect consideration of State and Federal as well as regional and local priorities, and funding for these planning priorities is supported through the method and formula used to distribute the planning funds.



## Funding Distribution Approaches

Population is typically the main factor in PL distribution funding formulas. Formulas also include factors such as air quality, vehicles miles traveled (VMT), road miles, lane miles, transportation management area (TMA) designation<sup>5</sup>, and allowances for State managed planning processes.<sup>6</sup> Additionally, some DOTs consider the MPOs' ability to spend PL funds, and withhold funding from areas that do not use allocated funding within a designated period of time.

Many States use a standard base amount of funding to ensure all MPOs receive a minimum amount of funding required for planning activities and to maintain and operate the MPO. In some States, this may be the minimum amount required to fund the salary and overhead for one planner and supportive services, while other States may have higher base amounts.

In addition to different factors used in the formulas, many States use different weights for those factors, resulting in many subtle distinctions among the State formulas.

Many DOTs administer PL funds to MPOs through their central office and require MPOs to report these funds in their annual unified planning work program (UPWP).<sup>7</sup> States have the ability to combine PL funds with additional funds for metropolitan transportation planning process under 49 U.S.C. 5303 (5303 funds) using a [Consolidated Planning Grant](#) (CPG).<sup>8</sup> Many States choose to do this to reduce the administrative duties associated with managing two accounts.

## PL Funding Formula Study Overview

The scope of this study focuses on the methods DOTs use to distribute Federal funding to MPOs. The study team conducted a literature review of PL funding studies and held structured telephone discussions with representatives from the ten case study DOTs (Table 1). The guide is provided in [Appendix A: Discussion Guide for PL Funding Project \(for State DOTs\)](#).

This report summarizes each of the State funding formulas reviewed and describes benefits or constraints of individual factors or approaches in the funding formulas.

The team selected the States listed in Table 1 for the study to represent a range in formula types, populations, geographic location, and rural-urban balance. All formulas comply with applicable Federal regulations and illustrate the broad range of interpretations acceptable under these regulations. Although the regulations are flexible to accommodate different planning contexts across the country, it is also clear that there are opportunities to use the formula as a means to advance current and changing State and Federal priorities, including air quality attainment, encouragement of outcome or performance-based planning, and coordination of transportation and



Figure 1: Geographic Distribution of State DOTs in this study

<sup>5</sup> A Transportation Management Area (TMA) is an area designated by the Secretary of Transportation, having an urbanized area population of over 200,000.

<sup>6</sup> American Association of Highway and Transportation Organizations (AASHTO) State DOT Survey of PL/5303 Funds. 2010

<sup>7</sup> Metropolitan-Level Transportation Funding Sources (2006) AASHTO

<sup>8</sup> States can transfer funds from FTA to be combined with 49 U.S.C. 5305(d) metropolitan planning funds, or vice versa, as a consolidated planning grant.

land use planning. Many DOTs distribute additional funding to MPOs that serve TMAs, distinct from funding based on population. None of the States profiled in this report use TMA designation as a formula factor.

**Table 1: State DOTs Formula Factors**

State	# of MPOs	Population	% of the State Classified as Urban <sup>9</sup>	Formula Factors							Match
				Population	Standard Base	Tiered Base	Specific Program	Air Quality	State	Other	
CA	18	37,253,956	98%	X		X		X			MPO
FL	26	18,801,310	94%	X	X		X			X	MPO (Toll credits)
IA	9	3,046,355	57%	X							MPO
ME	4	1,328,361	58%	X		X				X	State / MPO
MS	4	9,938,000	75%	X	X						State / MPO
OK	3	3,451,000	65%	X	X						State / MPO
OR	6	3,831,074	78%	X		X					State
PA	23	12,281,000	77%	X		X	X				State / MPO
SD	3	814,180	45%			X			X		MPO
WY	2	563,626	30%		X				X		MPO / State

<sup>9</sup> The U.S. Census Bureau's urban-rural classification is fundamentally a delineation of geographical areas, identifying both individual urban areas and the rural areas of the nation. The Census Bureau identifies two types of urban areas: 1) Urbanized Areas (UAs) of 50,000 or more people; 2) Urban Clusters (UCs) of at least 2,500 and less than 50,000 people. "Rural" encompasses all population, housing, and territory not included within an urban area. Visit the FHWA website on Census Issues for additional information.

## Findings

From the discussions with representatives from the ten State DOTs, and a review of previous studies, the project team developed the following findings regarding PL funding formula development, data and analysis, relation to Federal and State priorities, and matching funds. The case studies that follow this section provide expanded discussion of these findings.

These findings illustrate the diverse formulas that are tailored to suit the needs of each State and highlight common themes among the States in this report. The range of formulas include complex factors considering specific planning challenges such as air quality factors, simple divisions of funds based on historic precedent or negotiations, and “set aside” funds used for specific State initiatives or priorities.

## Formula Development

### **Equity is commonly mentioned as a consideration for distribution.**

Based on discussions with the DOTs featured in this report and a review of existing literature, the study team found that the fairness of funding allocations is the most common concern when determining how to distribute funds. Many DOTs discussed the need to maintain a sense of equity across MPOs, although equity is interpreted differently by each State.

### **Population tends to be a major factor for distribution due to its perceived equity.**

Many States, especially those with a small number of MPOs, favor population based formulas because of perceived fairness. In States with MPOs that vary significantly in population, a base amount of funding, plus funding based on population percentage, may be a preferred approach to ensure that the smallest MPOs have sufficient funds to perform required basic planning activities.

### **Formulas tend to not be updated frequently.**

Most formulas have not been updated in several (10+) years. States with a small number of MPOs and States that use formulas based on negotiated percentages tend to be less engaged in changing the formula than States with higher numbers of MPOs or complex formulas. Additionally, especially in the case of formulas with percentages based on negotiations, the justification for the formula or formula factors is not always documented in detail. With staff turnover, it is possible the current DOT staff members responsible for allocation of planning funds are not familiar with why a particular approach is in use.

### **Many States include methods to maintain relatively stable amounts of funding to the MPOs.**

Many States in this report developed formulas with clauses to ensure funding levels remain constant, or do not decrease significantly due to formula factors such as population factors, which can decrease over time. Some States, such as California and Pennsylvania (and Iowa, in the case of 5303 funds) use a blend of recent population figures and current population figures to ease the transition for MPOs which lose population, or lose percentage population compared to other MPOs.

