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Federal Transit Administration

# Financially Constrained Transportation Planning and Programming Process

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**March 1997**

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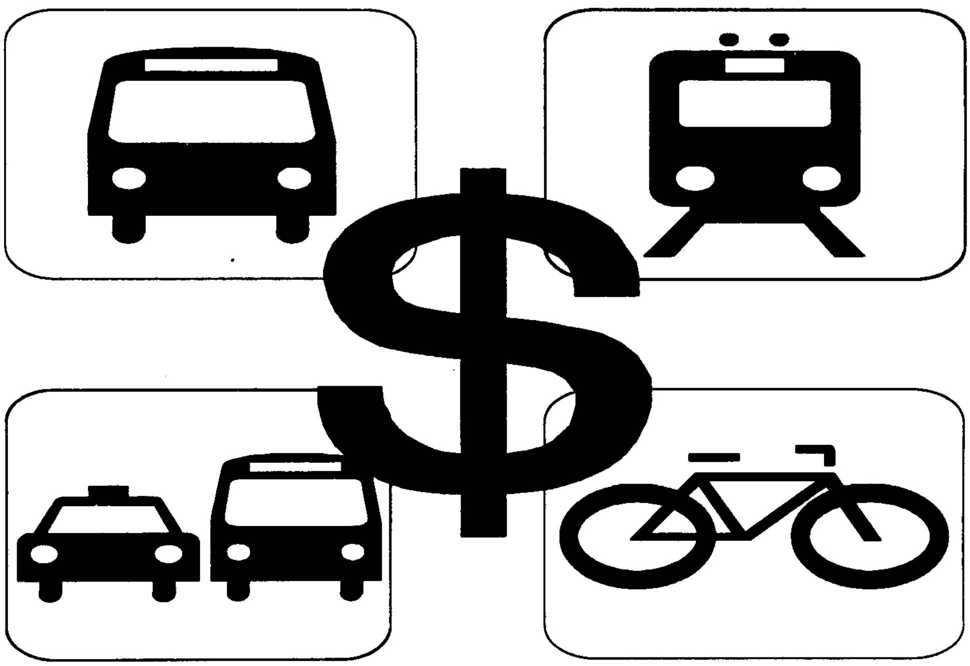

**Office of Planning**

## NOTICE

# FINANCIALLY CONSTRAINED TRANSPORTATION PLANNING AND PROGRAMMING PROCESS


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For

National Association of Regional Councils


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16. Abstract

This report focuses on how Metropolitan Planning Organizations (MPOs) and state DOTs work together to implement projects while financially constraining both Transportation Improvement Programs (TIPS) and Long Range Plans (LRPs). Interviews were conducted with both state DOT and MPO officials in seven states including New York, California, Pennsylvania, Ohio, North Carolina, Florida, and Oregon. The experiences of DOTs, MPOs, and transit operators in these states reflect the range of practices that exist. Specifically, this report examines the following questions:

- How do MPOs and state DOTs interact in the exchange of financial data?
- How are Federal obligation authority adjustments made and how do they impact both MPO and DOT planning and programming efforts?
- How are MPO TIPS and LRPs incorporated into statewide TIPs and plans?

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# FINANCIALLY CONSTRAINED TRANSPORTATION PLANNING AND PROGRAMMING PROCESS

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# INTRODUCTION AND SUMMARY

## ISTEA CHANGES PLANNING AND PROGRAMMING PROCESS

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) introduced new Federal funding priorities, program structures, and institutional relationships to the planning and programming processes for state and local transportation agencies. Both the highway and transit programs were authorized at higher levels than in prior years, with transit receiving the first funding increase in eleven years. With its emphasis on clean air and congestion mitigation activities, and the broader eligibility of transit capital projects for highway program funding, the transit industry was expected to benefit substantially from the new law. Metropolitan Planning Organizations (MPOs) took on new roles, with generally expanded authority, but also with new requirements that implied changed working relationships with transit authorities, state Departments of Transportation (DOTs), other transportation providers and the public.

A significant new policy of ISTEA, which affects both planning and programming at the state DOT and MPO level, is the requirement to constrain MPO plans and transportation improvement programs (TIPs) to reasonably available financial resources. States must also limit their transportation improvement programs (STIPs) to projects that can be expected to receive funding within the time period covered by the STIP. Previously, Federal guidelines allowed MPOs to plan without regard to funding availability and to propose, as part of the TIP, any project that had support from constituents. Absent state guidelines, TIPs often became wish lists, including many more projects than could reasonably be expected to receive funding. To receive FTA funding prior to ISTEA, transit operators had to ensure that their projects were included in the TIP. However, this often had little to do with the decision to fund a given project.

Before ISTEA's passage, Federal Highway funding that was eligible for transit-related projects was generally limited to Federal Aid Urban Systems and Interstate Transfer. State DOTs had a significant role in deciding whether or not to include such projects in the state's Federal obligation plan. For both highway and transit projects, states were not required to fund MPO proposed projects included on the TIP. However, they could not use Federal funding for projects in the MPO area unless they were included in an approved TIP.

The end of the "wish list" approach to project prioritization has highlighted the decision making processes at state DOTs and MPOs because fewer projects will be included in the MPO plans, TIPs and STIPs. Given the ISTEA requirement for state DOTs to incorporate MPO TIPs in the STIP, those projects that are on the TIP have a better likelihood of funding. This potentially makes the TIP a much more important document. The MPO continues to be important to transit operators, the state DOT, and other transportation providers because a Federally funded project can not advance in the MPO planning area if it is inconsistent with the MPO plan and included in the MPO TIP.

Another issue that has changed the traditional DOT and MPO relationship is the increased potential to use traditional highway funding for transit purposes and vice versa, which is referred to as "flexing". The primary program of interest to MPOs in this regard, is the Surface Transportation Program (STP), all of which could be used for transit if state and local transportation agencies agree. Almost one-half of the STP is suballocated to larger MPOs. In non-attainment areas, MPOs also have the key decision making role in using funds from the Congestion Mitigation and Air Quality Program (CMAQ). The funding represented by these two programs combined with the enhanced role of MPOs in making decisions concerning these programs increases the need for DOTs and MPOs to work together. In addition, it raises the potential stakes for transit in the MPO planning and programming process. While National Highway System (NHS) funds also may be flexed to the STP program, the use of these funds is primarily determined by state DOTs. However, only a few states appear to have chosen to flex NHS dollars.

This new emphasis on realistic funding projections, the closer relationship between the TIP and the STIP, and the availability of funding that can be used without regard to modes, has changed the decision making process at all levels. These new provisions are only part of the picture, however. Since the enactment of ISTEA, DOTs, MPOs, transit operators, and other transportation interests have also had to contend with: 1) slow revenue growth for highway programs; 2) substantially reduced Federal transit appropriations (as contrasted with ISTEA authorizations), and 3) lower obligation ceilings for Federal Highway programs (also generally at a level well below the authorized level). These factors have made information about available resources more critical to decision makers, increased the importance of good intergovernmental communication between the state and MPO, and heightened interest in new sources of funding, including flexible Federal funds.

## Objective and Purpose

The primary objective of NARC's research is to provide MPOs and transit agencies with an understanding of the important role that financial information plays in the planning and programming process. This report focuses on how MPOs and state DOTs work together to implement projects while financially constraining both the TIPs and Long Range Plans (LRPs). Interviews were conducted with state DOT and MPO officials in seven states: New York, California, Pennsylvania, Ohio, North Carolina, Florida, and Oregon. The experiences of DOTs, MPOs, and transit operators in these states reflect the range of practices that exist.

The purpose of this report is to examine how MPOs and state DOTs have responded to ISTEA's financial constraint requirement and how MPOs and DOTs share information required for planning and programming in this changing environment. It is now important for MPOs and DOTs to coordinate planning and programming activities, observe Federal guidelines on project selection, and carry out typical administrative/program practices for obligation authority and sub-state distribution.

To learn more about the relationships that exist between MPOs and state DOTs, interviews were conducted with MPO, DOT staff, and transit operators. A list of interviews conducted is provided below:

| | | |
|---|---|---|
| **Ohio** | • | Mid-Ohio Regional Planning Commission (Columbus) |
| | • | Northeast Ohio Area wide Coordinating Agency (Cleveland) |
| | • | Ohio-Kentucky-Indiana Regional Council of Governments (Cincinnati) |
| | • | Lima Allen County Regional Planning Commission (Lima) |
| | • | Allen County Regional Transit Authority (Lima) |
| | • | Central Ohio Transit Authority (Columbus) |
| | • | Ohio Department of Transportation (Central Office) |
| **Oregon** | • | Metro (Portland) |
| | • | Lane Council of Governments (Eugene) |
| | • | Eugene-Lane Transit District (Eugene) |
| | • | Oregon Department of Transportation (Regional and Central Office) |
| **New York** | • | Ithaca - Tomkins County Transportation Council (Ithaca) |
| | • | Ithaca - Tomkins Transit Center (Ithaca) |
| | • | Niagara Frontier Transportation Committee (Buffalo) |
| | • | Binghamton Metropolitan Transportation Study (Binghamton) |
| | • | Capital District Transportation Committee (Albany) |
| | • | New York Department of Transportation (Regional and Central Office) |
| **Florida** | • | Hillsborough Metropolitan Planning Organization (Tampa) |
| | • | Ocala/Marion County Metropolitan Planning Organization (Ocala) |
| | • | Florida MPO Advisory Council |
| | • | Florida Department of Transportation (Regional and Central Office) |
| **Pennsylvania** | • | Southwestern Pennsylvania Regional Planning Commission (Pittsburgh) |
| | • | Lycoming County Planning Commission (Williamsport) |
| | • | Williamsport Bureau of Transportation (Williamsport) |
| | • | Pennsylvania Department of Transportation (Regional and Central Office) |
| **California** | • | San Francisco Transit Authority (San Francisco) |
| | • | Metropolitan Transportation Commission (Oakland) |
| | • | Federal Highway Administration (Division Office) |
| **North Carolina** | • | Winston-Salem Transportation Advisory Committee (Winston-Salem) |
| | • | Charlotte-Mecklenburg Planning Commission (Charlotte) |
| | • | Greensboro Transportation Advisory Committee (Greensboro) |
| | • | Concord Transportation Advisory Committee (Concord) |
| | • | City of Charlotte Department of Transportation (Charlotte) |
| | • | North Carolina Department of Transportation (Central Office) |

The findings described in this report are based primarily on these interviews. However, additional information from recent reports and related research completed by *TransManagement, Inc.* has also been incorporated, where appropriate. Specifically, this report examines the following questions:

- How do MPOs and state DOTs interact in the exchange of financial data?
- How are Federal obligation authority adjustments made and how do they impact both MPO and DOT planning and programming efforts?
- How are MPO TIPs and LRPs incorporated into statewide TIPs and plans?

