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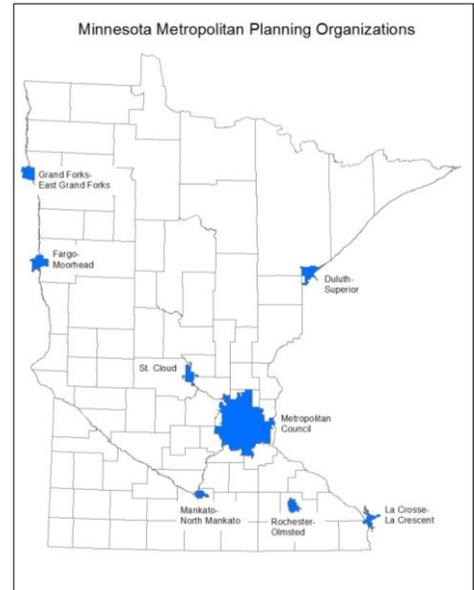
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# Managing Unspent Federal Metropolitan Planning Funds

*Prepared by CTC & Associates LLC*

**MnDOT and other state departments of transportation (DOTs)** distribute federal funds from Federal Highway Administration and Federal Transit Administration—PL funds and 5303 funds, respectively—to metropolitan planning organizations (MPOs) to support the MPOs' metropolitan planning activities. There are times when an MPO may be unable to spend all of the federal funds it receives in a fiscal year, which can result in carryover funds. MnDOT is considering a change in its current practice to permit MPOs to carry over federal planning funding for up to five years.

To inform possible changes in MnDOT's management of unspent federal metropolitan planning funds, this Transportation Research Synthesis uses a survey of selected state DOTs to gather information about other states' policies and practices in permitting and managing carryover funds, including MPO and DOT actions, and the benefits and drawbacks of these practices.



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*The purpose of this TRS is to serve as a synthesis of pertinent completed research to be used for further study and evaluation by MnDOT. This TRS does not represent the conclusions of either the authors or MnDOT.*

# Managing Unspent Federal Metropolitan Planning Funds

## Introduction

Metropolitan planning organizations (MPOs) are federally designated organizations that carry out a comprehensive, continuing and coordinated metropolitan planning process. The state department of transportation (DOT) distributes federal funds from Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)—PL funds and 5303 funds, respectively—to the MPOs to support the MPOs' metropolitan planning activities.

There are times when an MPO may be unable to spend all of the federal funds it receives in a fiscal year, which can result in carryover funds. However, federal spending authority related to these funds does not carry over. This means that while funds may carry over into a new fiscal year, the state DOT may lack the spending authority to use the funds.

MnDOT is considering a change in its management of unspent federal planning funds. To inform possible changes in practice, MnDOT is interested in learning how other state DOTs manage unspent PL/5303 funds, including MPO and DOT actions, and the benefits and drawbacks of these practices.

## Summary of Findings

This Transportation Research Synthesis is divided into two sections:

- Current MnDOT Practice
- Survey of Practice

## Current MnDOT Practice

MnDOT's current policy allows an MPO to carry over unprogrammed, or unspent, allocated funds that exceed more than one full year of its annual allocation of PL/5303 funds only when certain conditions are met:

- A future project is identified for which the MPO is saving funds.
- The future project is scheduled for a specified year within five years of the MPO exceeding the allocation threshold.
- The MPO submits a formal resolution guaranteeing that a sufficient local funding match will be available when the project is scheduled to occur.

If an MPO does not have a plan for using the unprogrammed funds, funds that would have been retained by the MPO are made available to other MPOs after a two-year delay. To date, MnDOT has not been required to redirect unprogrammed funds due to an MPO's lack of a funding plan.

The agency's carryover policy has allowed MnDOT to avoid the lapse—or loss—of federal funds. Accumulating funds also allows MPOs to undertake larger projects, particularly projects related to long-range transportation plan (LRTP) updates that may not be possible to fund with annual allocations. While the current carryover practice minimizes the possibility that federal funds will lapse, it limits available obligation authority for the state DOT, and additional staff time is required to manage carryover balances.

**Survey of Practice**

An online survey was distributed to 16 state DOTs expected to have formal policies and practices to address unspent metropolitan planning funds. Eight state DOTs responded to the survey. The table below identifies the type of policy or practice reported by each respondent.