### **Factors other than population may discourage MPO consolidation.**

MPO consolidation is not discussed in this report; however, the study team notes that factors based largely on population may allow MPOs to decide to consolidate without financial penalties. As an example, in 2003, the Center for Urban Transportation Research conducted a study looking at possibilities to consolidate two adjacent MPOs in North Carolina to operate more efficiently. At the time, North Carolina’s formula called for 50% of the PL funds to be divided equally among MPOs, and 50% of the funding to be distributed based on population. If the two MPOs were to merge, their share of PL funds from the first category of funds would be reduced.<sup>10</sup> Since this

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<sup>10</sup> [Organizational Review of the Capital Area MPO \(CAMPO\)](#). Center for Urban Transportation Research. 2003.

report, North Carolina has amended its formula which provides a base of \$130,000 to all MPOs, with the remaining funds distributed by population.

**States reviewed in this report with a large number of MPOs (ten or more) tend to use more fixed and complex formulas; States with smaller numbers of MPOs tend to develop formulas based on discussions and negotiations with the MPOs.**

While all formulas are developed jointly by the MPOs and their respective State DOT (with approval from the FHWA Division Office), some formulas consist of factors based on data, while other formulas consist of formulas and percentages that result from negotiations to ensure equity among MPOs and also to ensure all MPOs are capable of meeting Federal planning requirements.

This can involve adjusting a percentage based on population to increase funding to smaller MPOs if there is very large difference between the size of small MPOs and large MPOs in the State. Some States may choose to develop a base level of funding to ensure planning needs are met, while other States may, through negotiations, transfer a small percentage of funds from larger MPOs to smaller MPOs. This type of negotiation may be easier to accomplish in States with smaller numbers of MPOs. Larger MPOs may have additional planning requirements, such as air quality management if they are in non-attainment, or congestion management processes if they are in a transportation management area (TMA). Linking these activities to specific amounts of funding may help ensure MPOs are equipped to manage these technical planning responsibilities.

## **Data / Analysis for Population Percentages**

**Percentages based on population are derived from different sources.**

States used different processes to update their population-based distributions (some wait ten years between releases of Census population figures to update the allocations; others use projected estimates of population to update the allocation figures more frequently). Many formulas include a clause to avoid penalizing MPOs for losing population.

**Negotiations with MPOs are often considered when determining population percentages.**

Population based formulas vary among the States. Some formulas use percentages based on population and are adjusted through negotiations with the MPOs to ensure the smaller MPOs are sufficiently funded. In cases where MPOs are of a similar size, the formula may simply divide the funding in equal parts among the MPOs. In others, MPOs may negotiate percentages based loosely on population (fixed percentages based on “large” or “small” sized MPOs, not percentages directly proportional to population figures).

## **State Priorities**

**Some States retain funding for specific purposes or programs.**

Some States, such as Pennsylvania and Florida retain funds for specific programs, such as the land use and transportation planning program in Pennsylvania, or funds for regional planning in Florida. A key difference in Pennsylvania is that the DOT determines how to allocate the land use planning funds, maintaining a more active role in the use of the funds, while in Florida, the DOT allocates funds for regional planning to each MPO, giving the MPOs more responsibility for determining how to spend the funds.

**Some States retain money for special studies.**

Similar to retaining funding for specific purposes, some DOTs retain money for larger projects that MPOs would not be able to pay for on their own. Many States that retain funding for special projects do not limit the funding to projects of MPOs, such as in the case of Wyoming or Pennsylvania, which allocate funding for special projects in rural as well as urban areas.

## Federal Priorities

**Some formulas explicitly include funding for specific Federal priorities, especially air quality attainment.** While the PL formula is supposed to ensure that MPOs can adequately perform Federally required planning activities, most formulas do not allocate funds by specific activities. Air quality attainment is the exception to this: several States, including Texas, reserve PL funding specifically for MPOs in non-attainment or maintenance areas to use on projects that address air quality.<sup>11</sup>

## Matching Funds

**Responsibility for matching funds is a difficult issue, especially in tight economic times.**

There appears to be a trend of DOTs that once provided the required matching funds for PL funds to shift the responsibility for this match to the MPOs. The discussion of responsibility for matching funds may be more controversial than the development of the funding formula itself. When MPOs are responsible for providing the local match, some MPOs require all member governments to pay an equal share, and some MPOs sometimes procure the match from member jurisdictions where particular studies or projects are located.

**States and MPOs can use toll credits for PL matching funds.**

One solution for providing the PL match is to use toll credits. Some States encourage this use of credits, while others try to use it after other options for matching funds have been exhausted.

**Many States have consolidated or plan to consolidate PL and 5303 funds into a Consolidated Planning Grant.**

Reduction in administrative effort for managing one funding stream is a major incentive for consolidating funds.

## Opportunities

**PL funding can be leveraged to advance State or Federal priorities by retaining funds for specific purposes or programs.**

In the cases of Florida and Pennsylvania, these States reserve special funds for specific planning purposes (in these cases, regional planning, and land use and transportation linkages, respectively). Funding for these programs can be allocated to all MPOs for specific activities, or granted for specific projects or to individual areas.

**DOTs can retain PL funding to grant to special projects as needed, or issue competitive grants for projects that go beyond meeting basic Federal planning requirements.**

States can use grant programs to provide funding for specific programs or initiatives, or more generally for determined needs such as special projects.

**DOTs can work with other State agencies that may be willing to provide matching funds or other assistance for mutually beneficial plans or programs.**

The Federal government encourages interagency collaboration. In some cases, State agencies (such as a State Department of Conservation and Recreation) may be willing to provide some of the PL match or assistance for projects that advance that agency's goals.

**For population based formulas, States can update population projections annually to more closely reflect population.**

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<sup>11</sup> [TxDOT Document on Funding for MTP Planning Process](#). FHWA Texas Division. 2008.

While it may be advantageous to update the funding every year using State population data, rather than U.S. Census data, States may consider using blended formulas or weighted formulas to ease the transition if MPOs rapidly lose population, or percent population compared to the other MPOs.

**States can use established formula factors from other programs.**

Established factors can help provide a rationale for funding distribution to meet certain goals. In the case of California, the formula includes multiplying factors established in the CMAQ program, which is perceived as an equitable method to distribute funding for air quality because the allocation formula was already established in another program.



## Case Studies

The following case studies illustrate a range of approaches State DOTs use to distribute PL funds. The case studies include an overview of each formula and the formula's relationship to State and metropolitan transportation planning.

