REPORT BACKGROUND

Several factors prompted this survey, including the 2023 August Redistribution efforts, an accounting issue between Delphi and FMIS within FHWA leading to delays in obligating funds, and the rising unobligated balances seen nationwide.

The purpose of this survey was to better understand the barriers Metropolitan Planning Organizations (MPOs) and local partners face in obligating federal funds. Specifically, the survey asked about PL/5303 funds that are used for planning, Surface Transportation Block Grant (STBG) funds, Transportation Alternative Program (TAP) funds, and Congestion Mitigation and Air Quality (CMAQ) funds. Additionally, information was collected on average lengths of project development phases.

SURVEY DISTRIBUTION AND RESPONSES

AMPO distributed a survey to membership through SurveyMonkey, collecting a total of 97 responses between May 24 and July 31, 2023. A total of 40 states and the District of Columbia are represented in the responses. Large MPOs contributed 24, medium 40, and small 33 responses, indicating a robust representation of the MPO community.

Note that this report reflects the responses received. AMPO is aware that consistency across states may vary. If you have any updates or edits please contact AMPO staff.
A NOTE: PROGRAMMING VS OBLIGATING

Programming federal funds occurs at the planning stage, where MPOs and stakeholders identify and select projects that align with their regional transportation goals and meet federal requirements. Programming sets the framework for how funds will be distributed and used over time. The final stage of programming is to be included in an MPOs Unified Planning Work Program (UPWP) or Transportation Improvement Program (TIP) and submitted to the State DOT for inclusion in their State TIP.

Obligating federal funds refers to the process of committing funds to a specific project or activity by entering into a legal agreement or contract. Once funds are obligated, they become reserved for that particular project and cannot be used for other purposes. Obligations create a binding commitment ensuring that the allocated funds will be used as intended. Typically State DOTs obligate federal funds, not MPOs.

Programming is done by the MPO and serves as a planning process to guide the distribution of funds among various regional projects, while obligating is handled by the State DOT and finalizes the commitment, making funds unavailable for other uses. Both processes are crucial in the management and use of federal funds for transportation and infrastructure projects, ensuring effective and efficient resource allocation.
PL AND 5303 BALANCES

#1 REASON FOR ACCRUED BALANCE

STAFFING SHORTAGES

413K AVERAGE AMOUNT UNOBLIGATED

87% AVERAGE PROGRAMMED IN UPWP

Additional reasons identified for the accrual of PL/5303 balances include:

#2 Saving up for a planning study
#3 Underbudgeting due to not receiving timely allocation amounts
#4 Local match shortfalls
#5 Saving for reserve/continuity of operations
#6 State-level accounting/process issues

Some states allow carryover with limited or no restrictions, while others do not permit carryover at all and in some cases the funding is reclaimed by the State DOT. Carryover policies vary significantly from state to state. Here are some examples of carryover practices:
ARKANSAS
MPOs can carry over funds from year to year, but the state generally discourages carrying over more than one year’s allocation. Funds can be used for studies and office expenses once fully staffed.

TEXAS
Texas allows unlimited carryover with no specific restrictions on the duration of carryover, many of which use to support the MTP process or consultants.

MISSOURI
Allows a four-year carryover balance not to exceed the total amount of the previous four years of PL allocations.

INDIANA
In Indiana 3-year purchase orders are used to obligate funds and MPOs have 3 years to spend it down. Remaining funds on a purchase order are shown on the Annual Completion Report and included in the new UPWP.

NEW YORK
There are no restrictions but it must be fully programmed each year and the method by which carryover balances are to be spent down must be described in the UPWP.

RHODE ISLAND
Carryover can not extend for more than three years based on the year of award.
STBG BALANCES

#1 REASON FOR ACCRUED BALANCE

STATE DOT REQUIREMENTS (IN ADDITION TO FEDERAL) CAUSE DELAYS

14M AVERAGE AMOUNT UNOBLIGATED

89% AVERAGE PROGRAMMED IN TIP

Additional reasons identified for the accrual of STBG balances include:

#2 Rising inflation
#3 Saving up for larger projects
#4 Labor shortages
#5 Local match shortfalls
#6 Supply chain delays
#7 Project delivery/schedule delays

Similar to PL and 5303, some states allow carryover of funds, typically up to a specific number of years or a percentage of the total allocation, while others have no restrictions. Some MPOs have flexibility regarding funding types and are encouraged to focus on total obligations rather than specific funding categories. The following includes examples of carryover practices:
MICHIGAN
In the state of Michigan, carryover of Surface Transportation Block Grant (STBG) funds is not allowed. MPOs are required to fully obligate their funding each fiscal year, and any unspent funds are returned to the state.