## SUMMARY OF FINDINGS

Building upon discussions with NARC memebrs and research conducted on a related topic for the Transportation Research Board[1]: seven states were identified as representing a range of possible approaches to the issue. Individuals from MPOs and state DOTs in each of these states were interviewed. Transit operators in several of the states also were queried on these issues. The observations presented in this paper are based primarily on the information obtained during these interviews. A summary of the observations is provided below and specific case information is provided in Appendix D.

**Sharing Financial Information**

1. The quality and availability of the financial information used for planning and programming highway projects vary across states and MPOs. Some of the MPOs interviewed receive a complete breakdown of the sources of available funds while others receive lump sum[2] forecasts that, among other things, can limit awareness of potential funding for transit. As a result, some MPOs appear to have a better understanding than others of the availability and eligibility of Federal funds.

2. The MPOs interviewed were generally uninformed with regard to the status of Federal and state funding availability and the status of MPO proposed projects during the fiscal year. While some of the MPOs received quarterly information that updates funding levels and the status of projects, most MPOs often lack information necessary to determine the status of their projects. As a result, MPOs often do not understand how they are affected by program adjustments made by the state DOT during the year.

3. MPOs work closely with the transit agencies that serve their areas in the development of the transit portions of LRPs and TIPs. Transit agencies generally have their own capital improvement plans that are based on an understanding of their capital/operational needs, and their expected levels of traditional transit categorical funding provided by programs such as provided by 49 U.S.C. 5307 and 5309. MPOs

[1] Cite our NCHRP 8-32(1) report
[2] A single amount that includes all potentially available federal funds without regard to program.

rely heavily on their transit operators to provide a financially constrained list of projects to be included in their LRPs and TIPs.

4. All of the state DOTs interviewed indicated that they are reluctant to provide short and long range projections of future funding levels because such forecasting is difficult; and the DOTs do not want to be held responsible for inaccurate forecasts. Some state DOTs provide forecasts only if MPOs ask for them, others work with their MPOs to jointly develop forecasts, and others suggest methodologies that might be used by MPOs to develop their own forecasts. However, in most cases, the forecasts that are developed estimate the aggregate or total availability of Federal funding rather than the availability of individual program funds.

**Obligation Ceiling Adjustments**

5. State DOT practices vary with regard to how obligation authority is assigned for the development of TIPs and LRPs.

6. Some of the states interviewed instruct their MPOs to constrain their plans and programs to anticipated levels of FHWA apportionment plus categorical transit funds. Others constrain their plans based on anticipated Federal highway obligation ceilings plus the transit funds. In cases where states instruct MPOs to constrain LRPs and programs based on obligation ceilings, the MPOs are somewhat more conscious of the obligation limitations and the state DOT's process of making adjustments.

7. MPOs recognize that when a project is not ready for obligation (i.e., there are delays or schedule "slips"), the obligation authority that would have been used for the project may be used on other projects in other regions. However, MPOs rarely know which projects or regions ultimately use the funding or obligation authority that had been reserved for them.

**Integrating MPO TIPs and Plans into State TIPs and Plans**

8. Integrating MPO Long Range Plans into state Long Range Plans is not straightforward. MPOs tend to produce financially constrained project plans while states generally produce unconstrained policy plans. As a result, it is difficult to specifically determine the relationship between MPO and state plans.

9. Ultimately, the integration of MPO TIPs and STIPs occurs during negotiations that take place between the MPO and the state DOT. Some MPOs negotiate with regional DOT offices while others negotiate directly with their central DOT office. As a result, the nature of the negotiation process varies widely across states and MPOs.

10. The content and format of MPO TIPs are not standardized and integrating them into STIPs can be difficult.

# Section 1: Exchange of Financial Data

## Background

Prior to ISTEA, there were no Federal requirements to constrain MPO plans and programs to reasonably anticipated funding. While some MPOs limited their plans and/or programs in this manner, often the plan or program developed by a MPO included many more projects and activities than could realistically be expected to be funded. Such "wish lists" assured constituents that their needs were being addressed, even though some projects remained on the list unfunded for long periods of time. In some areas, this led to concerns about the viability of the MPO planning process.

In the late 1980's, an additional concern regarding "wish lists" developed around the issue of attainment of clean air standards. The Clean Air Act requires TIPs and LRPs to conform with air quality State Implementation Plans (SIPs). In the development of ISTEA, clean air advocates were concerned that projects that promoted air quality improvement, such as transit, would be included in TIPs and LRPs, even when funding and intent did not exist. This would have allowed TIPs and LRPs to technically conform with the SIPs, but conforming projects might never be implemented.

The financial constraint requirements in ISTEA addressed these concerns by requiring both MPOs and state DOTs to demonstrate that reasonable sources of funding exist for TIP projects. In addition, ISTEA requires MPOs (but not DOTs) to demonstrate that reasonable sources of funding are available to finance the projects and activities listed in their LRPs. Although Statewide LRPs need not be financially constrained, they must reference, summarize, or contain information on the availability of financial and other resources needed to carry out the LRP. Moreover, State LRPs must coordinate with metropolitan LRPs that must be financially constrained.

In meeting ISTEA's financial constraint requirements, MPOs and transit agencies have used many methods to determine how much Federal highway and transit funding will be available in each year covered by a TIP or LRP. Efforts to identify reasonably available sources of revenue require information relating to Federal authorization levels and obligation authority adjustments, the use and availability of flexible funding, and the availability of state and local matching funds. To obtain this information, MPOs need to communicate regularly with state DOTs, transit and other system operators and local governments. In addition, MPOs need access to information about Federal highway and transit allocations.

## Issue

ISTEA's provisions imposed new requirements on planning and programming for both MPOs and state DOTs and changed the way in which Federal funds were allocated and used. ISTEA's financial constraint provisions require MPOs to develop an understanding of the range of revenue sources available and an ability to determine whether or not such sources can be used to fund the projects they include in their TIPs and LRPs. In addition, ISTEA's flexible funding provisions increased the number of funding sources that could be used to finance transit and other non-highway type projects. For MPOs in larger urban areas, the availability of funds set aside from the STP are an important new resource to fund local transportation projects. MPOs must now understand how funds are being used and how funds can be used. MPOs can not take advantage of ISTEA's funding opportunities without this understanding. As a result, this affects the number of projects and the types of projects that are ultimately included in TIPs and LRPs.

One of the primary objectives of the research was to assess whether or not MPOs have access to information that will allow them to take full advantage of their increased decision making authority and the flexible funding programs available. In general, it was found that MPOs do not have adequate information that allows them to identify and take full advantage of available Federal funding sources. Specifically, the findings (with some notable exceptions) are as follows: 1) some MPOs lack the information necessary to understand the availability and eligibility of Federal funds; 2) MPOs lack the information needed to understand how the program[3] is implemented and how adjustments are made during the year; 3) the transit portions of TIPs are often prepared by transit agencies who have a clear understanding of revenue sources available to them, including Federal transit categorical programs; and 4) state DOTs are reluctant to provide revenue projections to be used in the development of LRPs and TIPs. These four observations and how they impact MPO planning and programming, as well as the opportunities to finance transit activities are described in greater detail below.

**Observation 1: The quality and availability of the financial information used for planning and programming highway projects vary across states and MPOs. Some of the MPOs interviewed receive a complete breakdown of the sources of available funds while others receive lump sum forecasts that limit awareness of potential funding for transit. As a result, some MPOs appear to have a better understanding of the availability and eligibility of Federal funds than others.**

Except for Florida, Ohio, Oregon, and California, the other states have not developed clear standards with regard to how information is shared and distributed. Florida has standardized its approach to providing financial information by requiring its state DOT to publish a document entitled "Schedule A Allocations." This document provides MPOs with details on how obligation ceiling targets are set for the various regions and programs. In Ohio, the state DOT does not provide a formal document, but meets annually with its MPOs to review the past year's allocation of Federal funds and to describe how the state DOT made its obligation authority adjustments.

Large and small MPOs in Oregon, California, Florida, and Ohio developed TIPs using information provided by their state DOT. The information helped them forecast each source of

[3] Transportation Improvement Program

Federal funding including NHS and STP. California, for example, recently started to give its MPOs specific forecasts for STP and CMAQ funding, as well as a lump sum forecast of other highway programs. In the other states that were examined, however, MPOs usually received a single lump sum projection with no specific program information during the early stages of the TIP development process. As a result, both small and large MPOs in these states accept the initial lump sum forecasts without a clear understanding of how the state is suballocating Federal funding and obligation authority. Lack of comprehension of how the state sub-allocates Federal funds and obligation authority may prevent MPOs from funding certain types of projects (including transit projects that could use flexible STP or CMAQ funds) due to the different eligibility requirements for each Federal program.

**Observation 2: The MPOs interviewed were fairly uninformed about the status of Federal and state funding availability, and the status of proposed MPO projects during the fiscal year. While some of the MPOs receive quarterly information that updates funding levels and the status of projects, most MPOs lack the information necessary to determine the status of their projects. As a result, MPOs do not understand how they are affected by program adjustments made by the state DOT during the year.**

In Oregon and Ohio, MPOs receive monthly or quarterly updates that provide details on the status of their projects. In addition, some of the larger and more sophisticated MPOs in several states have independent financial and project planning systems. For example, the Portland MPO keeps its own records of funding levels and project expenditures and often reconciles its information with data provided by Oregon DOT. As a result, the MPO in Portland is well informed of the ongoing status of projects and the availability of funding.

The timeliness and amount of information available to the MPOs in Oregon and Ohio seem unique relative to the other MPOs interviewed. The Portland MPO appreciates having the ability to follow the on-going status of the program. Most of the MPOs interviewed in other states, however, are less interested in the ongoing status of the TIP than they are with financial constraint compliance and getting their project priorities approved and included in the STIP.

**Observation 3: MPOs work closely with transit agencies serving their areas in the development of transit funding portions of LRPs and TIPs. Transit agencies generally have their own capital improvement plans based on their capital and operational needs and expected levels of funding from the traditional transit categorical programs, such as Sections 5307 and 5309. MPOs rely heavily on transit operators to provide a list of financially constrained projects to be included in their LRPs and TIPs.**

The MPOs interviewed indicated that the transit agencies serving their areas were acutely aware of how much Federal and state funding they receive. In addition, the MPOs said that their transit agencies continually update their own financially constrained capital improvement programs and ultimately those plans are included in the TIP. While most MPOs indicated that they work closely with their transit agencies to identify projects and develop a transit capital improvement plan, it appeared that the transit agency usually plays the primary role in forecasting transit revenues and developing the transit portion of the TIP.