# California

Formula Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• Base with 5 tiers</li> <li>• Additional allocated based on population</li> <li>• Additional allocation for air quality, based on factors from CMAQ program</li> <li>• Adjusted amount based on previous base amount</li> </ul>	18	37,253,956	98%

## Summary

The California Department of Transportation (Caltrans) uses a formula that considers population and air quality to distribute PL funds. The formula is one of the more complex formulas reviewed in this report, with 12 individual factors that make up the formula, although these factors all relate to population, air quality, and historic funding levels.

Caltrans uses a tiered base system with five funding categories based on MPO population. The base number is the minimum amount of funding each MPO within that category will receive. Each MPO will receive additional funding based on other factors.

The base categories are as follows:

Minimum Population	Base Funding
50,000	\$456,000
250,000	\$475,000
500,000	\$498,000
1,000,000	\$547,000
2,000,000	\$647,000

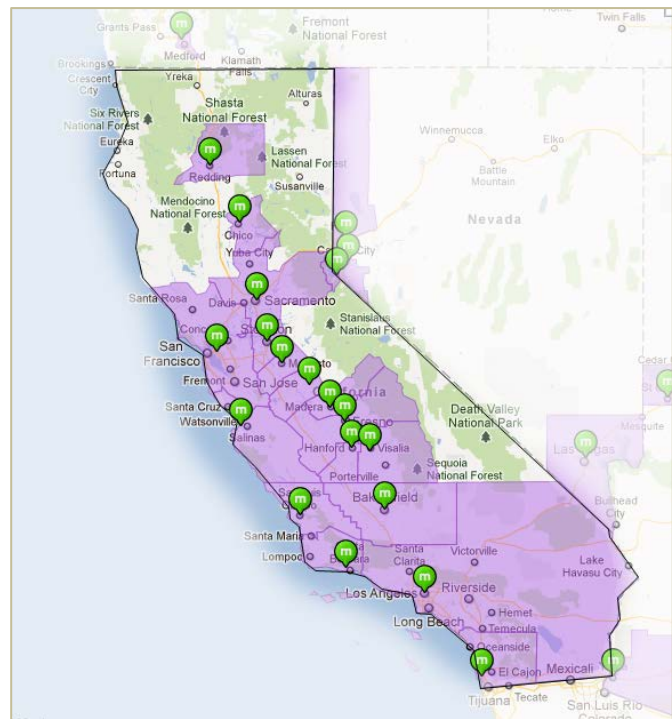


Figure 2 California MPOs .Source: AMPO, 2012

The formula uses a blend of the current year’s base amount and the prior year’s base amount. Because MPOs may move from one base tier to another as their population changes, the blended factor prevents major fluctuations in PL allocations and supports predictability in funding, although it may limit ability to accommodate population shifts. Caltrans uses population estimates from the California Department of Finance, which are updated annually.

Air quality factors play a large role in California’s PL formula, as only four of eighteen MPOs are in attainment as of 2012. MPOs are given funding to manage planning for air quality based on the general air quality attainment status of the metropolitan area, although MPOs are not explicitly required to use this additional funding for air quality planning purposes. Caltrans incorporates ozone and carbon monoxide weighted factors used in the

Congestion Management Air Quality Improvement (CMAQ)<sup>12</sup> program into the PL formula. These weighted factors are used by the EPA to quantify the severity of ozone and carbon monoxide air pollution and by the CMAQ program to allocate funds to MPOs in proportion to the severity of air quality problems in nonattainment areas. MPOs can use PL funding, in addition to CMAQ funding, to help their areas meet attainment levels. Caltrans uses the weighted factors from the CMAQ program as a means to equitably distribute planning funds based on an established related program.

The formula has been in place for at least ten years, and was last re-approved in 2005. The formulas were developed jointly through discussions with Caltrans and the MPOs. Caltrans determined that these factors are the best way to allocate funding to equitably among all MPOs, ensure all MPOs can conduct the required planning, and allow smooth transitions in the event of population decline (primarily through the combined factor of previous base and current base).

Caltrans distributes Federal Transit Administration Section 5303 Metropolitan Planning Program Funds (5303 funds) to MPOs largely based on population, with a \$15,000 minimum base amount guaranteed for all MPOs. Caltrans uses different methods to calculate population for the PL and 5303 funding allocations; the agency uses Census data for the 5303 funding formula and Department of Finance annual estimates for the PL formula.

New MPOs are subject to the same formula as existing MPOs. To accommodate two new MPOs in the 2000 Census, California's allocations to all MPOs were reduced to provide necessary funding for the new MPOs.

Caltrans uses all SPR funds for State planning and special studies; these funds are not distributed to MPOs.

MPOs are responsible for providing the matching funds using cash or an in-kind match, and more recently, toll credits. California is one of several States that enacted toll credit matching, which MPOs can use for their PL required matching funds. Authorized States can use toll revenue from State highways as a credit toward required matches for Federal Transportation Funds. More information is available in Appendix B: Toll Credits.<sup>13 14</sup>

### California's Detailed Formula

- 1) Population for each of the 18 MPOs, derived from the California Department of Finance E-1 estimate which lists all county and city population numbers in California.
- 2) MPO Population divided by the Population of all MPOs.
- 3) CMAQ ozone multiplier
- 4) CMAQ carbon monoxide multiplier
- 5) Total multiplier (ozone \* carbon monoxide multiplier, unless one is zero).
- 6) Population figure multiplied by the ozone and carbon monoxide Total Multiplier.
- 7) MPO adjusted population divided by the Total Adjusted population of all MPOs.
- 8) Base amount from previous fiscal year.
- 9) Current base.
- 10) Percent population multiplied by the PL population allocation.
- 11) Adjusted Population multiplied by the PL Base.
- 12) Current Base plus the Population Allocation plus the Air Quality allocation.