CALIFORNIA
In California, MPOs are allowed to carry over up to three years’ worth of prior STBG balances using the state's Obligation Authority (OA) management policy.

INDIANA
The Indiana Department of Transportation (INDOT) requires MPOs to fully obligate their annual funding. They offer flexibility regarding funding types, encouraging MPOs to focus on meeting the total obligation target. For instance, if an urban area receives $16 million in federal funding, consisting of various allocations such as STBG and CMAQ, INDOT prioritizes meeting the total $16 million obligation rather than specific funding types.

OREGON
In Oregon, the Oregon Department of Transportation (ODOT) and the TMA MPOs have an obligation target agreement that provides incentives (share of any redistribution funds) and penalties (potential loss of fund award authority by the MPO) for obligating a minimum of 80% of programmed funds in each fiscal year. Carry over of un-obligated funds is limited to a formula % based on the 80% minimum target, plus a percentage of funds carried over from a previous year.
Additional reasons identified for the accrual of TAP balances include:

#2 Saving up for larger projects
#3 Rising inflation
#4 Supply chain delays
#5 Local match shortfalls
#6 Labor shortages
#7 ROW/engineering delays

Some states allow carryover of funds, providing flexibility to perform project calls and allocate funds based on anticipated funding for the entire transportation act. Other regions may have limitations, such as a three-year time limit on balance carryover or no carryover allowed at all. Here are some examples of carryover practices:
TEXAS AND NEW YORK
In Texas, the Transportation Alternatives Program (TAP) funds do not have specific carryover restrictions.

WASHINGTON AND INDIANA
In Washington, carryover of TAP funds is allowed. However, TAP obligations delivery is linked to STBG+TAP, and any lack of TAP obligations can be compensated for by using STBG funds.

Similarly, INDOT prioritizes meeting the total obligation amount rather than specific funding types.

MISSOURI
In Missouri, the state policy allows for three years of carryover funds for TAP, CMAQ, and STBG. However, this policy is currently being reevaluated.

OHIO
In Ohio MPOs are allowed to carry forward 25% of their allocation amount.

TENNESSEE
In Tennessee the DOT allows carryover for up to 3 years, although it was noted that there have been rescissions in the past.
CMAQ BALANCES

Additional reasons identified for the accrual of CMAQ balances include:

#2 Saving up for larger projects
#3 Rising inflation
#4 Local match shortfalls
#5 Project delivery/schedule delays

Some states allow carryover of CMAQ funds with varying restrictions and time limits, while others do not permit carryover. Some states have limitations on carryover duration, with a three-year carryover limit being common, while in other states they transfer funds between CMAQ and other programs to prevent lapsing. The following includes examples of carryover practices:
TEXAS AND NEBRASKA
In both Texas and Nebraska, there are no restrictions on CMAQ carryover. TxDOT actively transfers funds between CMAQ and STBG to prevent lapsing.

CALIFORNIA
MPOs can carry over three years of unobligated CMAQ funds through state OA management policy.

ARIZONA
In Arizona, the State DOT only allows carry over of apportionments and only for CMAQ not allocated in a PM-2.5 non-attainment area.

TENNESSEE AND WEST VIRGINIA
In both Tennessee and West Virginia MPOs have a three-year carryover limit for CMAQ funds.