<b>Respondents’ Policies or Practices for Managing Unspent Metropolitan Planning Funds</b>			
<b>Policy or Practice</b>	<b>State</b>	<b>Buildup of Funds (Yes/No)</b>	<b>Time Limit for Funds to Build Up</b>
<b>Unspent funds are returned to the DOT</b>	Arizona	No	N/A
<b>Unspent funds are available to the receiving MPO</b>	Iowa	Yes	None
	North Carolina	Yes	Policy allows for reallocation when the unspent balance totals more than three years of annual allocation. (The survey respondent did not mention this threshold.)
	Ohio	Yes	Six months
	Washington	Yes	Five years
<b>Unspent funds are available to other MPOs</b>	Georgia	No (one exception)	Atlanta MPO only: Previous two-year funding cycle.
	Kansas	Yes	Return 80% of unspent funds at the end of a three-year cycle.
	Wisconsin	Yes	Five months

Highlighted below are key findings in these topic areas:

- Spending authority
- Common themes
- Examination of selected practices
- Assessment of current practices

**Spending Authority**

All of the responding agencies make 100 percent of the federal metropolitan planning funds available to MPOs in a fiscal year. Only Wisconsin DOT has allowed a small amount of federal planning funding to lapse (less than \$10,000).

**Common Themes**

Three-quarters of respondents allow MPOs to carry over unspent funds, though the timing of this carryover period varied widely, from five months to an unlimited period of time. Three of the eight respondents recently instituted or will institute a change in practice (Georgia and Iowa), or are in the early stages of discussions to modify a current practice (North Carolina).

### **Examination of Selected Practices**

The following highlights selected practices that employ two of the three approaches respondents use to manage unspent metropolitan planning funds:

- Allowing an MPO to carry over its unspent funds.
- Requiring the return of unspent funds for use by other MPOs.

Practices in three states—Georgia, Kansas and Wisconsin—allow for both the carryover and reallocation of unspent funds.

**Georgia.** A process begun in 2014 to revise funding formulas and the distribution process for metropolitan planning funds culminated in a January 2016 Georgia DOT policy. Twice a year, in March and September, the PL Funds Review Committee meets to review requests from eligible MPOs for use of unspent prior year planning funds. (The Atlanta Regional Commission, the only Georgia MPO allowed to carry over unspent funds, is ineligible to compete for unspent funding.) MPOs receiving prior year planning funds must begin work on the newly funded activity within six months or the funds may be returned to the pool of unspent funds and made available at the next PL Funds Review Committee meeting.

**Iowa.** Iowa MPOs include PL and 5303 funds in a consolidated planning grant (CPG) along with funds for state planning and research (SPR) and surface transportation block grants (STBGs). Unspent funds that are not included in the MPO's current state fiscal year (SFY) budget are considered carryover and are available to the MPO at any time by simply amending the MPO's budget. There is no set time limit for MPOs to save or build up funds. A new carryover policy to be implemented in SFY 2018 will not affect the MPOs' use of PL and 5303 funds. Instead, the new policy will affect SPR allocations and transfers of STBG funds for planning if carryover balances reach a specified balance threshold.

**Kansas.** The DOT allows MPOs to save or build up funds from year to year, but the savings must be accumulated and expended during the agency's three-year cycle for all carryover funds to remain available to the receiving MPO. At the end of the three-year cycle, Kansas DOT employs a "clawback" of 80 percent of unspent CPG funds. The unspent funds reclaimed from MPOs are used by Kansas DOT to issue a competitive call for projects that is open to all MPOs.

**Wisconsin.** MPOs must notify Wisconsin DOT of any amount of funding allocation that will not be accepted by the MPO for the calendar year funding cycle. The DOT's funding formula reallocates any nonaccepted funds to other MPOs that can demonstrate the ability to use additional funding. Wisconsin DOT also allows MPOs to extend the "period of availability" of federal planning funds. If an MPO anticipates delays in completing all work elements during a calendar year, the MPO can request an extension of the funding if it meets certain criteria. The delayed activity must be completed and the carryover funds spent by May 31 of the following year; any remaining unspent funds will be returned to the pool of unspent planning funds for reallocation to another MPO.

### **Assessment of Current Practices**

Respondents highlighted the benefits and challenges of all three approaches for managing unspent planning funds:

**Unspent funds are returned to the DOT.** Arizona DOT is the only respondent to require MPOs to return an initial balance of unspent funds. The respondent noted that this "use or lose" policy ensures that MPOs are aware of the need to obligate funding before the close of the fiscal year. The agency must ensure that any

unspent funds are appropriately obligated before the close of the federal fiscal year to avoid the loss of those funds.

**Unspent funds are available to the receiving MPO.** The agencies permitting a carryover of funds reported benefits and some challenges associated with this practice:

- Iowa DOT's practice of permitting carryover balances "allows MPOs to complete quality projects as appropriate during the planning process, and also enables smaller MPOs to accumulate the necessary funds for larger projects, such as long-range plan updates." Tracking funding on MPO contracts can be complicated when carryover balances exist and multiple funding sources from different years are tracked.
- Permitting a multiyear carryover of funds allows Kansas MPOs to accumulate funds to complete special projects outside of core documents such as the LRTP.
- North Carolina DOT's practice to permit carryover balances, currently under review, requires additional tracking of funds by state DOT staff and may not ensure that funds are allocated and spent in areas with the greatest need.
- In Washington, allowing MPOs to carry over funding provides the opportunity for "unique consultation and coordination opportunities between the state and each MPO."
- Wisconsin DOT's extension of the "period of availability" allows MPOs to retain funding that could not be expended within a fiscal year. Even with Wisconsin DOT's guidance, it can be challenging for some MPOs to estimate end-of-year expenditures and obtain the required policy board approval for an amendment to extend the availability of funding before the December 15 deadline.