<sup>12</sup> Every State receives at least a 0.5-percent minimum apportionment of CMAQ funds. Additional funds are apportioned according to a formula based on a State's population in ozone and carbon monoxide nonattainment and maintenance areas. The formula contains weighted factors for carbon monoxide and ozone areas. Additional weight is given to counties that are nonattainment or maintenance areas for both the carbon monoxide and ozone NAAQS.. Source: [FHWA Fact Sheet on CMAQ and SAFETEA-LU](#)

<sup>13</sup> [Caltrans Local Programs Procedures 12-09](#)

<sup>14</sup> [FHWA Federal-Aid Matching Strategies](#)

# Florida

Formula Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• “Off the top” funds are taken out for the following: MPOAC consultant, facility, administration; AMPO dues; NARC dues</li> <li>• Of the amount distributed to the MPOs, at least \$600,000 must be used for regional planning efforts.</li> <li>• \$350,000 as a base sum to each MPO</li> <li>• FDOT distributes the remaining funds to each MPO, based on the population of each urbanized area</li> </ul>	26 (1 multi-State)	18,801,310	94%

## Summary

Florida has 26 MPOs and 12 transportation management areas (TMAs). Most MPOs are contained within a single county, although seven MPOs cover multiple counties. Since there are numerous MPOs representing a single urbanized or with overlapping urbanized areas, the Florida Department of Transportation (FDOT) encourages these MPOs to consider merging or to enhance their regional coordination and planning.

FDOT distributes an off-the-top amount to the Metropolitan Planning Organization Advisory Council (MPOAC) for administration, consultant fees and various dues for national planning organizations, a base amount of \$350,000 to each of the MPOs, reserves a portion of funding for regional planning, and distributes the remaining funds to the MPOs based on the population of each urbanized area. This allocation is to ensure that all MPOs meet Federal planning requirements.

PL funds are used to support the MPOAC, which assists MPOs in carrying out the urbanized area transportation planning process by serving as the principal forum for collective policy discussion. The MPOAC is made up of local elected officials and directors of planning staff from each of the MPOs, includes a Policy and Technical Subcommittee and other committees to assist MPOs with planning activities and decisions<sup>15</sup>, and has a full-time executive director.

Florida’s formula also includes separate funding amounts reserved for MPOs to support regional planning activities in addition to meeting the minimum Federal planning requirements. These funds allow MPOs to conduct planning outside their formal planning boundaries. For example: 1) an MPO can conduct planning with other

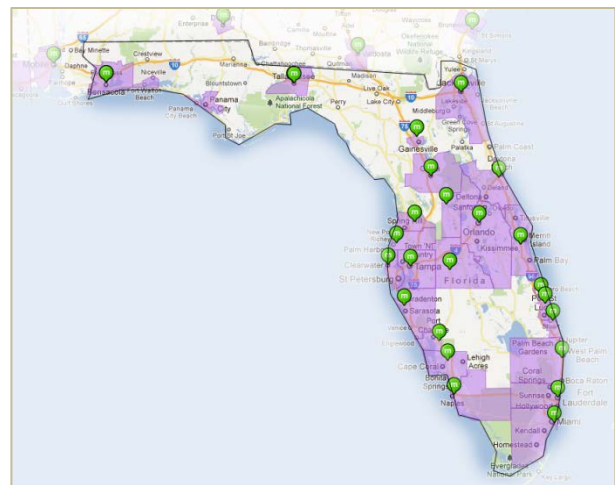


Figure 3: Florida MPOs. Source: AMPO, 2012

<sup>15</sup> [About the Florida MPO Advisory Council](#)

MPOs for a TMA with multiple MPOs; 2) an MPO can conduct planning as part of a larger “region” outside the TMA, with adjacent TMAs, or as a member of a regional planning working group or authority.

Within the context of regional planning, each MPO decides how to spend these funds. In some cases, the MPOs may allocate the funding to joint planning studies across multiple MPOs; in one case, the MPOs established a regional working group – the Chairs Coordinating Committee (CCC) in Central West Florida, which is designated in Florida Statute. The CCC is composed of chairpersons from the seven member-MPOs and meets quarterly to develop regional solutions to transportation problems and to ensure a consistent regional planning approach among the six member agencies.<sup>16</sup> The CCC is a great example of partnership and coordination among multiple MPOs, where all MPOs are equal players. Regional planning is not rigidly defined in this context: MPOs can use the regional funding for planning on the peripheries of the MPO’s boundaries, coordination between multiple MPOs, or broader “megaregion” planning, which could include planning between metro areas or along major corridors that can cross State, county and/or MPO boundaries.

Florida also has an incentive program for regional planning: TRIP (Transportation Regional Incentive Program), 339.2819 Florida Statutes. The TRIP program was created for the purpose of providing funds to improve regionally significant transportation facilities in regional transportation areas created pursuant to 339.155(5) Florida Statutes. Eligible partners include two or more contiguous MPOs, one or more MPOs and one or more contiguous counties that are not within a MPO boundary, a multi-county regional transportation authority created by or pursuant to law, two or more contiguous counties that are not members of a MPO, or MPOs comprised of three or more counties. To qualify for TRIP funding, partners must sign an inter-local agreement.

This type of coordination and regional planning can help improve the efficiency of planning, for example, by focusing planning attention on transportation needs and concerns that might be outside the boundaries of a single MPO or TMA. This could support technical collaboration, for example, through shared data on freight flows or collective work on regional transportation projects, or shared ITS platforms or planning for inter-city, or regional passenger rail.

Florida DOT and MPOs recognize the importance of participation in Association of Metropolitan Planning Organizations (AMPO), National Association of Regional Council (NARC), and the MPOAC, which is why dues for these organizations are built into the PL formula. According to case study contacts, the technical assistance offered by these organizations improves the efficiency of the planning process and serves as a valuable resource that has become a priority for Florida.

Florida only has one multi-State MPO, the Florida-Alabama Transportation Planning Organization (Pensacola metropolitan area in Florida, and Baldwin County in Alabama), which is subject to the same formula factors as the other MPOs (base, plus regional funding, plus percentage based on population of the urbanized area). A very small amount (approximately \$4,000) comes from Alabama, where a small section of the MPO is located.

The MPOs use toll credits for the match for PL funds. See Appendix B for more information on toll credits.

Contacts describe all parties as satisfied with the Florida allocation approach, which has been in place for at least 14 years.

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<sup>16</sup> [About the West Central Florida MPO’s Chairs Coordinating Committee](#)

# Iowa

Formula Summary	Number of MPOs	State Population	Percentage Urban Population
Population	9 (4 multi-State)	3,046,355	60%

## Summary

Iowa has nine MPOs, four of which are multi-State MPOs. The Iowa Department of Transportation (IDOT) allocates PL funding to each MPO based strictly on the percentage share of urbanized population within each MPO compared to the total population of all urbanized area in Iowa. For multi-State MPOs, the figure is calculated using the MPO population within the State's borders. IDOT notes that multi-State MPOs may have additional responsibilities or challenges due to their multi-State status, however, additional funding is not provided for this.

The formula has been in place since 1985.