MICHIGAN AND ALASKA
Both Michigan and Alaska do not allow carry over, with Alaska noting that only the new Carbon Reduction Program (CRP) funds have any sort of carry over allowance (3 years).
SAMPLE PROJECT TIMELINE
ASSUMING NO DELAYS

Funding Notice
Transportation Improvement Program

State Transportation Improvement Program
Contract Execution
Preliminary Design
Environmental Review
Right-of-way (ROW)
Construction

Note: This timeline may vary state to state and is intended for illustrative purposes.
FMIS ACCESS

In the context of transportation planning, Financial Management Information System (FMIS) is a specialized software for managing and tracking transportation projects and programs. FMIS for transportation planning integrates data from various sources, including federal grants, state funding, local contributions, and other revenue streams. In the context of transportation, this system assists in budgeting, financial reporting, monitoring project expenditures, tracking obligations, and ensuring compliance with funding requirements. Access to FMIS is crucial for MPOs due to its pivotal role in effective transportation planning and project management. MPOs are responsible for coordinating and prioritizing transportation projects within their regions, often involving federal, state, and local funds. FMIS provides several key benefits:

- Financial transparency and accountability
- Accurate budgeting and allocations
- Resource optimization
- Timely reporting
- Compliance and efficiency
MPOs vary in their approaches to ensuring reasonable progress for projects within their Transportation Improvement Programs (TIPs). While some have formal policies that outline consequences for delays and mechanisms to review progress, others rely on informal tracking and communication. In some cases, MPOs require project updates, hold regular meetings, or have specific deadlines for project phases. The consequences for delayed progress range from potential defunding to reallocating funds to other projects. Some MPOs have state-enforced policies, while others rely on their own mechanisms for enforcement. The goal across MPOs is to ensure that projects stay on track and funds are used efficiently. However, there are several limitations that could prevent MPOs from implementing a TIP reasonable progress policy, including:

- Lack of enforcement authority
- Lack of data availability and accuracy
- Resource constraints
- Lack of timely reporting
- Political sensitivity

Reasonable Progress Policies can include:
FUND PULLING
In some MPOs, projects falling behind schedule by more than a year are subject to having funds pulled. While funding is guaranteed only for the fiscal year awarded, projects are frequently shifted within the timeline to avoid enforcement.

PROJECT REMOVAL JUSTIFICATION
Some MPOs implement a policy where local governments must provide a justification for project delays exceeding two years to a technical committee. This committee has the authority to vote on whether to remove the project, particularly applicable to Transportation Alternatives Program (TAP) projects.

REGULAR UPDATES & PRIORITIZATION
Many MPOs require jurisdictions to provide regular updates on federally funded projects. If a jurisdiction’s projects face delays that could affect regional obligation targets, the MPO may prioritize the next project in line for funding in the current year, while delayed projects might have to wait for the next obligation year.

TIME-BASED COMPLETION
MPOs may have a policy that requires projects to be completed within the four-year Transportation Improvement Program (TIP) cycle. Failure to complete projects within this timeframe could lead to the possibility of funds being rescinded if necessary paperwork is not submitted.

EXTENSION REQUESTS
Some MPOs allow sponsors to request extensions for project obligations. However, if a sponsor fails to obligate funds within the extended timeframe, the MPO may choose to pull the funding. This can impact financial balances and overall project execution.
STAKEHOLDER RELATIONSHIPS
STATE DOTS

Positives identified:

- **Collaboration and Communication**: Regular meetings, coordination, and direct contact were mentioned as effective ways to ensure smooth project management and timely execution of transportation projects.

- **Monitoring and Oversight**: Several comments indicated that there is active monitoring and oversight of projects by both MPOs and state DOTs.

- **Effective Project Management**: Some MPOs take on proactive project management roles, ensuring that projects progress smoothly and efficiently.

Challenges identified:

- **Differing Priorities and Communication Breakdowns**: In some cases, MPOs felt left out of decision-making processes, leading to misunderstandings and conflicts.

- **Transparency Issues**: Transparency issues were raised by a few respondents, indicating that they lacked visibility into the state DOT’s project selection, evaluation criteria, and allocation methods.

- **Inconsistent Involvement**: The extent of MPO involvement varied among different areas, with some MPOs having a strong leadership role in TIP project development and project selection, while others had limited input or were excluded from certain aspects of the process.
STAKEHOLDER RELATIONSHIPS: LOCAL PARTNERS

Positives identified:

- **Cooperative and Collaborative Approach:** Regular meetings, communication, and coordination were highlighted as effective ways to work together on transportation projects.

- **Effective Project Selection:** Respondents mentioned that working closely with local partners ensures projects are aligned with local priorities and are ready to move forward.