Except in cases where transit agencies apply for grants, most transit agencies generally know what to expect in terms of Federal contributions. Transit agencies serving urban areas with populations greater than 200,000 receive most of their Federal transit funding directly from the Federal government. As a result, they know how much they receive in capital and operating assistance and can forecast needed state and local matching contributions. Transit agencies generally forecast future funding levels by looking closely at historical funding trends and making adjustments based on the political environment or the receipt of earmarked funds.

For transit agencies serving areas with a population of less than 200,000, the flow of Federal funds may be less direct as states can either sub-allocate Federal Section 5307 funds according to their own criteria or allow the funds to flow directly to transit agencies based on the Federal allocation formula. Among the states reviewed, however, Ohio, Pennsylvania, Oregon, New York and Florida have chosen to allow Section 5307 funds to flow directly from the Federal government to their smaller transit agencies, while North Carolina prefers to sub-allocate the Federal funds based on its own allocation formula. For the MPOs and transit agencies that receive direct formula allocations rather than discretionary sub-allocations, revenue forecasting is somewhat easier.

**Observation 4: All of the state DOTs interviewed indicated that they are reluctant to provide short and long range projections for future funding levels. Some state DOTs provide forecasts only if MPOs ask for them, some work with their MPOs to jointly develop forecasts, and others suggest methodologies that might be used by MPOs to develop their own forecasts. However, in most cases, the forecasts that are developed estimate the total availability of Federal funding rather than the availability of individual program funds.**

The state DOTs interviewed indicated that they were reluctant to unilaterally provide funding forecasts to MPOs for a range of reasons. In some cases, state DOTs were reluctant to provide forecasts because they felt that it was too difficult to predict changing statewide policies regarding funding for transportation and other state needs. In addition, some state DOTs were reluctant to provide forecasts that would raise their MPOs' expectations and then have to manage these expectations if the forecasts were wrong.

Based on the states examined, the role of the state DOTs in helping MPOs develop long range revenue forecasts differed considerably. In North Carolina, the state DOT provided its MPOs with a methodology that allowed MPOs to develop their own forecasts. PennDOT worked with its MPO in Pittsburgh (but not with its MPO in Williamsport) to jointly forecast funding levels over the next 20 years. The Ohio DOT provided long range funding estimates to its MPOs upon request. In Oregon, long range forecasts were developed by a joint commission that included representatives from the state's MPOs, regional DOT offices, and the central DOT office. In Florida, the DOT provided lump sum projections combining both Federal and state sources of funding. And finally, New York's DOT did not provide its MPOs with any long term projections, citing the recent election of a new governor and the possibility of major state funding and policy shifts as circumstances which made long term projections difficult.

In terms of providing forecasts to be used in the development of TIPs, Oregon and Ohio provided projections that detailed how much to expect from the various Federal and state funding programs; California recently has provided detail on some Federal programs; Pennsylvania provided lump sum estimates of how much funding was available, and New York and North Carolina provided very little forecasting assistance.

In summary, except for Oregon, California, and Ohio, the states examined either do not provide their MPOs with projections or only provide lump sum projections for use in the development of LRPs and TIPs. Absent information or an understanding of how much flexible Federal funding and/or funding from other programs is available to them, most MPOs develop plans and programs that are not based the financing capacities that exist and the potential funding that may be available.

# SECTION 2: EFFECT OF THE HIGHWAY OBLIGATION CEILING ON MPO TIPS AND TRANSIT FUNDING

## BACKGROUND

An apportionment operates like a line of credit in that the Federal Government agrees to reimburse a state up to the apportioned level of authorized highway funding. Each year, states receive Federal funding apportionments for a number of Federal-aid highway programs. The major programs are: National Highway System; Interstate; Surface Transportation Program (STP); Congestion Mitigation and Air Quality Improvement Program (CMAQ); Bridge Replacement and Rehabilitation Program. In addition, there are several important Equity Adjustment funds that are apportioned to many of the states in categories entitled: Minimum Allocation; Donor State Bonus; Reimbursement; Hold Harmless; and 90 Percent of Payments Guarantee.

Of the Federal funds apportioned to each state, some are earmarked for certain activities or suballocated to certain regions within each state. ISTEA requires state DOTs to suballocate some of the STP apportionment to urban areas exceeding 200,000 in population. Given this requirement, MPOs with jurisdiction areas over 200,000 population are particularly interested in the STP fund allocation. The statewide CMAQ apportionment, which funds air quality improvement projects in non-attainment areas, is also of particular interest to the MPOs in non-attainment areas. Both STP and CMAQ funds can be used for transit capital projects and some limited operating expenses. Other highway programs, such as the NHS also provide an opportunity to flex funds to transit and other non-highway projects. Under ISTEA, up to one-half of NHS funds can be flexed to the STP and used as STP funds. However, the state plays the lead role in making that determination and only a few state DOTs have chosen to flex NHS funds for transit projects.

In general, the Federal Highway programs most important to MPOs are the STP and CMAQ because they are more directly associated with metropolitan planning areas. In addition, each of the equity categories (i.e., Minimum Allocation, etc.) are also important to MPOs because they are usually treated as STP funds, subject to STP's set-aside and sub-state distribution rules. These rules determine how much funding is expected to be "reasonably available" in the future and impact the scope of MPO planning and programming activities. Appendix B describes the set-aside and sub-state distribution requirements for the STP and CMAQ programs.

For budgetary reasons, Congress imposes an obligation ceiling (also referred to as obligation authority or obligation limitation) on the total amount of Federal Highway funds that can be used to reimburse the states for expenditures in any given year. In the past, highway apportionment levels normally have been greater than the obligation ceiling and, as a result, states have had to decide which apportioned funds not to spend in order to effectively comply with the obligation ceiling. (However, in Fiscal Year 1996, the obligation ceiling was greater than the apportionment levels for the first time in over five years.)

Rather than impose an overall ceiling on the total amount of Federal transit funds that can be used in a state during the year, Congress imposes an obligation ceiling on each individual transit program during the appropriations process.[4] This Section, however, examined the *highway* obligation ceiling which limits total statewide highway spending.

## ISSUE

The obligation ceiling for each state applies to the total annual Federal Highway apportionments, as opposed to applying individual obligation ceilings to each program. As a result of this flexibility, state DOTs can allocate obligation authority across programs equally or unequally, as long as they do not exceed their overall statewide obligation ceiling.

Federal regulations require MPOs to develop plans and TIPs based on revenue forecasts that do not exceed authorized Federal funding levels. The Federal requirements, however, provide little guidance on how MPOs are treated in terms of the allocation of obligation authority. For urban areas with populations of more than 200,000, ISTEA requires state DOTs to allocate an amount of STP obligation authority that, on average over six years, equals the amount of STP funds their metropolitan area should be allocated under the federal regulations multiplied by the ratio of federal obligation authority to total apportionment of federal funds to that particular state. This requirement insures that MPOs in larger urban areas share the same burden as their states with regard to dealing with the obligation limitation. For urban areas with populations of less than 200,000, there are no Federal guidelines on how the apportionments or obligation authority should be suballocated, and it is not certain how these MPOs are affected by the obligation limitation. States have the option of providing more obligation authority to larger MPOs and also allocating such authority to smaller MPOs. (See Appendix B for details.)

One of the primary objectives of this research is to understand how state DOTs decide which apportioned funds not to spend in order to effectively comply with obligation ceilings. As the previous discussion illustrates, decisions on obligation ceilings can have a profound impact on MPOs' efforts to develop TIPs and LRPs, and ultimately decisions to implement projects. To better understand how DOTs deal with obligation ceilings and how their decisions impact MPOs, individuals from MPOs and DOTs were interviewed. Detailed descriptions are provided in Appendix C and general observations are presented below.

**Observation 5: State DOT practices vary with how obligation authority is to be assigned for the development of TIPs and LRPs.**

From the interviews, two patterns emerged. Some MPOs (particularly the MPOs serving larger population areas) were knowledgeable about obligation authority and its effect on flexible funding opportunities while others (particularly the MPOs serving smaller population areas) were not. We found that MPOs in California, Ohio, Oregon and, New York were knowledgeable about obligational authority while the others did not have a strong

[4] Flexible Funding Opportunities for Transportation Investments, USDOT.

understanding of how their states allocate obligation authority. In Ohio, the MPOs clearly understand the state's practice of applying the obligation ceiling to all Federal Highway programs equally. The level of understanding that MPOs have in Ohio, however, is remarkably different from MPOs in several other states. This difference might be explained by the fact that the obligation ceiling did not apply to MPO allocations until very recently when Ohio changed its policy and required the MPOs to also "share in the burden" of dealing with obligation limitations.

ISTEA requires the sub-allocation of STP obligation authority to MPOs in urban areas with populations greater than 200,000. Except for both large and small MPOs in Ohio and large MPOs in Oregon, the MPOs interviewed do not receive details on their annual STP sub-allocations early in the TIP development process. Furthermore, as there are no Federal requirements for the suballocation of obligation authority to smaller MPOs, most of the MPOs interviewed initially receive a lump sum estimate of obligation authority when the meet with the state DOT to negotiate final approval late in the TIP development process. It is important to note that California and Oregon suballocate obligation authority to MPOs under 200,000 even though they are not required to so under the Federal mandate.

**Observation 6: Some of the states interviewed instruct their MPOs to constrain their plans and programs to anticipated levels of Federal Highway apportionment and transit allocations while others constrain based on anticipated Federal Highway obligation ceilings plus transit funds. In cases where states instruct MPOs to constrain plans and programs based on obligation ceilings, the MPOs are more conscious of the obligation limitations and the state DOT's process of making adjustments.**

The different approaches taken by states to forecast future levels of funding indicates that states may have different interpretations of financial constraint. For example, New York and Pennsylvania constrain their programs and plans based on a forecast of future levels of Federal apportionment. Florida and Ohio constrain their TIPs and LRPs based on forecasts of obligation authority. Depending on the basis by which a state forecasts levels of funding, some states will be more able to include more projects in their plans and programs than others. For example, Oregon first instructed their MPOs to constrain their LRPs and TIPs based on forecasts of annual apportionment plus the apportionment that was not used in prior years due to the obligation ceilings. Now (after working with FHWA), Oregon has developed a different interpretation of financial constraint and instructed MPOs to scale back their plans and TIPs according to anticipated levels of annual Federal obligation ceilings.