Prior to this time, Iowa used a base amount of funding for each MPO, supplemented with funding based on population. IDOT and MPOs discussed making changes to the formula with the release of the 2000 Census, which led to the creation a new MPO, however, after a series of discussions, the agencies agreed to maintain the existing formula. The State provided SPR funds to the new MPO, Ames Area MPO in its initial years to help with start-up costs and to develop policy and technical committees, which are a State requirement.

IDOT uses a more complex formula to distribute the 5303 funds to MPOs: 33.3% is distributed to MPOs equally; 33.33% divided among MPOs based on 1990 Census population, and 33.33% divided among MPOs based on 2000 Census population. IDOT notes that this formula provides a transition for MPOs which have a significant population change from the old to new Census figures. The formulas for 5303 and PL distribution will be revisited cooperatively with Iowa's MPOs when the new 2010 urbanized area populations are available.

The State also provides SPR funds to MPOs for special projects on a discretionary basis.

MPOs provide the required match for the PL funds. Some MPOs use a formula, often based on population, which divides responsibility for matches among member governments.

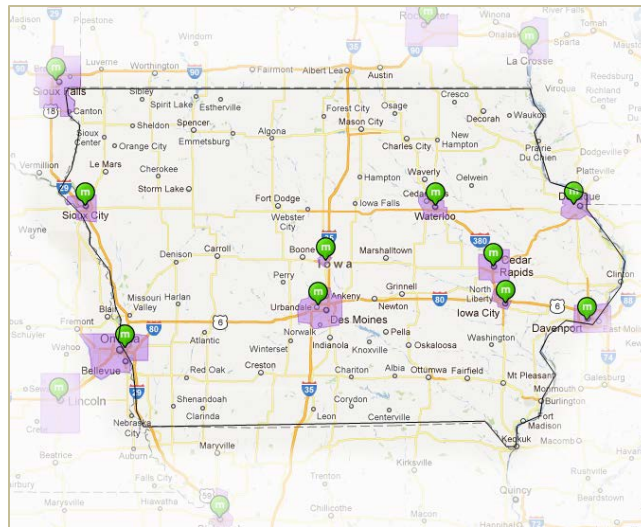


Figure 4: Iowa MPOs. Source: AMPO, 2012



# Maine

Formula Summary	Number of MPOs	State Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• Base with two categories</li> <li>• Population</li> <li>• Vehicle Miles Traveled</li> </ul>	4	1,328,361	58%

## Summary

The Maine Department of Transportation (MaineDOT) uses a formula based on population and vehicle miles travelled (VMT) to distribute PL funding to the State’s MPOs. The smallest MPO receives a minimum annual base of at least \$48,000 and the larger three MPOs receive a minimum base of \$90,000. The remaining amount of funding is divided among the MPOs using population percentages (90% weighted) and vehicle miles travelled percentage (10% weighted). The overall amounts are subject to the current fiscal year obligation limitation. This formula was developed over 20 years ago and has remained unchanged. Every two years MaineDOT and the MPOs discuss the formula and decide to continue to use it. All parties have been satisfied with the distribution formula.

MaineDOT uses the decennial Census information to update population figures for the MPOs. The MPOs have been growing in population at a similar rate, so the funding levels have remained fairly constant for the past 20 years.

MaineDOT provides 10% of the required match for Federal PL funds and the MPOs provide the remaining required match.

MPOs may carry over funding with written approval from MaineDOT.

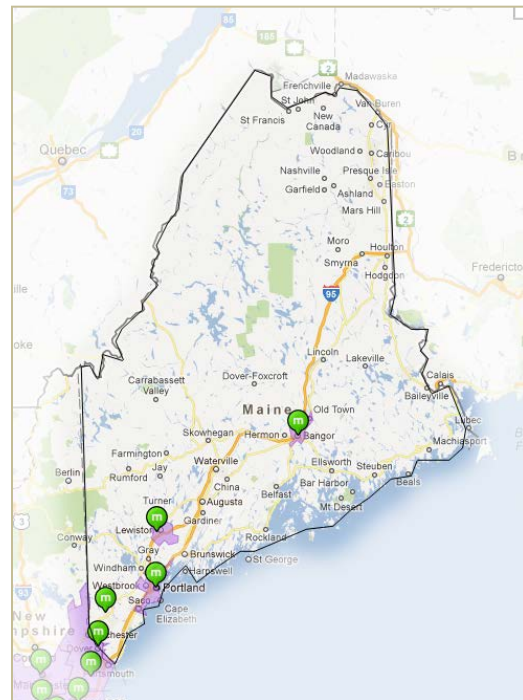


Figure 5: Maine MPOs Source: AMPO, 2012

# Mississippi

Formula Summary	Number of MPOs	Population	Percentage urban population
<ul style="list-style-type: none"> <li>• \$75,000 base for in-State MPOs</li> <li>• \$10,000 base for dual State MPO</li> <li>• Remainder divided by population of urbanized area</li> </ul>	4 (1 multi-State)	2,967,297	75%

## Summary

In 2010, the Mississippi DOT (MDOT) changed the PL formula to include a base funding level for MPOs, rather than a distribution method based exclusively on population. The base of \$75,000 (\$10,000 for the dual State MPO) was proposed and agreed to by the State DOT, Division office and Mississippi MPOs. The agencies identified \$75,000 as a base fee, which was determined to be a reasonable amount to pay for the salary of one full time planner, office space and supplies, as well as some miscellaneous expenditures.

Once the base amount is distributed to the MPOs, the remaining funds are divided among MPOs based on the population of the urbanized area. The change to include a base was proposed by one of the smaller MPOs, which was concerned about its ability to conduct planning activities based on a small amount of PL funds.

MDOT is currently looking at the possibility of using air quality factors as part of the PL distribution formula. All MPOs were in attainment as of 2011.

MDOT uses a formula based on daily vehicle miles travelled and population percentages to distribute 5303 funds, and is working on consolidating these with the PL funds, mainly to consolidate the associated administrative tasks.

Prior to 2010, MDOT provided the required match for the PL funds; however, the State turned the responsibility for this match to the municipalities within the MPOs when they revised the formula to include a base. The match is typically in cash, as there have been administrative hurdles with processing in-kind matches.