- **Active Monitoring and Oversight:** Some comments indicated that local partners are actively involved in tracking project status and progress, which helps to ensure that projects meet their obligations and stay on schedule.

Challenges identified:

- **Project Delivery:** Several respondents mentioned challenges related to project delivery, particularly with regards to issues such as right-of-way acquisition and delays in project implementation.

- **Transparency and Communication:** Some respondents expressed concerns about transparency and communication between local partners.

- **Varying Local Partner Capacities:** Inconsistencies in expertise, project development, and communication were highlighted as factors that could lead to delays and complications in project execution.
AUGUST REDISTRIBUTION
MPO INVOLVEMENT

August Redistribution refers to a process in transportation funding that operates within each appropriations bill and is separate from the initial allocations set in authorization bills. This process aims to maximize the use of available obligation authority before the end of the federal fiscal year on September 30th. Obligation authority represents the annual authorization granted to federal agencies, as well as State DOTs, enabling them to allocate federal funds for specific transportation projects.

Before this process, unobligated federal fund balances are pooled, usually at the state level, and redirected to projects ready for commitment but lacking funding. This reallocation reduces unobligated balances, boosting State DOTs' competitiveness at the national level for additional funding from states with surplus balances. States can benefit significantly from the redistribution process, gaining extra obligation limitations that unlock more funding than they could typically access in a year. This process directly ties into obligation limitations (OL) rather than appropriations, emphasizing the necessity for states to lower unobligated balances by year-end to secure extra obligation limitations through August Redistribution. Survey results indicate that, in some cases, unobligated balances are necessary when saving up for larger projects or initiatives. Balancing these needs with the desire to be financially competitive is a struggle in many states.

In essence, August Redistribution is a critical mechanism within transportation funding that encourages efficient allocation of federal resources, rewards proactive states, and fosters healthy competition among states for additional funding opportunities. However, it also necessitates careful planning and commitment on the part of states in close coordination with their MPOS to fully realize its benefits.
KEY TAKEAWAYS

- While unobligated balances have risen, the majority of available funding has been programmed through the MPOs' processes.
- Obligation, can take more than a year to accomplish by the State DOT. When State DOTs do not allow carryover, it jeopardizes funds programmed by the MPO.
- Carryover policies vary widely and are unique to each state.
- Increased transparency is needed and could be accomplished through more consistent access to FMIS and involvement in the August Redistribution process.
- Reasonable Progress Policies are difficult to implement without transparency and better inclusion in the entire project timeline.
- There are many opportunities for a project to become delayed at milestones often not controlled by the MPO or local agency.

AMPO'S RESPONSE

AMPO staff continues to work with the MPO community to expand on the issues identified in this survey, with a focus on potential legislative amendments for reauthorization. While many states allow carryover with a variety of policies, others severely restrict or prohibit it. The inability to carryover funds, especially those that have been successfully programmed by the MPO and are left unobligated by the state, jeopardizes the already stressed transportation system. With the influx of federal funds from the IIJA, the states that are willing to work with their MPOs in a collaborative and transparent manner to obligate funds will be the most successful in leveraging federal resources and improving regional transportation outcomes.
SURVEY QUESTION APPENDIX

1. Contact Information
   a. Name
   b. Organization
   c. State
   d. Email

2. What is your MPO size?
   a. Small (population of 50k-199k)
   b. Medium (population of 200k-1 million)
   c. Large (population of 1 million+)

3. Approximately how much PL/5303 funding does your MPO currently have unobligated?

4. What has led to the PL/5303 unobligated balances? (select all that apply)
   a. We're saving up for a study or some other use
   b. We've been short staffed so balances have accrued
   c. We have struggled to match the federal funds
   d. We do not receive allocations amounts in time for UPWP development so we have underbudgeted
   e. We do not have a balance
   f. Other (please specify)