By constraining planning and programming at anticipated levels of apportionment, the individuals interviewed at the state DOTs recognized that, to some extent, they are overprogramming. These officials, however, feel that some overprogramming is necessary for two primary reasons. First, constraining plans and programs at anticipated levels of apportionment allows states to more effectively obligate amounts equal to its obligation ceilings. As a result, states become eligible to receive additional obligation authority at the end of the fiscal year. Second, it insures that projects will have already been identified if and whenever the obligation ceilings are increased to a level equal or greater than the apportionment level. In Oregon's case, where the state DOT has decided to constrain TIPs based on the obligation ceilings, the state DOT plans to identify projects that can be funded in the event that they receive more funds than anticipated. These projects will not be listed in the TIP, but they will be listed in the state DOT's business plan.

In summary, state DOTs are typically responsible for forecasting funding levels and TIPs are developed from these forecasts. Depending on the state DOT's interpretation of financial constraint or its desire to reach the obligation ceiling by the end of the fiscal year, plans and programs at both the state and local level can, to some extent, be overprogrammed.

**Observation 7: MPOs recognize that when a project is not ready for obligation (i.e., schedule "slips"), the obligation authority that would have been used for the project may be used on other projects in other regions. However, MPOs rarely know which projects or regions ultimately use the funding or obligation authority that had been reserved for them.**

The MPOs interviewed in Ohio have a clear understanding of "end-of-year obligation authority" issues. Through the Ohio Association of Regional Councils (OARC), MPOs often communicate about projects that need obligation authority, and projects whose schedules have "slipped" and thus will not use obligation authority in that fiscal year. Through OARC, MPOs serving population areas greater than 200,000 are able to transfer unused obligation authority to other projects sponsored by other large and small MPOs. Communicating through OARC, Ohio's MPOs collectively manage the unused obligation authority allocated to MPOs. Although none of Ohio's MPOs have yet to use OARC to broker or borrow obligation authority, the state DOT continues to promote this practice.

However, the other MPOs questioned for this study do not regularly communicate with each other about the opportunities to take advantage of unused obligation authority. Instead, DOTs typically take an MPO's unused obligation authority and use it for projects dedicated to environmental and engineering requirements. Except in cases where a high priority project requires additional funding, DOTs generally try to re-allocate unused obligation authority to projects within the same region. If there are no projects within the same region, DOTs generally try to reallocate obligation authority to projects in other regions on a first-come, first-served basis.

In California, the state allocates obligation authority to both small and large MPOs. In cases where an MPO (usually a small MPO) is unable to use the obligation authority, the state DOT will borrow the obligation authority and use it towards other MPO or statewide projects. CalTrans officially borrows the authority with the promise to restore it in future years when the region has projects that are ready to advance.

PennDOT has a prioritized process for reassigning obligation authority. PennDOT will first try to transfer unused obligation authority to another project that requires similar program funds. Second, PennDOT will try to transfer the unused obligation authority to another project within the same MPO or county. And, as a last resort, PennDOT will transfer the funds to another project within the same engineering district.

# SECTION 3: INTEGRATING TIPS AND LONG RANGE PLANS

## BACKGROUND

ISTEA requires MPOs and state DOTs to work together to develop consistent Long Range Plans (LRPs) and TIPs. MPOs also must financially constrain their LRP. The state LRP need not be financially constrained itself, but must be coordinated with the constrained metropolitan transportation plan.

ISTEA also requires MPO TIPs to be consistent with STIPs. Specifically, MPO TIPs must be developed in cooperation with both the state and affected transit operators. STIPs must be developed in cooperation with MPOs. All Federally funded projects within the boundaries of an MPO must be included in both the MPO TIP and STIP.

In defining how projects are to be selected for inclusion in the TIPs, *ISTEA gives MPOs primary decision making authority* in some cases while *giving state DOTs primary authority in others.* MPOs with population levels ranging from 50,000 to 200,000 tend to have less decision making authority relative to MPOs with population levels greater than 200,000. The larger MPOs with population greater than 200,000 are designated Transportation Management Areas (TMAs).

All projects within TMAs using Federal funds (except NHS, Bridge, Interstate Maintenance, and Federal Lands Highway projects) are to be selected by MPOs in "consultation" with the state DOT and the transit operator(s). Projects supported by the NHS, bridge, and Interstate Maintenance programs are to be selected by the state DOT in "cooperation" with the MPO. For urban areas with populations less than 200,000, decisions regarding the use of Federal funds, except Federal Transit and Federal Lands Highway projects, are to be made by the state DOTs in "cooperation" with the MPOs.

## ISSUE

The practice of integrating LRPs and TIPs is important because it promotes coordination and cooperation among local and statewide transportation interests. It is through this process of integration that decision makers at both state and local levels finalize their spending decisions and make long term commitments to transportation priorities. In the past, integration has been difficult for a number of reasons:

1. **Project Prioritization Process:** The process by which MPO TIPs are integrated into STIPs is complex process because agencies must set priorities among modes and geographic areas, given limited financial resources. Sometimes MPOs and state DOTs do not share the same project priorities, or they have different assumptions with regard to future levels of funding. As a result, MPOs and DOTs may have difficulty integrating their TIPs.

2. **Timing:** The deadlines set by ISTEA for completing the first TIPs and LRPs were different for MPOs and state DOTs. For TIPs, the deadline for completion was July, 1992 for MPOs and October, 1992 for state DOTs. For LRPs, the deadline for completion was October, 1993 or December, 1994 for MPOs (depending on non-attainment status) and January, 1995 for state DOTs. Integration of the processes and documents was complicated by TIPs and LRPs being completed at various times during the initial years of ISTEA implementation.

3. **Standardization:** Although there are some guidelines that planners should consider when they develop TIPs and LRPs, there are few guidelines on how final TIPs and LRPs should be formatted and organized. As a result, the lack of standardization makes integration difficult.

**Observation 8: Integrating MPO LRPs into state LRPs is not straightforward. In developing plans pursuant to ISTEA, MPOs tend to produce financially constrained project plans while states generally produce unconstrained policy plans. As a result, it is difficult to determine the relationship between the MPO and the state plans.**

In each of the states examined, MPO LRPs tended to be *financially constrained project plans* while the state plans leaned toward *unconstrained policy plans*. The state plans often described general guidelines with regard to transportation policy. In many cases, MPOs complained that the policy plans were written so broadly that it was difficult for their plans not to comply with the state transportation objectives.

Pennsylvania, California, New York, and Florida have broadly written policy plans and they generally include MPO plans by reference. Although state LRPs make reference to MPO plans, and the MPO staff usually has an opportunity to review and comment on the statewide plans, many expressed concerns that while references are made, they have difficulty identifying a direct relationship between the MPO's plan and the DOT's statewide plan.

**Observation 9: Ultimately, the integration of MPO TIPs and STIPs occurs during negotiations that take place between the MPO and the state DOT. Some MPOs negotiate with regional DOT offices while others negotiate directly with their central DOT office. As a result, the nature of the negotiation process varies widely across the states and the MPOs.**

Decentralized DOT decision making structures make it difficult to evaluate the overall statewide process of integrating MPO TIPs with the state TIP. New York and Florida MPO TIPs are generally included in the STIP after a negotiation/approval process occurs between the MPO and the regional DOT office. Whether or not this process accurately reflects both MPO and DOT interests depends on the diversity of the priorities and/or the personalities/management styles of the individuals involved. The information provided during the interviews suggested that the success of the integration process was not necessarily a function of statewide DOT priorities but more closely a function of the level of cooperation/understanding that exists between the MPO and the regional DOT office.

In California, Ohio, and Oregon , integration is carried out through a process of negotiation and collaboration that occurs primarily with the central DOT office. The selection of the projects to be placed on the MPO TIP and integrated into the state TIP appears to occur with less difficulty. Integration in North Carolina is unique relative to the other states examined because integration occurs centrally during negotiations between a Board of appointed officials representing local transportation interests and DOT staff. New York and Florida MPOs work primarily with regional DOT offices and integration occurs as a result of negotiations at the regional levels.

MPOs and even some DOTs compare the negotiation/approval process to "horse trading." This process occurs when the MPO and state DOT meet to finalize the TIP. These forecasts are usually presented during the very late stages of the TIP development process and the MPO and state DOT work together to develop a financially constrained plan based on these forecasts. This process tends to be iterative as both state DOTs and MPOs adjust their programs in an effort to maximize overall program benefits. MPOs that deal with the central DOT offices appear to have a better understanding of how and why such adjustments are made relative to those who work exclusively with the regional DOT offices.

**Observation 10: The content and format of many MPO TIPs are not standardized and integrating them into STIPs is difficult.**

There are differences in how the TIPs are represented in the STIPs. In some states, the DOT's program is contained in one section and the MPO programs are attached without changes. The STIPs that were developed for both Ohio and Pennsylvania have sections for the projects that will occur outside the boundaries of the MPOs and sections that contain verbatim copies of the MPO TIPs. In this case, the STIP is a DOT plan stapled with many TIP plans. One individual indicated that this approach required the use of a "Giant DOT Stapler." Florida and New York are attempting to integrate the various documents by having the statewide TIP include the regional DOT work programs that contain the MPO TIP component and a regional DOT program for areas outside the MPO. In Oregon, the DOT changes the format and appearance of the MPO TIPs to ensure consistency with state reporting methods.

There are advantages and disadvantages to each of these three approaches. By including TIPs verbatim into the statewide TIP, MPOs can actually see that their projects are included among the state's transportation priorities. However, the lack of standardization that exists among the MPO TIPs, makes it difficult for MPOs to understand what other MPOs are doing. Difficulty understanding other MPO funding needs and project costs can limit cooperation and information sharing among MPOs.[5]

[5] Although MPOs, in general, struggle to find information on each other's funding needs in the state Long Range Plan, MPOs in Ohio have found a way to share information on their needs for funding and obligation authority by discussing these issues periodically at meetings organized by the Ohio Association of Regional Councils (OARC).

# CONCLUSION

Among the provisions outlined in ISTEA, the financial constraint requirements have been particularly important. Financial constraint, which requires both MPOs and state DOTs to limit programming to include only those projects for which funding "is reasonably available", has forced both MPOs and DOTs to collectively monitor the availability of state and Federal funds; reconsider transportation priorities given limited financial resources; and work together to coordinate planning activities and project implementation.