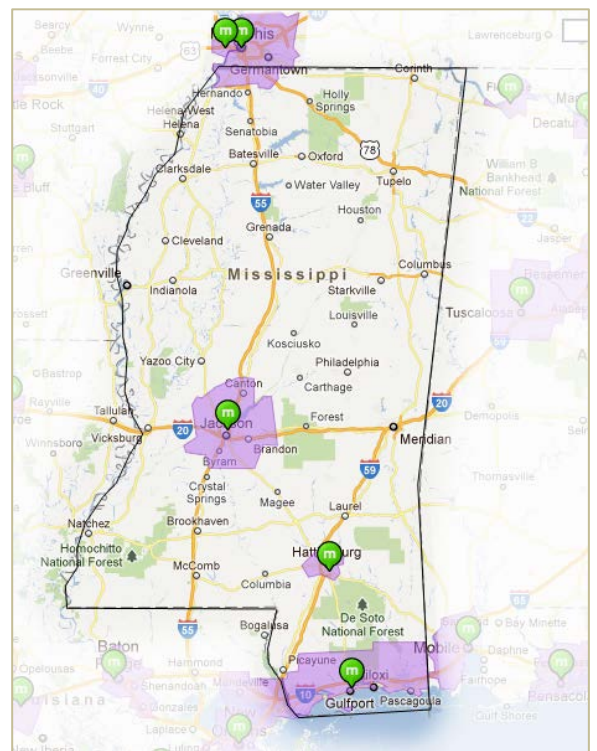


Figure 6: Mississippi MPOs Source: AMPO, 2012



# Oklahoma

Formula Summary	Number of MPOs	Population	Percentage urban population
Percentages based on established minimum and population	3	3,451,000	65%

## Summary

Oklahoma has three MPOs, all contained within the State. The current PL distribution formula was developed in 2000, and is primarily based on MPO population.

The Oklahoma DOT (ODOT) and MPOs determined a minimum amount of \$120,000 for each MPO, to fund one planner’s salary and related expenses. ODOT distributes the PL fund using a formula based originally on population percentage, with an additional amount distributed to the smallest MPO to meet the determined minimum of \$120,000 This increase for the smallest MPO and decrease for the larger MPOs was determined jointly in a series of meetings with ODOT, FHWA Division and MPOs.

If the total PL funds distributed to Oklahoma fall below \$1.5 million per year, the distribution formula will be revisited to ensure that all MPOs have sufficient funding to perform the required Federal planning activities.

Air quality is another potential challenge for Oklahoma MPOs. The two larger MPOs are currently in attainment, but are at risk of moving out of this status. ODOT is beginning to consider strategies to manage air quality in those MPOs and how to secure funding to address the issue.

Municipalities within the MPOs provide the required match for the PL funds, supplemented by in-kind matches by the ODOT.

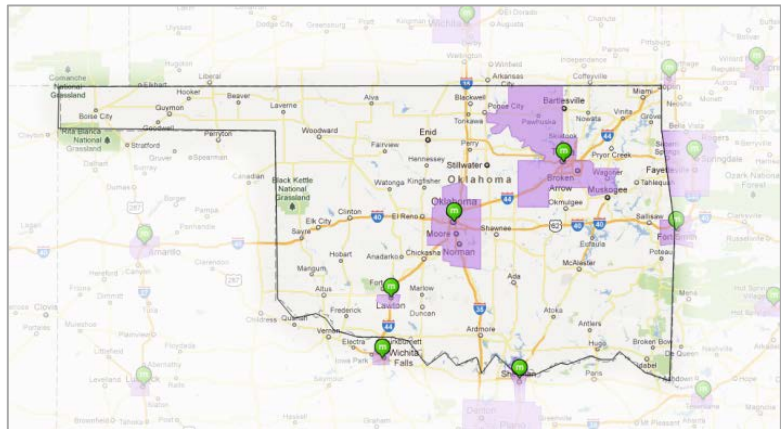


Figure 7: Oklahoma MPOs. Source: AMPO, 2012

# Oregon

Formula Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>\$1,600 base for the dual-State MPO (Longview-Kelso-Rainier)</li> <li>Tiered base: In-State MPOs receive get a base based on size: \$110,000 for “small” MPOs; \$180,000 for “medium” MPOs; \$360,000 for “large” MPOs.</li> <li>Remainder divided by population of urbanized area</li> </ul>	7 (1 multi-State)	3,831,000	78%

## Summary

Oregon’s formula has been in effect since the early 2000’s, and was developed jointly by the Oregon Department of Transportation (ODOT), the Oregon MPOs, and the FHWA Division. The formula consists of a base amount, plus an additional amount, distributed to the MPOs based on size. The base amount is set at three levels, with \$110,000 as a minimum for a “small” MPO. The small, medium and large categories do not have specific requirements and MPO placement in these categories was determined through mutual discussions among the DOT, MPOs and FHWA.

The MPOs, ODOT and FHWA Division determined that MPOs require a minimum of \$180,000 annually to conduct required planning activities. The current base, plus additional allocation ensures all MPOs will have at least \$180,000.

In the event that an MPO increases in size, the base amount may be increased, after a discussion among ODOT, the MPOs and the FHWA division. The base amount cannot be decreased. In the case of the dual-State MPO, a small amount of funding is provided, based on cost estimates for the MPO’s planning activities. Once the base amounts have been paid, the remaining money is distributed among the MPOs, based on each MPO’s population (the ratio of each MPO’s population relative to the total population of all MPOs combined). The Longview-Kelso-Rainier MPO does not receive additional funds, only the \$1600 travel expense.

5303 funds are not consolidated with PL funds. These are distributed to the MPOs based on a standard base amount (\$22,500) and then population. The local governments provide the match for the 5303 funds, which is often an in-kind match. SPR funds are divided among Oregon’s regions (there are five). These funds are sometimes combined with PL funds for corridor studies or other studies that include areas outside of MPO boundaries.

ODOT currently provides the required match for the PL funds.