**Unspent funds are available to other MPOs.** The agencies requiring the return of unspent funds for use by other MPOs cited both benefits and drawbacks of this practice:

- Georgia DOT's application process engages MPOs in determining the best use of unspent funds and clearly identifies how funds can be accessed and used. Implementing the agency's new policy has required additional staff time to manage the application process and administer contracts for the new projects.
- Kansas DOT's "clawback" of funds allows for reallocation of a portion of unspent funds based on the needs of all MPOs. It can be challenging for the DOT to coordinate distribution of all funds "clawed back" under the policy if large unspent balances remain and additional local match dollars are not available.
- Wisconsin DOT's process for handling nonaccepted funding during a fiscal year allows for faster reallocation to MPOs that can use these funds. This practice has allowed MPOs to include the additional funding within an annual work program and reduces the need for a program amendment.

## **Next Steps**

- As needed, MnDOT will follow up with the survey respondents to gain a clearer understanding of the history of each state DOT's policy and how the policy is implemented.
- MnDOT will revise its carryover policy for unprogrammed PL and 5303 funds.

## **Detailed Findings**

### **Current MnDOT Practice**

MnDOT makes 100 percent of federal metropolitan planning funds—PL funds from Federal Highway Administration (FHWA) and 5303 funds from Federal Transit Administration (FTA)—available to the state’s metropolitan planning organizations (MPOs) in a fiscal year. These funds support the MPOs’ metropolitan planning activities.

Below is a summary of MnDOT’s current policy for managing the metropolitan planning funds that MPOs are unable to spend in a fiscal year (see [Appendix D](#) for MnDOT’s carryover policy):

An MPO may carry over unprogrammed, or unspent, allocated funds that exceed more than one full year of its annual allocation of PL/5303 funds only when the MPO has:

- Identified a future project for which the MPO is saving funds.
- Identified the future project in the MPO’s Unified Planning Work Program, and clearly defined the project scope.
- Scheduled the future project to occur in a specified year within five years of the MPO exceeding the one full year allocation threshold.
- Guaranteed that a sufficient local funding match will be available for the project when it is scheduled to occur. The guarantee must be in the form of a formal resolution by the MPO.

Any delays in projects using unprogrammed funds during the year in which they are specified to occur must be documented by the MPO and approved by MnDOT. This delay cannot exceed six months.

If an MPO does not have a plan for use of the unprogrammed funds, funds that would have been retained by the MPO are made available to other MPOs after a two-year delay. If needed, MnDOT, in cooperation with FHWA and FTA, will identify activities for use of these funds. To date, MnDOT has not needed to redirect unprogrammed funds due to an MPO’s lack of a funding plan.

The agency’s carryover policy has allowed MnDOT to avoid the lapse—or loss—of federal funds. Accumulating funds also allows MPOs to undertake larger projects, particularly projects related to long-range transportation plan (LRTP) updates that may not be possible to fund with annual allocations. Using this practice, only a very small amount of federal funding was allowed to lapse under SAFETEA-LU (~\$1). While the current carryover practice minimizes the possibility that federal funds will lapse, it limits available obligation authority for the state DOT, and additional staff time is required to manage carryover balances.

The survey findings presented below will inform MnDOT’s evaluation of this policy and consideration of possible changes. MnDOT is considering a modification in practice as a result of changes in the federal administration of funds from FTA to FHWA, and the challenges in managing available obligation authority when MPOs use funds associated with previous grants before using unspent balances.

### **Survey of Practice**

#### **Survey Approach**

An online survey was distributed to 16 state DOTs expected to have formal policies and practices that address unspent metropolitan planning funds. The survey consisted of the following questions:

1. Does your agency make 100 percent of the federal metropolitan planning funds available to MPOs in a fiscal year? That is, does the state DOT set aside spending authority to cover 100 percent of federal metropolitan planning funds?
 