The financial constraint provisions within ISTEA also increased the potential to use traditional highway funding for transit purposes and vice versa. New programs, such as STP and CMAQ, have given MPOs a greater role in determining how funds are spent and increased opportunities for additional transit funding. The emphasis on financial constraint, the closer relationship between TIPs and STIPs, and the availability of funding that can be used without regard to modes, have made information about available resources more critical to decision makers. In addition, it has also increased the importance of communication between the states and MPOs, and it has heightened the interest in new sources of funding, including flexible Federal funds.

The availability of information is critical to planners and decision makers at both state and local levels. From the interviews, it was observed that the quality and availability of information used for planning and programming projects varies among states and MPOs. MPOs differ in their understanding of the availability and eligibility of Federal Highway funds. For transit information, MPOs rely heavily on transit operators who have their own capital improvement plans and often play the primary role in developing the transit portions of MPO TIPs and LRPs.

Obligation authority is important because it makes funding levels for certain programs uncertain and it can restrict a MPO's ability to take advantage of ISTEA's flexible funding provisions. The interviews offered evidence that state DOT practices vary on how obligation authority is assigned for the development of TIPs and LRPs. Further, it was concluded that MPOs are aware of the existence of the obligation ceiling, but unaware of how the DOT makes obligation authority adjustments from year to year and during a given fiscal year.

Finally, the integration of plans and TIPs was examined with a focus on how projects are selected given limited financial resources. It was observed from the interviews that integration of LRPs is complicated by different policies, objectives, and even by the states and MPOs themselves. MPOs produce fiscally constrained LRPs while states produce unconstrained policy plans. As a result, it is difficult to identify the specific relationships that exist between the MPO and the state plans even though MPOs and states cooperate and coordinate with each other. Finally, the integration of TIPs occurs during negotiations that take place between the MPO and DOT. Some MPOs negotiate with regional DOT offices while others negotiate directly with their central DOT offices. As a result, the nature of the negotiation process varies widely across states and MPOs.

# APPENDIX A: GLOSSARY[6]

**Allocation.** An administrative distribution of funds among the states, when funds do not have statutory distribution formulas.

**Apportionment.** A statutorily prescribed division or assignment of funds based on prescribed legal formulas, dividing authorized obligation authority for a specific program among the states.

**Appropriations Act.** Action of a legislative body that makes funds available for expenditure with specific limitations as to amount, purpose, and duration. In most cases, it permits money previously authorized to be obligated, and it allows payments to be made. However, for the highway program, which operates under contract authority, appropriations specify amounts of funds that Congress will provide in order to liquidate prior obligations.

**Authorization Act.** Basic substantive legislation which empowers an agency to implement a particular program by establishing a ceiling on the amount of funds which may be appropriated for that program.

**Consultation.** One party confers with another identified party and, prior to taking action(s), considers that party's views.

**Cooperation.** The parties involved in carrying out the planning, programming and management systems processes work together to achieve a common goal or objective.

**Coordination.** The comparison of the transportation plans, programs and schedules of one agency with the related plans, programs and schedules of other agencies or entities with legal standing, and adjustment of plans, programs and schedules to achieve general consistency.

**Expenditures (Outlays).** A term signifying disbursements of funds for repayment of obligations incurred. An electronic transfer of funds, or a check sent to a state highway or transportation agency for voucher payment, is an expenditure or outlay.

**Long Range Plan (LRP).**. A 20 year forecast plan that is required at both the metropolitan and state levels. The LRP must consider a wide range of social, environmental, energy, and economic factors in determining overall regional goals and how transportation can best meet these goals. (If the proposed NEXTEA legislation is approved, LRPs will be called Transportation Plans)

**Limitation on Obligations.** Any action or inaction by an officer or employee of the United States that limits the amount of Federal assistance that may be obligated during a specified time period. A limitation on obligations does not affect the scheduled apportionment or allocation of funds, it just controls the rate at which these funds may be used.

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[6] Definitions are from *Financing Federal Aid Highways*, USDOT, Publication No. FHWA-PL-92-016, May 1992 and *23 CFR Part 450.*

**Obligational Authority.** Another term for limitation on obligations. See that definition.

**Obligations.** Commitments made by Federal agencies to pay out money as distinct from the actual payments, which are "outlays." Generally, obligations are incurred after the enactment of budget authority. However, since budget authority in many highway programs is in the form of contract authority, obligations in these cases are permitted to be incurred immediately after apportionment or allocation. The obligations are for the Federal share of the estimated full cost of each project at the time it is approved regardless of when the actual payments are made or the expected time of project completion.

**Rescission.** A legislative action to cancel the obligation of unused budget authority previously provided by Congress before the time when the authority would have otherwise lapsed. Rescission may be proposed by the executive branch but requires legislative action to become effective.

**State Implementation Plan (SIP).** Portion (or portions) of an applicable implementation plan for attaining and maintaining clean air.

**Statewide Transportation Improvement Program (STIP).** Staged, multi-year, statewide, intermodal program of transportation projects which is consistent with the statewide transportation plan and planning processes and metropolitan plans, TIPs and processes.

**Statewide Transportation Plan.** The official statewide, intermodal transportation Long Range Plan that is developed through the statewide transportation planning process.

**Transportation Improvement Program (TIP).** A staged, multi-year, intermodal program of transportation projects which is consistent with the metropolitan transportation plan.

# APPENDIX B: OVERVIEW OF STP AND CMAQ REQUIREMENTS

| Program | Eligible Uses of Funds | Set-Aside and Sub-State Distribution Requirements | SECTIONS 1 AND 2 Allocation of Obligation Authority | SECTION 3 Project Selection |
|---|---|---|---|---|
| Surface Transportation Program (STP) | • Funds may be used for roads that are not classified as local or rural minor collectors, bridge projects, and transit capital projects. | • STP Set-Aside Requirement: Each state must set aside 10% for safety and 10% for enhancement projects.<br>• STP Sub-State Distribution Requirement: 50% must be obligated in urban areas over 200,000 and in other areas of the State in proportion to their relative share of the State's population. The remaining funds may be obligated in any area of the State. | • Funds are subject to the statewide obligation limitation.<br>• Average amount of obligation authority allocated to MPOs over 200,000 over a six year period equals their sub-state distribution multiplied by the ratio of state obligation authority and total state apportionment.<br>• For MPOs less than 200,000 there are no requirements with regard to the allocation of obligation authority. | • Decisions regarding the use of Federal funds in urbanized areas over 200,000 are made by MPOs in consultation with the State.<br>• All other decisions (including those in urban areas less than 200,000) are made by the State in cooperation with the MPO.<br>• No Federally funded projects may be advanced in an MPO planning area unless they are on the MPO TIP. |
| Minimum Allocation | • Funds may be used for Interstate, Bridge, NHS, STP, CMAQ, Hazard Elimination, and Rail/Highway Crossing projects. | • One-half of the amount distributed to each State is subject to STP Sub-State Distribution but not the STP Set-Aside Requirements. (See STP above) | • No obligation authority is allocated because funds are not subject to the statewide obligation limitation. | • Same as STP above. |
| Donor State Bonus | • Same as STP above. | • Same as Minimum Allocation above. | • Same as STP above. | • Same as STP above. |
| Reimbursement | • Same as STP above. | • One-half of the amount distributed to each State is subject to the same STP Sub-State Distribution and Set-Aside Requirements. (See STP above)<br>• The other half is not subject to any distribution / set-aside requirements. | • Same as STP above. | • Same as STP above. |
| Hold Harmless | • Same as STP above. | • Same as Reimbursement above. | • Same as STP above. | • Same as STP above. |
| 90 Percent of Payments Guarantee | • Same as STP above. | • Same as Reimbursement above. | • Same as STP above. | • Same as STP above. |
| Congestion Mitigation and Air Quality (CMAQ) | • Funds may be used in non-attainment areas for projects that help meet national air quality standards. | • Funds are not subject to Set-Aside or Sub-State Distribution Requirements. | • Funds are subject to the statewide obligation limitation.<br>• No requirements with regard to allocation of obligation authority. | • Same as STP above. |

# APPENDIX C

The descriptions provided below highlight certain aspects of how state DOTs deal with financial constraint and obligation ceilings during the development and implementation of TIPs and plans.

**Ohio**

Prior to 1994, Ohio's DOT did not delay statewide projects due to a lack of obligation authority so an obligation limit was never applied to the MPO suballocations. However, during that year, funding for statewide projects became difficult due to an allocation ceiling for highway programs which was 90.7 percent of apportionment. This forced a change in policy, requiring the MPOs to share in the burden of the statewide obligation ceiling. The same proportion of allocation authority was made available to the MPOs. This change was consistent with the requirements outlined in ISTEA and was not questioned by the MPOs who agreed with the state DOT's argument that the obligation authority applied to the statewide program should also be applied to MPO programs.

With CMAQ funds, Ohio had previously suballocated obligation authority for CMAQ apportionments to eligible MPOs. This practice was discontinued when the state DOT had difficulty sub-allocating CMAQ funds because reclassification of non-attainment areas created uncertainty as to eligibility. As a result, Ohio's obligation authority for CMAQ is now informally allocated to MPOs and funds are obligated to projects as soon as they have completed all of their pre-construction requirements. In Ohio, the MPOs in non-attainment areas are informally suballocated obligation authority for CMAQ projects and are able to take their unused CMAQ obligation authority suballocations and use them for their own STP projects.

Ohio DOT recognizes that the obligation ceiling is a funding limitation that can delay projects and now allows the MPOs trade unused obligation authority among each other to avoid delays. In addition, they make more than the required amount of Minimum Allocation funds available to MPOs and use advance construction financing techniques when the obligation ceiling threatens to delay projects contained in the statewide TIP.

**New York**

New York DOT instructs its MPOs to plan based on forecasted levels of apportionment. Each fiscal year, however, funds are obligated on a first-come, first-served basis once all paperwork/planning, etc. for a project has been completed. Under this approach, the state never commits to obligating certain projects and there is no transfer of unused obligation authority from one project to another at the end of the fiscal year. The first-come, first-served approach automatically determines where funds are obligated and how obligation authority is used. Under this practice, it appears that funds are obligated randomly based on which projects are ready to advance first. In cases where projects are delayed because the state has already reached its obligation limit, New York DOT uses advance construction funding to move projects forward.

New York DOT believes that their approach to transferring obligation authority at year end is a good business/operating practice because it ensures that projects are funded and proceed without delay. In addition, they believe this practice enables the state to reach its obligation ceiling by the end of the fiscal year, thus allowing them to be eligible for additional obligation authority. New York admitted that certain types of projects might slip more frequently due to the first-come first-served approach to obligating funds. However, the DOT does not believe that this approach is biased against the MPOs and/or MPO-related projects.