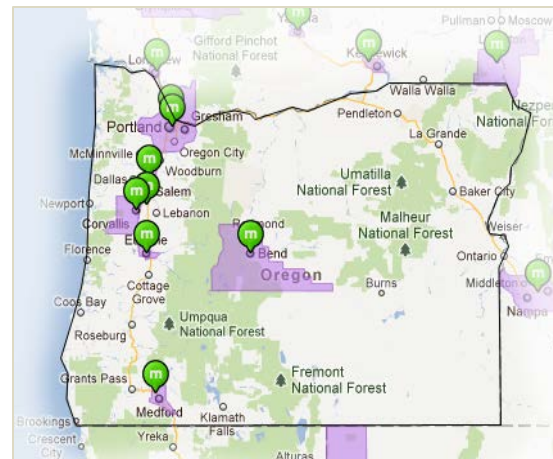


Figure 8: Oregon MPOs. Source: AMPO, 2012

# Pennsylvania

Funding Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• Base of \$86,000</li> <li>• \$600,000 for Land Use Planning Program (combined MPO and SPR)</li> <li>• \$3,200,000 for special projects (combined MPO and SPR)</li> <li>• Population</li> </ul>	15	12,281,000	77%

## Summary

Pennsylvania MPOs each receive a base amount of funding for planning activities, based primarily on population and MPO needs. These base amounts were determined jointly through discussions among the Pennsylvania DOT (PennDOT) and the MPOs. The base amounts range from \$88,000 for the smallest MPO, the Blair County Planning Commission (Altoona metropolitan area) to \$3.3 million for the largest MPO, Delaware Valley Regional Planning Commission (Philadelphia metropolitan area).

The remaining PL funds are then distributed among Pennsylvania’s Land Use Planning Program and Supplemental Project funds for special planning projects beyond normal planning activities. Projects chosen from these two programs are funded by both PL and SPR money. The amount of money from each program is determined annually by PennDOT based primarily on State budgetary constraints. Both MPOs and RPOs can be granted money from these funds. To apply for funds from the \$3,200,000 set aside for supplemental projects, MPOs and RPOs submit a summary document of proposed projects, expected outcomes, and detailed scopes of work with associated costs. PennDOT reviews the applications annually and chooses projects based on determined need and State discretion. PennDOT often includes other State agencies, such as the Department of Conservation and Natural Resources (DCNR) in the review process. These agencies may assist in providing the required financial match for proposed projects. For SFY 2011-12 and SFY 2012-13, the majority of these funds will be used for Local Transportation Asset Inventory/Assessment as well as the Linking Planning and NEPA process.

PennDOT uses some of this set-aside funding for State initiatives, such as the Local Transportation Asset Inventory/Assessment. PennDOT also funds a “Land Use Initiative” program, which grants funding to MPOs or RPOs for land use and transportation studies. The program uses both PL and SPR funds totaling \$600,000 annually.

The overall distribution formula has been in place for a long time, and current population percentages are based on the 2000 census. PennDOT is in the process of updating the formula, which will incorporate the new

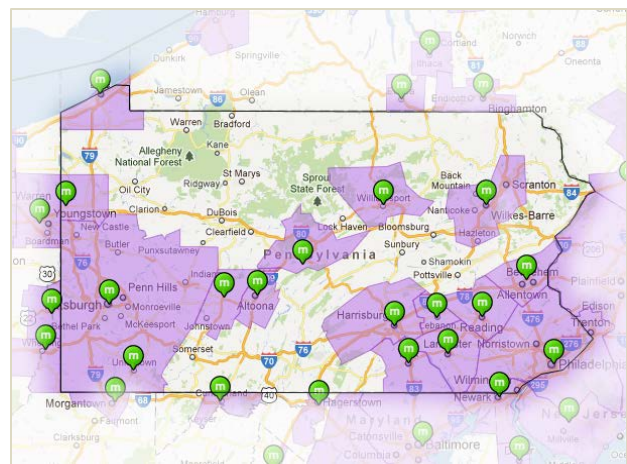


Figure 9: Pennsylvania MPOs. Source: AMPO, 2012

population figures from the 2010 Census. They are also considering the possibility of including other distribution factors such as air quality attainment status, lane miles, level of planning difficulty, and potentially other factors.

## South Dakota

Formula Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• 2.4% of total to Sioux City</li> <li>• 15% of remaining to WYDOT</li> <li>• Remainder divided between Sioux Falls and Rapid City, based on population (Sioux Falls receives 64.55%, Rapid City receives 35.55%)</li> </ul>	3 (1 multi-State)	814,180	45%

### Summary

South Dakota has three MPOs, one of which is a tri-State MPO (Sioux City MPO). The South Dakota Department of Transportation (SDDOT) distributes 2.4% of the total PL funds to the Sioux City MPO, a percentage based on the amount of funding agreed upon to conduct South Dakota's portion of the MPO planning activities. SDDOT then retains 15% of the remaining funds for technical assistance to the MPOs. This 15% is based on a historic numerical figure used as a proxy for the salary of one planner and additional funding for a few joint studies to be conducted in partnership with the MPOs. SDDOT then divides the remaining funds between the Rapid City Area MPO and the South Eastern Council of Governments (Sioux Falls metropolitan area) using an established percentage based loosely on the 2000 Census population.

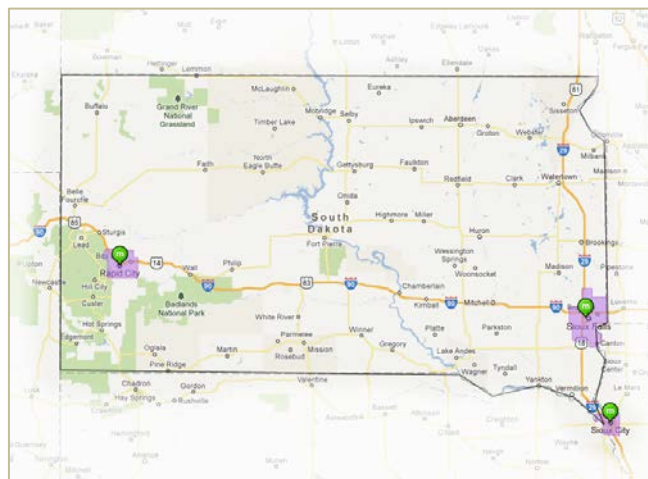


Figure 10: South Dakota MPOs. Source: AMPO, 2012

The percentage for each of the Rapid City Area MPO and the South Eastern Council of Governments may be updated based on the decennial Census, although the formula itself will not change. SDDOT and the MPOs have an annual meeting where the formula can be discussed, typically just after the release of the urbanized area population from the decennial Census. SDDOT reports that the MPOs have been satisfied with the arrangement and have felt that the funding is adequate for planning purposes.

South Dakota, Nebraska, and Iowa jointly determined the amount of funding the Sioux City MPO needs to conduct comprehensive MPO planning. Each State is responsible for the percentage of funding equal to the percentage of population in that State. South Dakota translated that dollar amount into a percentage of PL funds, and incorporated that percentage into its formula.