If no, please describe below how your agency determines how much of the federal metropolitan planning funds to make available to the MPOs (e.g., MPO funding requests, available DOT obligation authority).
2. How does your agency manage unspent federal metropolitan planning funds? These funds may be unobligated or related to underspending in an MPO's Unified Planning Work Program.
3. How does the current management of unspent planning funds benefit your agency?
4. What are the drawbacks of the current management of unspent planning funds for your agency?
5. Is your agency considering any changes to its current practice for managing unspent planning funds?
  - 5A. What changes are being considered?
  - 5B. What has prompted consideration of these changes?
6. Does your agency have a policy to address MPO carryover and/or unspent funding balances?
  - 6A. What is the policy?
  - 6B. What are the benefits of this policy for your agency?
  - 6C. What are the drawbacks of this policy for your agency?
7. Has your agency allowed federal metropolitan planning funds to lapse?
8. Does your agency allow MPOs to save or build up federal metropolitan planning funds for an upcoming project?
  - 8A. What actions must the MPO undertake to save or build up the funds?
  - 8B. How long can MPOs save or build up funds?
  - 8C. What are the benefits of this practice for your agency?
  - 8D. What are the drawbacks of this practice for your agency?
9. Please provide documents that describe your agency's management of federal metropolitan planning funds. Links to documents can be listed below; send any files not available online to Chris Kline at [Chris.Kline@ctcandassociates.com](mailto:Chris.Kline@ctcandassociates.com).
10. Please use this space to provide comments or additional information about any of the questions above.

Eight state DOTs responded to the survey:

- Arizona
- Georgia
- Iowa
- Kansas
- North Carolina
- Ohio
- Washington
- Wisconsin

## Summary of Survey Results

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*Note:* A recently published FHWA report<sup>1</sup> that examined state DOT approaches to distributing federal metropolitan planning funds to MPOs describes how many DOTs administer these funds:

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

This summary of survey results includes references to the UPWP and CPG described above.

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The brief case studies below present survey findings in these topic areas:

- Funding allocation
- Policy or practice
- Assessment of current practice
- Recent or planned policy changes
- Related resources

Not all case studies include all topic areas. Survey responses are supplemented by documents provided by respondents and findings from a limited literature search.

The full text of the survey responses appears in [Appendix A](#) of this report.

Arizona Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are returned to the DOT
<b>MPOs Allowed to Build Up Funds:</b>	No

### **Funding Allocation**

Arizona DOT allocates 100 percent of the federal metropolitan planning funds available to the state's MPOs in a fiscal year.

### **Policy or Practice**

Since 2014, Arizona DOT has maintained what the respondent describes as a "use or lose" policy. If unobligated funds are held by the MPO at the end of the federal fiscal year, those funds are reclaimed by Arizona DOT, which then identifies ways to spend the amount of the unused obligation authority. Unspent amounts are usually a result of an MPO choosing to not obligate 100 percent of funds available; these amounts are usually negligible.

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<sup>1</sup> **Review of State DOT Approaches to Distribute Federal Metropolitan Planning (PL) Funds to MPOs**, William M. Lyons and Catherine Duffy, Office of Planning, Environment and Realty, Federal Highway Administration, March 2015.  
<http://ntl.bts.gov/lib/55000/55300/55384/fhwahep15024.pdf> (see page 5 of the report, page 11 of the PDF)

### Assessment of Current Practice

The “use or lose” policy ensures that MPOs are aware of the need to obligate funding before the close of the fiscal year. To heighten that awareness, Arizona DOT provides the MPOs with monthly ledgers that show the status of MPO funds for that fiscal year. Arizona DOT must ensure that any unobligated funds are appropriately obligated before the close of the federal fiscal year to avoid losing those funds.

Georgia Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to other MPOs
<b>MPOs Allowed to Build Up Funds:</b>	No (one exception)

### Funding Allocation

Georgia DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

### Policy or Practice

In January 2016, Georgia DOT enacted a policy that changes funding formulas and practices for distributing federal metropolitan planning funds to MPOs. Under the new policy, the agency employs an application process that allows all but one MPO to apply for any unspent funds for use on eligible projects. The new policy was implemented with each MPO’s fiscal year 2017 UPWP.

Twice a year, in March and September, the PL Funds Review Committee meets to review requests from MPOs for use of unspent prior year planning funds. The review committee comprises three nonvoting members from the Georgia DOT Office of Planning (Georgia DOT has line-item veto authority over which projects or activities the committee elects to fund); one MPO member from each of the 15 eligible MPOs; and one nonvoting staff member from FHWA.

The Atlanta MPO does not participate in this review process. As a January 2016 policy indicates, only the Atlanta MPO is “allowed to develop their UPWP and PL Contract each year and include the amount of funding from the second most recently closed-out PL Contract. For example, as the Atlanta MPO develops their FY 15 UPWP/PL Contract, they automatically will include any unspent funding from their FY 13 UPWP/PL Contract” (see **Related Resources** below for the January 2016 policy).

The PL Funds Review Committee considers requests for unspent prior year funds using this priority list:

- *First priority:* Activities focused on the development of core MPO documents such as LRTPs, Transportation Improvement Plans (TIPs) and Congestion Management Programs.
- *Second priority:* Any other document that enables an MPO to meet other core deliverables.
- *Third priority:* Special studies such as corridor or subarea studies and similar items.