**Oregon**

Oregon DOT encourages its MPOs to plan at the level of the obligation ceiling. Oregon's approach to obligating funds is similar to New York's in that they obligate on a first-come, first-served basis and suballocate obligation authority to large MPOs at the beginning of the year. As with New York, Oregon DOT sometimes transfers unused obligations to projects that need them at the end of the year. And similar to Ohio, Oregon obligates minimum allocation funds and uses advance construction techniques when the state has reached its obligation limit.

In cases where projects slip year after year, MPOs occasionally accumulate large amounts of apportionments even though they have not used any obligation authority. The Portland MPO has accumulated a significant amount of CMAQ apportionments, but has not used any obligation authority because they have had difficulty completing all of the required pre-construction tasks. As a result, actual CMAQ obligations in Oregon have been dramatically less than the apportionment level, while NHS obligations have been closer to the apportionment level. The DOT expects that in the next year, many of these projects will be ready for implementation and, as a result, the first-come, first-served approach will cause CMAQ obligations to approach the CMAQ apportionment level while obligation levels for other programs (including NHS) may have to decrease.

For the most part, the first-come, first-served method guides the distribution of obligations during the fiscal year. Oregon makes exceptions, however, for high priority projects that are expected to be ready by the end of the fiscal year but have not yet completed all of their requirements. In these cases, Oregon DOT delays obligating funds to other projects that have completed their requirements, waits until the priority project is ready, and then obligates funds to the priority project.

**Florida**

Florida's approach to dealing with the obligation ceiling at the beginning of the fiscal year is designed to make sure that the large MPOs plan and program based on an understanding that they will receive a proportional share of statewide obligation authority. If, for example, the statewide obligation ceiling is 93% of the statewide apportionment, Florida DOT commits to providing large MPOs with obligation authority that is 93% of their suballocated apportionment. Given this, Florida's large MPOs then plan and program at the level of the obligation ceiling. For MPOs in urban areas less than 200,000, there are no restrictions on how the state DOT allocates obligation authority and it is not clear if the small MPOs endure the same burden of the statewide obligation ceiling as the large MPOs and the rest of the state.

Having first taken steps to ensure that the large MPOs and the DOT share the burden of the obligation limitation equally, Florida DOT makes a conscious decision regarding how much to obligate to the statewide programs such as NHS and Interstate Maintenance. Depending on Florida's transportation needs, the DOT may commit to obligating 100% of apportioned NHS funds and only 80% of Interstate Maintenance funds. While Florida makes a conscious decision to obligate unequally across statewide programs, the obligation authority granted to MPOs for suballocated STP funds is the same as the obligation authority granted by Congress to the state overall.

For MPO projects that are delayed, Florida's approach to transferring the unused obligation authority to other regions and other projects is similar to the approaches used by other states. When an MPO project is delayed, the regional DOT office will identify another project in the same region that is ready to be obligated. If the regional DOT office is unable to identify such a project, the DOT central office becomes responsible for transferring the unused obligations to another project in another region. At year end, unused Federal obligation authority is swapped out with totally state funded advance construction projects.

**North Carolina**

North Carolina does not allocate obligation authority across Federal funding programs equally. Allocation of obligation authority is made to programs that best satisfy the state's transportation needs by the North Carolina Board of Transportation. The Board consists of 23 appointed officials representing each of the State's 14 transportation regions.

Distribution of obligation authority is made late in the MPO planning process. Each MPO is responsible for preparing an unconstrained, prioritized project list to be submitted to the Board. The Board works with NCDOT staff to develop the draft STIP given expected funding levels. In essence, the draft STIP is financially constrained and obligation authority is allocated across MPOs, regions and Federal funding programs during this process. After this process is completed, MPOs receive copies of the draft STIP listing the projects chosen for their region which are then listed in their own TIP. Once the state and MPO TIPs are completed, funds are obligated on a first-come, first-served basis during the fiscal year.

**Pennsylvania**

In the past, Pennsylvania provided each of its 14 MPOs with a lump sum amount to develop their plans and programs. PennDOT found that this was problematic because the MPOs often developed programs that required more program funds (especially NHS) than were available. PennDOT considered providing more detailed forecasts for each of the programs, but ultimately decided on a dramatically different approach. PennDOT now undertakes an approach similar to North Carolina, whereby it provides a financially constrained draft STIP that lists candidate projects to be implemented within the metropolitan areas. The draft STIP serves as a baseline for discussion and it guides the dialogue that occurs between MPOs and the DOT. If an MPO wants to add a project to its candidate TIP, it has to find a way to take a separate project off the list or obtain additional funding.

Pennsylvania allocates obligation authority evenly across Federal funding programs over four years but does not allocate obligation authority evenly from year to year. For the last 12 years, the State has successfully used all of its obligation authority and been eligible to receive additional obligation authority at the end of the fiscal year.

In the past, the State has not had difficulty reaching its obligation ceiling. Some MPOs, however, have had difficulty using all of their obligation authority because they have underestimated the time necessary to complete pre-construction tasks. In one case, an MPO was able to receive only 63% of their obligation because they scheduled two large projects for implementation during the first two years of the TIP. When one of the big projects was delayed by engineering and environmental requirements, there were no other projects in the region to take its place and receive obligations. As a result, the state DOT's first-come, first-served practice allowed the obligation authority to be used on another project in another part of the state. PennDOT has criteria for reassigning obligation authority. The DOT first reassigns obligation authority to another project (anywhere in the state) that needs the same program funds and then if there are no projects that require the same program funds, it will reassign the obligation authority to another project in the MPO or county.

## California

California allocates obligation authority to both small and large MPOs at the beginning of each fiscal year. During the year, the state manages unused obligation authority carefully and will reassign obligation authority in cases where the projects are delayed. Every time the state reassigns obligation authority, it returns the obligation authority the following year. Except for last year, when the state was experiencing serious financial difficulties, the state has always returned transferred obligation authority.

Since 1994, California's approach to dealing with obligation authority has been complicated by declining economic trends and a lack of public support for several large rail transit bond issues. The lack of support for the bond issues combined with the 1993 earthquake created a multi-billion dollar shortfall. CalTrans has just completed a new STIP that is based on lower revenue projections.

# APPENDIX D: SUMMARY OF OBSERVATIONS

| | Ohio | Oregon | New York | Florida | Pennsylvania | California | North Carolina |
|---|---|---|---|---|---|---|---|
| **Observation 1**: The quality and availability of financial information to assist MPO planning and programming *(Favorable or Less Favorable)* | Favorable[1] | Favorable[2] | Less Favorable[3] | Mixed[4] | Mixed[5] | Favorable[6] | Less Favorable[7] |
| **Observation 2**: The quality and availability of information on funding levels and the status of MPO projects during the fiscal year (Favorable or Less Favorable) | Favorable[8] | Favorable[9] | Less Favorable[10] | Less Favorable[11] | Unclear[12] | Favorable[13] | Less Favorable[14] |
| **Observation 3**: MPO relationships with local transit agencies *(Favorable or Less Favorable)* | Favorable[15] | Favorable[16] | Unclear[17] | Unclear[18] | Favorable[19] | Favorable[20] | Favorable[21] |
| **Observation 4**: State DOT's role in forecasting future revenue levels | Provides Detailed Info.[22] | Develops Forecasts with MPOs[23] | Provides Little Information[24] | Provides Little Information[25] | Provides Lump Sum Forecasts[26] | Provides Somewhat Detailed Info.[27] | Provides Forecasting Methodology[28] |
| **Observation 5**: Extent to which MPOs understand how obligation authority is assigned for the development of TIPs and Long Range Plans *(Favorable or Less Favorable)* | Favorable[29] | Favorable[30] | Mixed[31] | Unclear[32] | Unclear[33] | Favorable[34] | Less Favorable[35] |
| **Observation 6**: Constraint is based on expected levels of apportionment or expected obligation ceilings *(Apportionment or Obligation Ceiling)* | Obligation Ceiling[36] | Obligation Ceiling[37] | Apportionment[38] | Obligation Ceiling[39] | Apportionment[40] | Apportionment[41] | Unclear[42] |
| **Observation 7**: Extent to which MPO's understand how the state DOT uses unused obligation authority *(Favorable or Less Favorable)* | Favorable[43] | Less Favorable[44] | Mixed[45] | Less Favorable[46] | Less Favorable[47] | Favorable[48] | Less Favorable[49] |
| **Observation 8**: State Has Developed a Policy or Project Based Long Range Plan *(Policy or Project)* | Policy[50] | Policy[51] | Unclear[52] | Policy[53] | Mixed[54] | Policy[55] | Policy[56] |
| **Observation 9**: Nature of the Process by Which TIPs and Plans are Finalized *(Cooperative or Uncooperative)* | Cooperative[57] | Cooperative[58] | Mixed[59] | Mixed[60] | Cooperative[61] | Cooperative[62] | Unclear[63] |
| **Observation 10**: The content and format of MPO TIPs *(Standardized or Not Standardized)* | Standardized[64] | Mixed[65] | Not Standardized[66] | Not Standardized[67] | Not Standardized[68] | Unclear[69] | Standardized[70] |

# Explanations for Appendix D

**Observation 1: Quality and availability of financial information to assist MPO planning and programming**

1. Ohio: Interviews indicated a strong understanding of funding availability by MPOs in Columbus and Cleveland and a relatively weak understanding in Cincinnati. ODOT and the Ohio Association of Regional Councils frequently conduct day long work sessions with MPOs to discuss, among other things, the availability of Federal funding.

2. Oregon: Interviews indicated that the MPOs in Portland and Eugene were comfortable with their understanding of the availability of Federal funding. Interviewees indicated that a close working relationship exists with the DOT and that MPOs and the DOT work together to develop revenue forecasts.

3. New York: Interviews with MPOs in Ithaca and Binghamton indicated that they typically receive lump sum forecasts for the region and that no details on amounts that might be available to the MPOs through particular Federal funding programs are provided. Interviews with the MPOs in Buffalo and Albany indicated that the central DOT office provides a forecast that is broken down into five year increments for the various Federal and state transportation programs. All MPOs indicated that with the uncertainties associated with recent statewide budget cutting efforts, the DOT has stopped providing Federal and/or state revenue forecasts.

4. Florida: Interviews revealed that the MPOs in Tampa and Ocala/Marion receive little useful information from the DOT for revenue forecasting purposes. The DOT indicated that they regularly publish a document called "Schedule A Allocations" which provides financial information, but the MPOs did not mention the document during their interviews. The MPOs independently develop their own revenue projections which are reviewed by the DOT late in the planning and programming process.

