

Federal Funding 101

The MPO Process

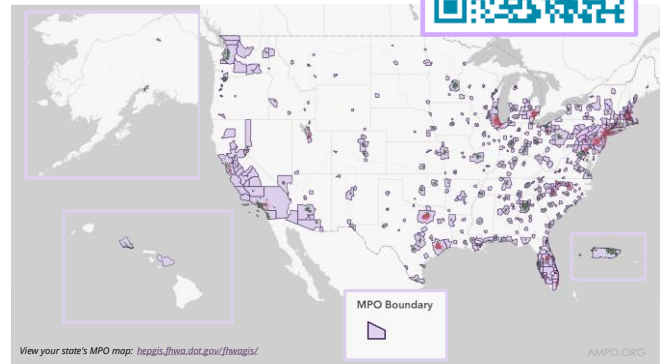
Understanding Federal Transportation Funding for MPOs

As a local elected official, you play a vital role in shaping transportation decisions. Understanding how federal funding flows to Metropolitan Planning Organizations (MPOs) is crucial. MPOs ensure that federal investments align with local and regional priorities.



What's an MPO?

As **mandated by federal law**, MPOs are **regional policy-making bodies responsible for developing and coordinating multimodal transportation plans in urban areas with populations exceeding 50,000**. These plans are guided by Congressionally established performance measures. Congress created MPOs in 1973 to foster cooperation among local governments, state agencies, and transit authorities. Today, there are **410 MPOs** across the United States. Each MPO is **governed by a policy board composed of local elected officials** and other key transportation stakeholders, ensuring that transportation investment and project selection reflects both local priorities and regional needs.



Importance of MPOs

You wouldn't build a house without a blueprint—so why build a regional transportation network, critical to economic success, without a plan? MPOs develop these blueprints using data-driven processes and extensive stakeholder engagement to ensure investments are targeted, responsive to local needs, aligned with national priorities, and future-proof.



How Federal Transportation Funds Flow

Federal transportation funding starts at the federal level and moves through several steps before reaching local projects.

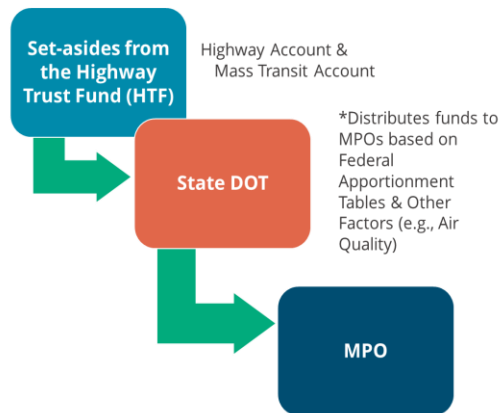
1. **Congress Authorizes and Appropriates Funds:** Congress passes transportation bills, like the IIJA, setting funding levels and policies.
2. **Highway Trust Fund (HTF) as a Funding Source:** The HTF, funded primarily by federal gas taxes and transportation fees, is divided into two accounts:
 - a. **Highway Account:** Supports roads, highways, and MPO planning through FHWA-administered programs.
 - b. **Mass Transit Account:** Funds public transportation investments, including MPO transit planning, through FTA-administered programs.



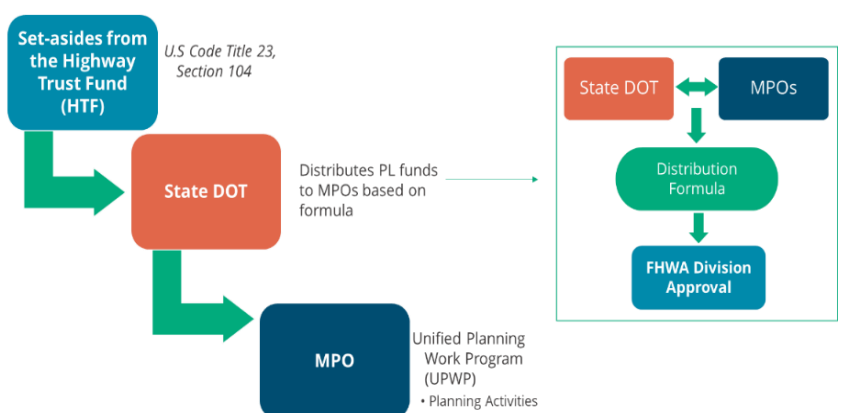
- c. **Note:** The HTF is not self-sufficient. Revenues from fuel taxes and transportation fees have not kept pace with infrastructure needs, requiring regular transfers from the General Fund. Read more in the [HTF primer](#).
- Funds Flow to State Departments of Transportation (DOTs):** State DOTs receive funds typically based on federal apportionment tables and are then suballocated to MPOs.
 - MPOs Receive Suballocated Funds:** In Transportation Management Areas (TMA) (i.e., urbanized areas over 200,000), funds are directly suballocated to MPOs. For smaller MPOs, state DOTs have more discretion.
 - MPOs Program Funds into TIPs and MTPs:** MPOs prioritize projects, with board approval, and integrate funds into Transportation Improvement Programs (TIPs) and Metropolitan Transportation Plans (MTP).
 - Project Implementation:** Once programmed, the money is used by state and local governments to implement transportation projects that meet regional needs.