If the committee assigns additional planning funds to an MPO, the additional funds are amended into the funded portion of the MPO’s UPWP. A separate PL Contract is developed specifically for the work associated with the request for additional funds to simplify the tracking of the funding by Georgia DOT. Work must begin on the newly funded activity within six months of funding approval or the funds may be returned to the unspent category of funding and made available at the next PL Funds Review Committee meeting. MPOs are required to submit written status updates on the progress of the newly funded activity every six months.

### **Assessment of Current Practice**

Using an application process to distribute unspent planning funds ensures that all funds are utilized and engages MPOs in determining the best use of funds. The application process also clearly identifies how funds can be accessed and utilized, and Georgia DOT no longer receives case-by-case requests for funding. The new practice does, however, require additional staff time to manage the application process and administer the contracts for the newly selected projects.

### **Recent or Planned Policy Changes**

In 2014, Georgia DOT began its process to revise funding formulas and the distribution process for metropolitan planning funds with the publication of its Planning Finding Report. This report recommended no further automatic carryover for MPOs other than the Atlanta Regional Commission. The agency implemented the 2014 report's recommendations by developing procedures for eligible MPOs to participate in an application process to compete for any unspent funds for use on eligible projects.

### **Related Resources**

**Policy: 3150-2, Metro Planning Funding Process**, GDOT Publications: Policies and Procedures, Georgia Department of Transportation, January 2016.

<http://mydocs.dot.ga.gov/info/gdotpubs/Publications/3150-2.pdf>

This policy describes the process for MPOs to access prior year funding.

**Subject: March 2016 PL Funds Review Committee Meeting**, Cynthia L. VanDyke, State Transportation Planning Administrator, Letter to Georgia Association of MPOs (GAMPO) Board Members, April 15, 2016.

<http://www.dot.ga.gov/InvestSmart/Funding/Documents/PL%20Funding/PLFundsReview-OfficialLetter-March2016.pdf>

This letter describes results from the March 2016 meeting that implemented the new policy for managing unspent federal planning funds. The letter noted that the new process was successful and offered recommendations to improve the next meeting.

**Subject: Revised Metro Planning (PL) Funding Process**, Cynthia L. VanDyke, State Transportation Planning Administrator, Letter to Georgia Division Administrator, Federal Highway Administration, May 29, 2015.

See [Appendix B](#).

This letter describes recommendations from a 2014 Planning Finding Report that advised Georgia DOT to “update the MPO PL Formula to better reflect usage of funds, align with needs, and continue to ensure public trust. At a minimum, there should be no further automatic carryover for MPOs, other than Atlanta Regional Commission; and fixed funding should be formulated based on the latest transportation bill. Additional funds added for work elements to the MPO’s UPWP should be needs-based, and amended into the document.” The letter also describes the agency’s proposed revision to the metropolitan planning funding and distribution processes.

Iowa Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to the receiving MPO
<b>MPOs Allowed to Build Up Funds:</b>	Yes (no set time limit)

### Funding Allocation

Iowa DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

### Policy or Practice

Each year, MPOs direct federal metropolitan planning funds into a CPG under FTA. The CPG also includes funds for state planning and research (SPR) and surface transportation block grants (STBGs). Once funds are transferred for inclusion in the CPG, those funds cannot be deobligated and used for other purposes. Unspent funds that are not included in the MPO’s current state fiscal year (SFY) budget are considered carryover. These unbudgeted funds are available to the MPO at any time by simply amending the MPO’s budget. Unspent funding from the prior SFY is available to be amended into the MPO’s budget following closeout of the prior SFY. There is no set time limit for MPOs to save or build up funds.

MPOs are required to program carryover funding before programming new funding. When the MPO submits reimbursement requests to Iowa DOT, payments are made using the oldest funding source first. This ensures that funding within older CPGs is used before funding from newer CPGs. Because multiple CPGs can be open at one time, FTA has asked Iowa DOT to ensure that funds are drawn down in a timely manner and to limit the number of open CPGs. FTA’s new grant management system, launched in 2016, requires additional documentation to justify extending a grant beyond its original end date.

While Iowa DOT is typically aware of the reason an MPO does not formally budget a portion of its annual allocation, the MPO is expected to provide formal documentation if carryover balances reach the trigger point identified in a new carryover policy. The new policy, intended to reduce the number of open CPGs, takes effect as part of the SFY 2018 Transportation Planning Work Program cycle. The policy will not affect existing balances or the use of federal metropolitan planning funds by MPOs. Instead, the policy affects SPR allocations and transfers of STBG funds for planning if carryover balances reach the newly designated trigger point. See **Recent or Planned Policy Changes** below for more information about the new policy.

*Note:* Iowa supports a parallel regional planning affiliation (RPA) process. RPAs are treated much the same as MPOs in terms of planning expectations, and are provided FHWA and FTA funds for planning. These funds are included in a CPG, and administered and tracked in the same manner as MPO funding.