5. Pennsylvania: The MPO in Pittsburgh indicated a relatively close working relationship with the DOT and a relatively strong understanding of the availability of Federal funds. The MPO in Williamsport appeared to depend heavily on the DOT's revenue forecasts.

6. California: Interviews revealed that the DOT gives MPOs useful information for revenue forecasting purposes. The DOT provides targets for CMAQ and STP and MPOs use a lump sum minimum that is derived from a number that the state gives to each county.

7. North Carolina: Interviews with MPOs in Greensboro, Cabarrus, and Winston-Salem indicated that the DOT does not provide information that helps MPOs forecast future

levels of Federal funding. MPOs submit unconstrained, prioritized project lists to the DOT central office. The DOT applies their forecast of funding availability and returns a financially constrained project list to the MPOs to be incorporated into MPO TIPs and plans. An interview with the DOT indicated that they prefer to develop revenue forecasts and apply financial constraint to project lists because, "the MPOs do not understand the Federal budget and Federal programs."

**Observation 2: The quality and availability of information on funding levels and the status of MPO projects during the fiscal year**

8. Ohio: Interviews indicated that the MPOs in Cleveland and Columbus have a strong understanding of how year end obligation authority adjustments are made. Interviews indicated that the MPOs in Cincinnati and Lima do not have a strong understanding of how the adjustments are made, and they rely on the Ohio Association of Regional Councils (OARC) to make sure that adjustments are made fairly. The Ohio Department of Transportation noted OARC's in helping members communicate, understand, and share financial and project information.

9. Oregon: The MPO in Portland indicated that it receives information on the status of projects and the availability of funding during the fiscal year. However, the MPO indicated that the approach to informing MPOs of obligation authority adjustments during the fiscal year needs improvement. The Portland MPO indicated that they do not know when CMAQ obligation authority is switched to "other" funding programs and/or the extent to which projects are being funded with Federal, state, or local funds.

10. New York: Interviews with MPOs in Ithaca, Buffalo, and Binghamton indicated that they had no understanding of how the DOT makes obligation authority adjustments during the year. These MPOs could not comment on whether or not adjustments were happening or if they .were being treated fairly. The MPO in Albany, however, indicated that they understand how obligation authority is transferred across districts and funding categories during the year and that they have been comfortable with the way the DOT has handled these transfers in the past.

11. Florida: The MPOs in Tampa and Ocala/Marion could not comment on how the DOT transfers unused obligation authority.

12. Pennsylvania: The MPO in Pittsburgh recognized that the DOT transfers unused obligation authority at the end of every fiscal year. The MPO indicated that they have never been asked to transfer obligation authority from an MPO project to a non-MPO project but have been asked to reclassify right-of-way projects from NHS to STP Urban because all of the NHS obligation authority had been used and some STP Urban still remained. The Pittsburgh MPO was not asked if the DOT provides information on the transfers that take place at the end of each fiscal year. The MPO in Williamsport could not comment on the DOT's use of unused obligation authority.

13. California: The DOT shares information about how and when obligation authority has been transferred when MPOs ask for it and when the DOT has it. The California Transportation Commission tracks the levels of obligation authority and project status. Some MPOs have begun to track the use of obligation authority themselves.

14. North Carolina: An interview with the DOT indicated that they do not make "conscious decisions" about where to use obligation authority. Obligation authority is used on a first-come, first-served basis. Both MPOs in Greensboro and Charlotte recognized that obligation authority is used on this but indicated they receive no information and have no understanding of how obligation authority is used from year to year.

**Observation 3: MPO relationships with local transit agencies**

15. Ohio: Interviews indicated that transit agencies in Columbus, Cleveland, and Lima play a significant role in developing the transit aspects of TIPs and Long Range Plans. In these cases, transit agencies provide detailed revenue projections to the MPOs.

16. Oregon: The transit provider in Eugene works closely with the MPO to develop the 20 year plan. The transit provider develops a number of "models" that involve different projections for funding availability and capital/operating needs. The models are provided to the MPO which incorporates all or a portion of one of the models into the Long Range Plan.

17. New York: The transit provider in Ithaca works closely with the MPO to monitor and forecast the availability of Federal and state transit funding. In Ithaca, the development of the transit portion of the TIP happens separately from the development of the highway portion. The transit operator receives Federal and state transit funding forecasts from the DOT but complain that they are always too optimistic. As a result, the transit operator and the MPO work together to develop a forecast. The transit operator/MPO indicated that they have not successfully flexed funds to transit. No information on the interaction between the MPOs in Buffalo, Binghamton, and Albany was collected.

18. Florida: Information on the extent to which transit agencies in Florida are involved in MPO planning and programming was not obtained.

19. Pennsylvania: Interviews indicated strong cooperation between MPOs and transit providers in Pennsylvania. Interviews with the MPOs in Pittsburgh and Williamsport revealed that they have separate committees that develop transit related aspects of their TIPs and Long Range Plans. Members of the committees include employees of the transit providers in the area. Pittsburgh indicated that they have successfully flexed funds to transit.

20. California: An interview with the MPO in San Francisco revealed that some transit operators compete for Federal Section 5307 and Section 5309 funds among themselves and compete with all potential recipients for flexible highway funds. In San Francisco, transit providers work closely with the MPO in identifying opportunities to use flexible highway funds.

21. North Carolina: The MPO in Charlotte mentioned that the transit provider plays a strong role in helping to develop the MPO's TIPs and Long Range Plans. None of the other MPOs (i.e., Greensboro, Cabarrus, and Winston-Salem) mentioned the involvement of their transit providers. These MPOs indicated that transit funding levels have not changed much in the past and that developing the transit aspects of TIPs and plans is relatively straightforward. The MPO in Winston-Salem mentioned that the public transportation division of the DOT works closely with MPOs to help develop the transit aspects of their TIPs and plans. None indicated success in flexing funds to transit; FTA records show only $500,000 flexed to transit through FY95.

**Observation 4: State DOT's role in forecasting future revenue levels**

22. Ohio: Interviews indicated that the DOT does not forecast future revenue levels for the MPOs but that the DOT provides the information MPOs need to make forecasts. In December of each year, the DOT provides a breakdown of what to expect in suballocated Federal funds (i.e., STP funds) and the DOT provides information on what they received in prior years. The MPOs in Columbus, Cleveland, and Lima confirmed that the DOT provides them with the information they need. It appeared, however, that the MPO in Cincinnati was not satisfied with the information it receives from the DOT. Also, the MPO in Columbus indicated that the DOT is working on a 12 year finance plan for transportation and that this will assist them in their efforts to forecast future revenue levels. Until the DOT completes its 12 year plan, MPOs will continue to develop revenue projections based on historical levels.

23. Oregon: Interviews with the MPOs in Portland and Eugene as well as the DOT revealed that a highly interactive, iterative, and well-coordinated process exists for developing plans and TIPs. The effort to develop revenue forecasts was described as a joint effort between all the MPOs in the state, a number of regional DOT offices, and the central DOT office.

24. New York: Interviews with MPOs in Ithaca and Binghamton indicated that the regional DOT offices play an important role in providing financial information. These MPOs indicated that they typically receive lump sum forecasts for the region and that no details on amounts that might be available to the MPO or available through particular Federal funding programs is provided. Interviews with the MPOs in Buffalo and Albany indicated that the central DOT office provides a forecast that is broken down into five year increments and forecasts funding levels for the various Federal and

state transportation programs. The MPOs indicated that due to the uncertainties associated with the statewide budget cutting efforts, the DOT no longer provides Federal or state revenue forecasts.

25. Florida: Interviews with the MPO in Tampa as well as with the DOT indicated that the DOT provides financial information for long range planning purposes but not for TIP development. For TIP development, the Tampa MPO is responsible for forecasting the availability of Federal funds. The MPO in Ocala/Marion did not recall receiving any financial information from the DOT.

26. Pennsylvania: In Pittsburgh, the MPO works with the DOT to forecast funding levels for the long range plan and the DOT provides an average annual estimate of funding levels for the TIP. The MPO in Williamsport reported that the DOT has not provided revenue forecasts that are useful in developing Long Range Plans and TIPs.

27. California: Interviews indicated that the DOT gives MPOs targets for CMAQ and STP and that MPOs make their own assumptions about the availability of other highway program funding within a lump sum minimum that the state gives to each county.

28. North Carolina: All MPOs interviewed (i.e., Charlotte, Winston-Salem, Greensboro, and Cabarrus) indicated that no financial forecasts are provided for initial planning and programming purposes. The MPOs indicated that they provide an unconstrained, prioritized project list to the central DOT office where the lists are financially constrained based on the DOTs forecast of funding levels. The DOT does not share its funding forecast either before or after the development of TIPs and plans. Each year, the DOT holds a workshop to review methodologies that might be used to forecast future revenue levels.

**Observation 5: Extent to which MPOs understand how obligation authority is assigned for the development of TIPs and Long Range Plans**

29. Ohio: MPOs in Columbus, Cleveland, Lima, and the Ohio DOT all confirmed a practice where the DOT suballocates obligation authority evenly across Federal categorical programs. The MPOs appeared to have a strong understanding of statewide obligation authority issues.

30. Oregon: By working together, all of Oregon's MPOs, a number of regional DOT offices, and the central DOT office are able to develop detailed revenue forecasts and suballocate funds to MPO and non-MPO areas for planning purposes. These revenue forecasts are useful for planning purposes because they indicate how much revenue could be used for STP related projects and NHS related projects, etc. Having worked closely with central and regional DOT offices, the MPOs have a strong understanding

of the obligation authority issues that must be addressed early in the planning and programming processes.

31. New York: Interviews indicated that the DOT subdivides Federal funds across the state's 11 regions and that the regional DOT offices provide their MPOs with formal letters that provide information on how much funding will be available for TIP development. Each regional DOT separately makes a decision regarding what information to give to the MPOs. The MPOs in Binghamton and Ithaca did not mention these letters and appeared to be unaware of how the DOT assigns obligation authority for programming purposes. The DOT in Albany, however, seemed to have a stronger understanding of the DOT's ability to allocate obligation authority prior to the start of the fiscal year.

32. Florida: The DOT indicated that they provide MPOs with a report that provides information on how much to expect to receive from each Federal funding category. This report can be used for TIP development purposes. The MPOs in Tampa and Ocala/Marion did not mention this report during their interviews.

33. Pennsylvania: Interviews with the MPOs and the DOT revealed no information on how obligation authority is allocated across regions and MPOs for initial planning and programming purposes.

34. California: Interviews indicated that the DOT allocates obligation authority to MPOs for initial planning and programming purposes and MPOs appeared to have a strong understanding of this practice.