Capital Formula Funds



PL Formula Funds



Key Formula Funding Sources for MPOs

Most MPO funding comes from **formula programs that distribute funds based on population, transportation system needs, and other factors**. Here are the main sources:

Planning Formula Funds

- Planning Funds (PL/5303):**
- These formula funds support MPO planning activities and are allocated to all MPOs based on population and other factors. They fund transportation studies, staff, and long-range planning efforts.

Capital Formula Funds

Surface Transportation Block Grant (STBG):	Funds support road, bridge, and multimodal projects. In areas with populations over 200,000 (i.e., Transportation Management Areas or TMAs), a portion is directly suballocated to MPOs. For smaller MPOs, the state determines the funding allocation.
Congestion Mitigation and Air Quality Improvement (CMAQ):	This program funds projects aimed at reducing transportation-related emissions. CMAQ funds are suballocated to TMAs, while in smaller regions they are often administered by the state. Not all MPOs receive; based on Air Quality and/or agreement with State DOT.
Transportation Alternatives (TA) Set-Aside:	Funds projects focused on improving non-motorized transportation options, such as bicycle and pedestrian infrastructure. TA funds are suballocated in TMAs, with administration varying in smaller regions.
Carbon Reduction Program (CRP):	Funds projects that reduce greenhouse gas emissions from transportation. Like other programs, CRP is suballocated to TMAs, and is often state-administered in smaller areas.

Most federal funds require a **local match**, typically **20% for PL** funds and an **80% federal / 20% local split** for most programs.

While formula funding (e.g., PL, STBG, CMAQ, CRP) provides a predictable stream of resources, MPOs and their member jurisdictions can also compete for **discretionary grants**, which are awarded based on project merit and other factors.

Importance of Participation

If you serve on an MPO board, or are considering getting involved, you have a **direct role in shaping how federal transportation dollars are invested** in your region. MPOs help shape the future of transportation. They do more than plan; they **drive real change by shaping the infrastructure that supports economic growth, mobility, and quality of life**. Board members play a critical role in ensuring federal investments align with local and regional priorities.

- **MPOs offer a powerful platform for decision-making.** Board members influence billions of dollars in transportation investment decisions. By serving, you have a unique opportunity to shape the future of mobility, safety, and sustainability in your region.
- **MPO board members translate community priorities into regional action and investments.** Being informed and engaged in regional discussions strengthens an MPO's ability to advance impactful projects.
- **Advocacy is key.** Federal reauthorization and transportation funding decisions are heavily influenced by local elected officials. MPO Board members should advocate for MPO priorities through outreach and participation in national policy discussions.
 - **Note:** The vast majority of MPOs cannot lobby due to various state, federal, and local restrictions, but advocacy and education efforts are essential in reinforcing their role.

MPO Advocacy Toolkit



MPOs are critical players in regional transportation planning and funding. As a local elected official, your involvement ensures that federal dollars are used effectively to **support the transportation needs of your community**. Whether it's advocating for better roads or safer bike and pedestrian infrastructure, understanding the MPO funding process empowers you to make a lasting impact.



Legislative Priorities

Regional and local governments are the foundation of America's transportation system. As Congress considers the next surface transportation reauthorization, it must prioritize stable, dedicated funding that empowers MPOs and local leaders—those who best understand their communities—to make strategic decisions on federal transportation investments. Explore national priorities that strengthen MPOs' ability to deliver effective, efficient, and transformative transportation solutions nationwide.