### Assessment of Current Practice

The current practice is straightforward and acceptable to both Iowa DOT and MPOs. It provides flexibility to the MPOs and eliminates the need for Iowa DOT to pressure MPOs to spend all funding or determine what should be done with unspent funding in a given year. Iowa DOT has encouraged MPOs with higher carryover balances to fund additional planning needs in the MPO’s service area if funds are not being accumulated for a particular project. As the respondent noted, permitting carryover balances “allows MPOs to complete quality projects as appropriate during the planning process, and also enables smaller MPOs to accumulate the necessary funds for larger projects, such as long-range plan updates.”

Tracking funding on MPO contracts by funding source and grant can be complicated when carryover balances exist and multiple funding sources from different years are being tracked. The respondent noted that the new policy will, over time, reduce carryover balances and allow for fewer open CPGs. The policy will also prevent unnecessary funding transfers from FHWA to FTA, allowing the agency to make more efficient use of SPR and STBG funding. While enforcing a carryover trigger point does not eliminate the tracking issues associated with unspent funding from multiple sources and grants, it is expected to help reduce the tracking required.

**Recent or Planned Policy Changes**

A new policy, implemented for SFY 2018, is expected to reduce carryover balances and limit the number of open CPGs at any one time. Below is a summary of the policy’s key points (see **Related Resource** below for a citation for this document):

At the beginning of the calendar year, average annual federal transportation planning expenditures will be calculated for each RPA and MPO based on the past five SFYs. If an agency has available carryover balances totaling more than this average (“carryover balances” are defined as including any unspent funding that has been targeted to the agency, but is not included in the agency’s current SFY budget), the following will apply:

**RPA:** The agency will receive its FTA allocation of 5305e and/or 5311 funding. The agency will not receive an SPR allocation or be allowed to transfer STBG funds for planning unless it can substantiate anticipated budget needs tied to significant expenditures (e.g., LRTP update, equipment purchases, consultant services, etc.).

**MPO:** The agency will receive its FHWA PL allocation and FTA 5305d allocation. The agency will not be allowed to transfer STBG funds for planning unless it can substantiate anticipated budget needs tied to significant expenditures (e.g., LRTP update, equipment purchases, consultant services, etc.).

The RPA or MPO will have an opportunity to justify carryover balances before Iowa DOT identifies final funding targets.

**Related Resource**

**MPO/RPA Carryover Policy**, Iowa Department of Transportation, September 2016.

See [Appendix C](#).

This document provides background of the agency’s current practices for managing unspent federal planning funds, a description of what the new carryover policy is expected to address, and details of the new policy.

Kansas Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to other MPOs
<b>MPOs Allowed to Build Up Funds:</b>	Yes (return 80% after three years)

**Funding Allocation**

Kansas DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

**Policy or Practice**

Kansas DOT allows MPOs to save or build up funds from year to year, but the savings must be accumulated and expended during the agency’s three-year cycle to remain fully available to the receiving MPO. At the end of the three-year cycle, Kansas DOT employs a “clawback” of 80 percent of unspent CPG funds. The unspent funds reclaimed from MPOs are used by Kansas DOT to issue a competitive call for projects, which allows all MPOs to apply and compete for the funds.

**Assessment of Current Practice**

Permitting a multiyear carryover of funds allows MPOs to accumulate funds to complete special projects outside of the core documents (LRTP, TIP); the “clawback” allows a portion of unspent funds to be reallocated based on the needs of all MPOs. It can be challenging for Kansas DOT to coordinate the distribution of all funds “clawed back” under the policy if large unspent balances remain and additional local match dollars are not available.

North Carolina Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to the receiving MPO
<b>MPOs Allowed to Build Up Funds:</b>	Yes (may reallocate when unspent balance meets threshold)

**Funding Allocation**

North Carolina DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

**Policy or Practice**

Any unspent, or unprogrammed, MPO planning funds are added to the next year’s statewide budget and redistributed to the receiving MPO. A North Carolina DOT program manager tracks each MPO’s allocation and unprogrammed balances separately and notifies the MPO of the total balance available for programming (the sum of the two balances). Some MPOs save funds for use with large projects, while others accumulate funds to serve as a type of savings account. Unprogrammed funds remain allocated to the MPO until spent, with one caveat: Reallocation of planning funds may occur once an MPO’s unprogrammed balance totals more than three years of its annual allocation. MPOs are notified in advance of such a reallocation.

**Assessment of Current Practice**

The current practice requires additional tracking of funds by state DOT staff and may not ensure that funds are allocated and spent in areas with the greatest need. The federal obligation authority may also lapse, which requires the return of funds to the issuing agency (FHWA or FTA).

**Recent or Planned Policy Changes**

North Carolina DOT is in the early stages of considering modifications to its current practice, with the respondent noting that MPOs are requesting access to unspent planning funds held by other MPOs.