35. North Carolina: Interviews with the MPOs and the DOT revealed no information on how obligation authority is allocated across regions and MPOs for initial planning and programming purposes. The MPO in Cabarrus indicated that financial constraint is done "in a black box" at the central office. Interviews indicated that MPOs prepare a list of projects to be reviewed by the State Board of Transportation and that Board members representing the State's 14 Districts develop the a statewide financially constrained TIP. The MPOs take the projects that are listed in the STIP and incorporate them into their TIPs.

**Observation 6: Constraint is based on expected levels of apportionment or expected obligation ceilings**

36. Ohio: Interviews with the DOT indicated that Ohio allocates obligation authority equally across the various Federal funding programs. The MPOs in Columbus and Cleveland confirmed this practice.

37. Oregon: An interview with the DOT indicated that for a number of years the DOT and its MPOs constrained their plans and TIPs based on expected levels of

"apportionment." Recently, however, the DOT decided that a truly financially constrained plan would be based on projected levels of obligation authority. The DOT and its MPOs are in the process of developing their first plans and TIPs based on this new definition of financial constraint.

38. New York: Interviews with the DOT revealed that the DOT and the MPOs plan at the level of expected apportionment rather than obligation ceiling.

39. Florida: Interviews with the DOT indicated that the MPOs and DOT develop plans and programs based on expected levels of obligation ceilings. Neither MPO had a strong understanding of the obligation ceiling and its implications on planning.

40. Pennsylvania: An interview with the DOT revealed that the DOT and its MPOs financially constrain TIPs and plans based on anticipated levels of apportionment. Information on how MPOs interpret financial constraint (i.e., obligation ceiling level or apportionment level) was not collected.

41. California: An interview with the DOT revealed that the DOT and its MPOs financially constrain TIPs and plans based on anticipated levels of apportionment.

42. North Carolina: The interviews provided no information on whether the DOT and its MPOs constrain TIPs and plans based on expected levels of the obligation ceiling or apportionment.

**Observation 7: Extent to which MPOs understand how the state DOT uses unused obligation authority**

43. Ohio: The interviews with the MPOs in Cleveland, Cincinnati, and Lima applauded the Ohio Association of Regional Councils (OARC) for its role in helping MPOs share and transfer unused obligation authority. The DOT also confirmed that MPOs rely on OARC.

44. Oregon: The Portland MPO indicated that it knows obligation authority transfers occur and that it does not receive specific information on the transfers. The MPO indicated, however, that it was unlikely that funds were being switched unfairly to other DOT programs or to projects in other regions. In general, the Portland MPO seemed unconcerned with the DOT's role in deciding how to transfer unused obligation authority. The Eugene MPO also did not understand exactly how obligation authority adjustments occur and suggested that we ask the DOT.

45. New York: The DOT indicated that they use obligation authority on a first-come, first-served basis at the regional level. Interviews with the DOT revealed no examples of cases where this first come, first served approach led to a bias in terms of the types of projects that are funded. Except for the MPO in Albany, none of the MPOs could

comment on the DOTs ability to transfer unused obligation authority. The MPO in Albany was comfortable with the DOT's practice of transferring unused obligation authority.

46. Florida: The DOT indicated that they use obligation authority on a first-come, first-served basis at the regional level and the MPO in Tampa confirmed that this practice exists. The MPO in Tampa, however, could not comment on whether or not this practice has impacted the MPOs projects. The interview with the MPO in Ocala/Marion revealed a weak understanding of obligation authority.

47. Pennsylvania: The DOT indicated that they use obligation authority on a first-come, first-served basis at the regional level. The MPO in Pittsburgh appeared to have a weak understanding of how the DOT transfers unused obligation authority and the MPO in Williamsport appeared to have no understanding of the obligation authority adjustments that are made during the year.

48. California: The DOT indicated that it has borrowed obligation authority from some MPOs to make obligation authority available for other MPO or statewide projects. In the past, the DOT returns the obligation authority to the lender but this has changed due to recent statewide financial difficulties. The MPO in San Francisco appeared to have a strong understanding of this process and policy.

49. North Carolina: The DOT indicated that they use obligation authority on a first come, first served basis. The MPOs in Greensboro, Charlotte, and Winston-Salem indicated that they did not know how the DOT uses obligation authority during the fiscal year.

**Observation 8: State has developed a policy or project based long range plan**

50. Ohio: Interviews with the MPOs in Cleveland and Lima indicated that the state currently has completed a "macro" planning phase which resulted in a policy plan. They indicated that the state expects to initiate and complete a "micro" planning phase which will result in a plan that is more project oriented.

51. Oregon: An interview with the MPO in Eugene revealed that Oregon has a long range policy plan. However, their long range revenue forecasts provide enough detail to allow staff to develop a long range project plan as well. Staff is considering an effort to develop a long range project plan.

52. New York: An interview with the DOT revealed that the state has not developed a statewide long range plan.

53. Florida: Interviews with the Florida State MPO Advisory Council and the Ocala/Marion MPO revealed that the state has a policy plan.

54. Pennsylvania: Interviews with the MPOs in Pittsburgh and Williamsport and the DOT revealed that the state has a 20 year policy plan and a 12 year project plan. The 12 year project plan is required by state law and provides MPOs with useful long range planning guidance.

55. California: The interviews revealed that California has completed a long range policy plan.

56. North Carolina: An interview with the Greensboro MPO revealed that the DOT has completed a policy plan.

**Observation 9: Nature of the process by which TIPs and Plans are formalized**

57. Ohio: An interview with the MPO in Columbus and an interview with the DOT Central office indicated that MPOs meet with the District DOT office to negotiate the completion and financial constraint of the TIP. The MPO's TIP is often changed to reflect what exists in the district budget. According to the DOT interviewee, the district office is responsible for developing the financially constrained TIP at the local level and that once the TIP gets to the DOT central office, "it is really a matter of production since most of the planning and project selection has already occurred." The Columbus MPO indicated that the final mix of projects is usually "reasonable."

58. Oregon: Interviews with both MPOs (Portland and Eugene) indicated that the regional DOT is an important participant in the planning and programming process. The regional DOT works jointly with the MPO and the central DOT office to develop TIPs and plans. Both MPOs seemed comfortable with the negotiation process and project selection.

59. New York: Interviews with MPOs in Ithaca and Binghamton indicated that the regional DOT offices play an important role in providing financial information. Interviews with the MPOs in Buffalo and Albany indicated that the central DOT office provides a forecast for the various Federal and state transportation programs. The MPOs in Buffalo seemed comfortable with the negotiation and project selection processes while the MPOs in Ithaca and Binghamton seemed to be less comfortable.

60. Florida: An interview with the MPO Advisory Council, the MPO in Tampa and the DOT revealed that regional DOT office is involved in the development of Long Range Plans and TIPs. In fact, interviews indicated that while the DOT provides little information early in the planning process, the regional DOT provides detailed financial information at the end of the planning process when the TIP and/or long range plan is finalized. The Tampa MPO complained that the negotiation process has been unfair.

61. Pennsylvania: Information collected during the interview process did not distinguish between regional and central DOT involvement. Both MPOs interviewed indicated

that the selection of projects has been for the most part fair. The Pittsburgh MPO indicated having had more difficulty with its own constituent interest groups than with the DOT. In fact, the DOT mentioned having given up some DOT projects to make some MPO projects possible and thus allow the MPO Board to finalize their TIP.

62. California: Interviews indicated that statewide programming is centralized but that district offices provide some initial information. The San Francisco MPO indicated that both the DOT central office and the district offices are cooperative and reasonable during the TIP negotiation process.

63. North Carolina: Interviews with all MPOs and the DOT indicated that the Board of Transportation and central DOT staff rely on unconstrained prioritized lists provided by the MPOs and develop the state TIPs and Long Range Plans. The MPOs are informed of the projects that were selected and asked to include those projects into their TIPs and plans. The MPOs do not interact with the Central DOT office to finalize plans and programs. The Board member representing the MPO interacts with the Central DOT office. As a result, the nature of the negotiation process is unclear since little negotiation takes place with staff.

**Observation 10: The content and format of MPO TIPs**

64. Ohio: An interview with the DOT revealed that it provides MPOs with guidance on how to organize and prepare TIPs. In addition, interviews with several MPOs revealed that interaction with regional DOT staff results in formatting changes that lead to the consistency that allows MPO TIPs to be incorporated into the state TIP.

65. Oregon: An interview with the Portland MPO revealed that the state TIP is not just all of the MPO TIPs and regional rural plans stapled together. The state TIP is an original document that does not include the MPO TIPs verbatim. The MPO indicated that the DOT incorporates much of the information contained in MPO TIPs after reformatting and rearranging the information to improve readability.

66. New York: During an interview with the MPO in Binghamton, the interviewee referred to a "giant DOT stapler" when describing how TIPs are integrated into STIPs. The interviewee indicated that the DOT had made an effort to standardize using project management software but that the effort was abandoned because the software lacked the flexibility to be manipulated and adjusted to meet the state's needs and reporting requirements. In addition, the MPO's long range plan is briefly referenced in the state's long range plan and the interviewee indicated that the state plan is not written to incorporate the MPO plans. Interviews with the other MPOs revealed similar observations.

67. Florida: An interview with the Florida MPO Advisory Council revealed that the TIP is adopted (as is) in the STIP after negotiations occur between the MPO and the regional

DOT office. MPO Long Range Plans will be integrated as part of a two stage process. During the first stage, the DOT released an outline of important transportation issues and policies on which the MPOs were given a chance to review and comment. The DOT expects that in the second (future) stage a new policy plan will be released and that it will reference the MPOs views.

68. Pennsylvania: The Pittsburgh MPO indicated that the STIP is created when the DOT assembles all the MPO TIPs, adds its TIP, and inserts an introduction. The interviewee indicated that there was little standardization across the TIPs. The interviewee also indicated that incorporating the MPO long range plan into the state long range plan was difficult because the MPO plans are project plans while the state plan is a policy plan. As a result, it was indicated that it is difficult to determine whether or not the policies stated in the state plan accurately reflect the range of projects included in the MPO plans.

69. California: Interviews indicated that the statewide policy plan is too general to determine whether or not the MPOs are or are not referenced. No information was obtained on the level of consistency and standardization that exists between MPO and state TIPs.

70. North Carolina: All interviews revealed that MPO TIPs were consistent with the state TIP. The MPOs interviewed indicated that the state tells them what to list in their TIPs and, as a result, they are consistent. No information was obtained with regard to the standardization or consistency of Long Range Plans.