5. What percentage of your available PL/5303 funding is currently programmed in your UPWP?

6. If your state(s) allow PL/5303 carry over, please describe any restrictions or parameters:

7. Does your MPO suballocate/award either STBG, TAP, and/or CMAQ? (skip logic)
   a. Yes
   b. No

8. Approximately how much STBG funding does you MPO currently have unobligated?
SURVEY QUESTION APPENDIX

9. What has led to the STBG unobligated balances? (select all that apply)
   a. We're saving up for a project or some other use
   b. Inflation costs have caused delays
   c. Labor shortages (both in planning and construction) have caused delays
   d. State DOT requirements (those in addition to federal requirements) have caused delays
   e. Supply chain/materials shortages have caused delays
   f. Local sponsors are struggling to produce match
   g. We do not have a balance
   h. Other (please specify)

10. What percentage of your available STBG funding is currently programmed in your TIP?

11. If your state(s) allow STBG carry over, please describe any restrictions or parameters:

12. Approximately how much TAP funding does you MPO currently have unobligated?

13. What has led to the TAP unobligated balances? (select all that apply)
   a. We're saving up for a project or some other use
   b. Inflation costs have caused delays
   c. Labor shortages (both in planning and construction) have caused delays
   d. State DOT requirements (those in addition to federal requirements) have caused delays
   e. Supply chain/materials shortages have caused delays
   f. Local sponsors are struggling to produce match
   g. We do not have a balance
   h. Other (please specify)

14. What percentage of your available TAP funding is currently programmed in your TIP?
SURVEY QUESTION APPENDIX

15. If your state(s) allow TAP carry over, please describe any restrictions or parameters:

16. Approximately how much CMAQ funding does you MPO currently have unobligated?

17. What has led to the CMAQ unobligated balances? (select all that apply)
   a. We're saving up for a project or some other use
   b. Inflation costs have caused delays
   c. Labor shortages (both in planning and construction) have caused delays
   d. State DOT requirements (those in addition to federal requirements) have caused delays
   e. Supply chain/materials shortages have caused delays
   f. Local sponsors are struggling to produce match
   g. We do not have a balance
   h. Other (please specify)

18. What percentage of your available CMAQ funding is currently programmed in your TIP?

19. If your state(s) allow CMAQ carry over, please describe any restrictions or parameters:

20. Please provide any additional concerns or thoughts you have regarding obligating or programming federal funding:

21. Please describe the efforts and issues regarding August Redistribution in your state:

22. Do you have credentials/access to the Financial Management Information Systems (FMIS)?
   a. Yes
   b. No
   c. Unsure

23. Do you have a reasonable progress policy in your TIP?
   a. Yes
   b. No
SURVEY QUESTION APPENDIX

24. If you have a reasonable progress policy in your TIP, please describe how you enforce it:

25. On average, how long does it take your organization to advertise a notice of funding for STBG/TAP/CMAQ (time from State DOT notifying you of funding available to opening call for project sponsors):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
   f. We are not responsible for suballocating/awarding STBG/TAP/CMAQ funding

26. On average, how long do TIP Amendments take (beginning with opening a call for projects/amendments through approval by your Board):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months

27. On average, how long do TIP Amendments take to be included in the STIP (beginning with approval of the MPO TIP by the Board to formal inclusion in the STIP):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
SURVEY QUESTION APPENDIX

28. On average, how long does it take for the State DOT to assign a federal aid number and execute a contract with the project sponsor (beginning from STIP approval to execution of a contract):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
   f. Unknown because the MPO is not included in this process

29. On average, how long does it take for preliminary design (beginning from contract execution):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
   f. Unknown because the MPO is not included in this process

30. On average, how long does it take for environmental reviews (beginning from completion of preliminary designs to official notice of environmental approval):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
   f. Unknown because the MPO is not included in this process
SURVEY QUESTION APPENDIX

31. On average, how long does it take for right-of-way acquisition (beginning from environmental review approval to acquisition):
   a. 1 month or less
   b. 1-3 months
   c. 3-6 months
   d. 6-9 months
   e. 9+ months
   f. Unknown because the MPO is not included in this process

32. On average, how long does it take for project construction (beginning from ROW acquisition to completion/close out):
   a. 6 months or less
   b. 6-12 months
   c. 12-18 months
   d. 18-24 months
   e. 24+ months
   f. Unknown because the MPO is not included in this process

33. Please describe your relationship with your State DOT(s) in obligating and programming federal funds:

34. Please describe your relationship with your local partners in obligating and programming federal funds:
QUESTIONS?

CONTACT US:
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