**Related Resource**

**MPO Administration: Yearly Allocation of PL Funds**, Version 2, North Carolina Department of Transportation, January 2013.  
<https://connect.ncdot.gov/projects/planning/TransPlanManuals/Yearly%20Allocation%20of%20PL%20funds.pdf>  
 This procedure describes how North Carolina DOT allocates MPO planning funds, including the reallocation of unprogrammed funds when those funds exceed a specified limit.

Ohio Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to the receiving MPO
<b>MPOs Allowed to Build Up Funds:</b>	Yes (six months)

### Funding Allocation

Ohio DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

### Policy or Practice

Ohio MPOs are allowed to carry over unspent funds for the first six months of the new SFY. Any unspent MPO planning funds are folded into a subsequent year’s statewide MPO available funding total. MPOs are required to separate carryover funding from current fiscal year funding in the MPO’s work program budget. Ohio DOT specifies a date after which activities may not be charged to the carryover funds (December 31) and closes out carryover fund encumbrances at the end of February. Activities charged to carryover funds are invoiced separately from activities charged to current year CPG funds.

Neither the policy cited in **Related Resource** below nor the respondent identified what happens to any carryover funds that remain unspent after the six-month carryover period.

### Related Resource

**Ohio MPO Administration Manual**, Office of Statewide Planning and Research, Ohio Department of Transportation, October 2016.

<http://www.dot.state.oh.us/Divisions/Planning/SPR/StatewidePlanning/Documents/MPO%20Administration%20Manual%202016.pdf>

This manual includes a discussion of carryover funding (see page 39 of the manual, page 43 of the PDF):

At the end of each fiscal year, an MPO may have a balance of unspent CPG funds. These funds are eligible to be carried forward into the next fiscal year under the following conditions:

- An updated current year work program budget is submitted to ODOT Central Office that includes carryover funding. Carryover funding should be shown separate from the current fiscal year CPG funds.
- ODOT reviews and approves the updated work program submittal.

Below is an example of how carryover funds should be shown in a work program budget:

[See the table in the manual.]

Any CPG carryover funds are eligible to be used in the first 6 months of the new fiscal year. No activities after December 31 of each year may be charged to carryover funds. Carryover fund encumbrances will be closed out at the end of February to allow time for invoices to be submitted and processed, but no new work can occur after December 31.

When invoicing, carryover funds should not be shown on the same invoice as current year CPG funds. If both carryover and current year CPG funds are expended in the same month, two separate invoices need to be submitted to the ODOT District Office.

Washington State Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to the receiving MPO
<b>MPOs Allowed to Build Up Funds:</b>	Yes (five years)

**Funding Allocation**

Washington State DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

**Policy or Practice**

An MPO not spending all federal planning funds included in its UPWP for a federal fiscal year can carry these funds forward for five years. Washington State DOT monitors MPO planning funding to ensure MPOs are not retaining unspent funds that fall outside of the permitted carryover time period.

**Assessment of Current Practice**

Carrying over funds gives MPOs the ability to conduct appropriate transportation planning activities for the areas served by the agencies. The respondent noted that allowing MPOs to carry over funding provides the opportunity for “unique consultation and coordination opportunities between the state and each MPO.”

Wisconsin Department of Transportation	
<b>Policy or Practice:</b>	Unspent funds are available to other MPOs
<b>MPOs Allowed to Build Up Funds:</b>	Yes (five months)

**Funding Allocation**

Wisconsin DOT allocates 100 percent of the federal metropolitan planning funds available to the state’s MPOs in a fiscal year.

**Policy or Practice**

Wisconsin DOT allocates funds to the MPOs on a calendar year cycle to align with the MPOs’ annual work program cycle. Each funding cycle, Wisconsin DOT prepares a letter to each MPO advising of the funding allocations determined by the agency’s planning funding formula. This letter asks the MPO to notify Wisconsin DOT’s Metro Unit of any amount of the funding allocation the MPO will not accept. The funding formula reallocates any nonaccepted funds to other MPOs that can demonstrate the ability to utilize additional funding. Wisconsin DOT requests formal notice of the amount the MPO is releasing from its funding allocation before notifying other MPOs that additional funding is available.

Wisconsin DOT has allowed federal funds to lapse, but these amounts are typically small (under \$10,000) and are associated with only a few MPOs. Most MPOs utilize all planning funds allocated.

While MPOs are expected to complete all work elements within the calendar year, there may be situations outside of the MPO’s control that contribute to delays. To assist the MPOs in managing these delays, Wisconsin DOT may extend the “period of availability” of federal planning funds. If a delay is anticipated, MPOs are advised

to contact Wisconsin DOT and FHWA no later than the fall work program meeting. If it is determined that an extension of the funding is warranted:

- The MPO must prepare a policy board-approved amendment identifying the work activity that will be carried over into the next year and an estimate of the carryover funding associated with that activity. (Actual carryover funds will be determined based on the fourth quarter work program invoice.)
- The policy board-approved amendment must be submitted to Wisconsin DOT no later than December 15 and must be approved by the agency and FHWA by December 31.
- The delayed activity must be completed and the carryover funds spent by May 31 of the following year; any remaining unspent funds will be returned to the pool of unspent planning funds for reallocation to another MPO.
- The subsequent year's work program must account for the activity carried over, including the staff resources needed to complete the activity.