The municipalities within the MPOs are responsible for the required match for the PL funding. There is not an established formula for the match; however, generally speaking, municipalities that plan to have special studies within their municipality will pay a higher amount of the match. MPOs and municipalities sometimes find the required match difficult to obtain.



# Wyoming

Formula Summary	Number of MPOs	Population	Percentage Urban Population
<ul style="list-style-type: none"> <li>• 33.33% to Casper</li> <li>• 33.33% to Cheyenne</li> <li>• 33.33% retained by WYDOT</li> </ul>	2	563,626	30%

## Summary

Wyoming has two MPOs. The State DOT divides the PL funds into thirds – 33.3% is given to each MPO, and 33.3% is retained within the State DOT for planning studies in MPO and non-MPO areas.<sup>17</sup> Wyoming Department of Transportation (WYDOT) distributes the 33.3% of funds reserved for additional planning studies through a competitive process, targeted to cities and counties. A city or county can apply for funding by submitting a letter of request to their district engineer, on a rolling basis. WYDOT and the district engineer review the application to determine if the project is aligned with the metropolitan long range transportation plan goals and will benefit the community.

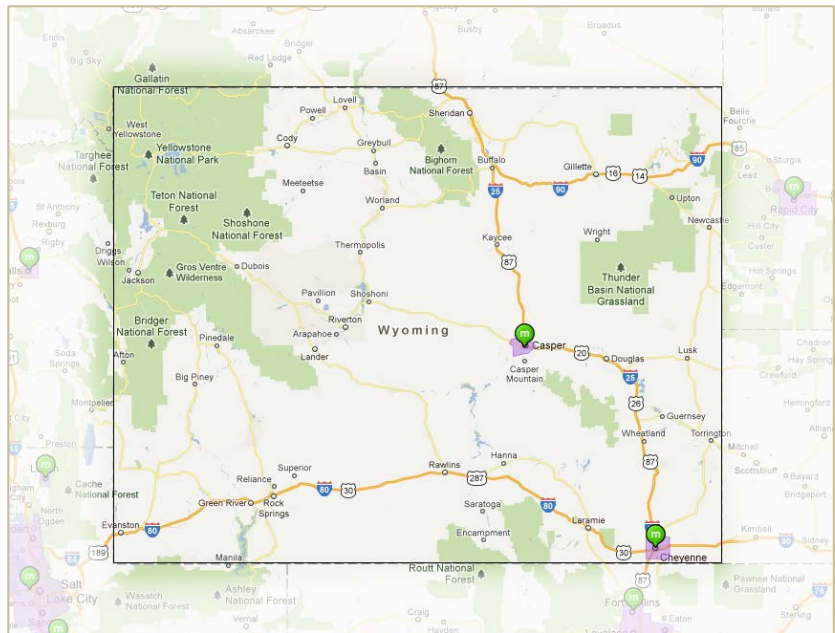


Figure 11: Wyoming MPOs. Source: AMPO, 2012

In most cases, the municipalities pay for the required match, however, when the State uses funding from the 33.3% for planning studies, WYDOT pays for the matching funds up to \$50,000.

The formula was reviewed and approved in 2007, but has been in place much longer than that. Because the State only has two MPOs and the majority of its population is located in rural areas, there is a need for planning in smaller communities. This formula provides resources to smaller communities who can compete for the PL funds.

Wyoming's two MPOs are very similar in both geographic size and population (According to the 2000 Census, the Cheyenne metropolitan area had a population of 73,763 compared to the Casper metropolitan area's population of 63,090). With such a similarity in size, it may have been difficult to justify allocating additional funding to one MPO over another based on population, as is the practice in many other States.

<sup>17</sup> According to 23 CFR 420.109(d) minimum apportionment states may be used outside the metropolitan areas

## Appendix A: Discussion Guide for PL Funding Project (for State DOTs)

1. Describe the formula the DOT uses to distribute PL funds to your State MPOs.
2. Are there advantages or challenges to this formula?
3. How did the DOT create the distribution formula for MPO funding? Why did you choose this particular formula? How long has this formula been in place?
4. How were the MPOs involved in the development of this formula? When new MPOs are created does the formula have to be revisited and revised, or are they subject to the same distribution formula?
5. How does the DOT fund newly formed MPOs?
6. Does your State have a minimum apportionment amount? If yes, how was this minimum amount calculated?
7. (If applicable) How does the State fund multi-State MPOs?
8. How does the DOT distribute Section 5303 (Transit) and SPR funds?
9. How do MPOs find the (20%) required local match? Besides cash, does your MPO use other revenues as a local match?

## Appendix B: Toll Credits

Section 120(j) of Title 23 permits States to substitute certain previous toll-financed investments for State matching funds on current Federal-aid projects. This provision dates back to ISTEA and has since been modified by TEA-21 and SAFETEA-LU. It permits the non-Federal share of a project's cost to be met through a "soft match" of toll credits. The flexibility of State transportation finance programs is increased by allowing States to use toll revenues when other State highway funds are not available to meet non-Federal share matching requirements. Toll credits encourage States to increase capital investment in infrastructure and enable them to more effectively utilize existing resources. By using toll credits to substitute for the required non-Federal share on a new Federal-aid project, the Federal share can effectively be increased to 100 percent.

Toll credits are earned when the State, a toll authority, or a private entity funds a capital transportation investment with toll revenues earned on existing toll facilities (excluding revenues needed for debt service, returns to investors, or the operation and maintenance of toll facilities). The amount of credit earned equals the amount of excess toll revenues spent on Title 23 highway capital improvement projects (except emergency relief program projects) and Title 49, Chapter 53 transit projects. If Federal funds were used for the project, the credit is reduced by the percentage of the total project cost derived from Federal funds.

### Process

To use this tool, the State must pass an annual maintenance of effort (MOE) test. The MOE determination covers a State's non-Federal transportation capital expenditures over a four-year period, and must certify that its toll facilities are being properly maintained before excess revenues can be credited. The expenditures in the last year of the four-year period generally must meet or exceed the annual average of the expenditures in the preceding three years of the four-year period.

To apply earned toll credits toward the non-Federal matching share of an eligible project, the State must make a request to FHWA at the time the project is put under agreement (project agreement for obligation of Federal funds or before the funds are transferred to another agency (e.g. Federal Transit Administration) responsible for administering the "receiving" project. The amount of credit (up to the total non-Federal share) should be debited from the special account set up for tracking approved toll credits.<sup>18</sup>

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<sup>18</sup> [FHWA Federal-Aid Matching Strategies](#)