### **Assessment of Current Practice**

An established process for nonaccepted funding allows for faster reallocation to MPOs with the ability to use these funds. MPOs can include the additional funding within the typical annual UPWP, reducing the need for a UPWP amendment.

Current practices make clear the MPO's responsibility for managing additional funding, including the expectation that requests to extend the period of availability should be the result of unforeseen circumstances that are out of the MPO's control. Wisconsin DOT uses midyear UPWP review meetings to provide suggestions to the MPO if it appears funding may not be expended by the end of the year (for example, hiring a consultant if the MPO is experiencing staffing challenges, or releasing some funding so another MPO may utilize the funds). Even with these discussions, it can be challenging for some MPOs to estimate end-of-year expenditures and obtain the policy board's approval for an amendment to extend the period of availability before the December 15 deadline.

### **Related Resource**

**Unified Planning Work Program Handbook: Guidance for Metropolitan Planning Organizations on Unified Planning Work Programs**, Wisconsin Department of Transportation and U.S. Department of Transportation, July 2015.

<http://wisconsin.gov/Documents/doing-bus/local-gov/plning-orgs/unified-plan.pdf>

This handbook offers a comprehensive review of development of the UPWP, including the "period of availability" that can be amended to permit an extension of funding beyond the calendar year (see page 10 of the handbook, page 13 of the PDF).

# Appendix A

## Managing Unspent Federal Metropolitan Planning Funds: Survey Results

The full text of survey responses is provided below. For reference, an abbreviated version of each question is included before the response. The full question text appears on page 6 of this report.

### Arizona

Contact: Patrick Stone, Financial Management Services, Arizona Department of Transportation, 602-712-7469, [PStone@azdot.gov](mailto:PStone@azdot.gov).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** If there are funds unobligated at the end of the federal fiscal year, they are swept and the department spends the unused obligation authority. The unspent amounts are usually a result of a[n] MPO choosing to not obligate at 100%.
3. **Benefits of current management of unspent funds:** The amounts unspent are usually negligible and have no tangible benefit to the agency.
4. **Drawbacks of current management of unspent funds:** Any obligation authority associated with these funds has to be absorbed by the agency and obligated prior to the close of the federal fiscal year.
5. **Considering changes for managing unspent funds?** No.
- 5A. **What are the changes?** N/A
- 5B. **What prompted the changes?** N/A
6. **Policy for MPO carryover/unspent funding balances?** Yes.
- 6A. **Description of carryover/unspent funds policy:** The department has a use or lose policy that has been in place since fiscal year 2014.
- 6B. **Benefits of the carryover/unspent funds policy:** Everyone is aware of the need to obligate funding prior to the close of the fiscal year. The MPOs are provided monthly ledgers that show the status of their funds for the year.
- 6C. **Drawbacks of the carryover/unspent funds policy:** None have been perceived.
7. **Allowed federal planning funds to lapse?** No.
8. **Allow MPOs to save or build up funds?** No.
- 8A. **MPO actions to permit saving/building up of funds:** N/A
- 8B. **How long MPOs can save/build up funds:** N/A
- 8C. **Benefits of MPOs saving/building up funds:** N/A
- 8D. **Drawbacks of MPOs saving/building up funds:** N/A
9. **Related documents:** [No response.]
10. **Additional comments:** [No response.]

## **Georgia**

Contact: Cindy VanDyke, State Transportation Planning Administrator, Georgia Department of Transportation, 404-631-1747, [CyVanDyke@dot.ga.gov](mailto:CyVanDyke@dot.ga.gov).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** For any unspent funds, we have an application process and all of the MPOs may apply for the funds for eligible projects. Twice a year, GDOT and the MPOs meet to review and select the projects.
3. **Benefits of current management of unspent funds:** The funds are utilized and the MPOs participate in the process and determine the best use.
4. **Drawbacks of current management of unspent funds:** Takes time and management of the process. Additional contracts for the newly selected projects.
5. **Considering changes for managing unspent funds?** Yes. [While the respondent elected not to respond to questions 5A and 5B, the document she provided (see **Related Resource** below) and other publications identified in a literature search offer background about the proposed changes and more information about the new procedures outlined in a January 2016 policy. See pages 8-9 of this report for more information about the new policy and citations for additional publications.]
  - 5A. **What are the changes?** [No response.]
  - 5B. **What prompted the changes?** [No response.]
6. **Policy for MPO carryover/unspent funding balances?** Yes.
  - 6A. **Description of carryover/unspent funds policy:** Not a policy exactly, but we do have a process. It's an application process for the unspent funds that the various MPOs may apply for. There is an application and then a committee review and selection process.
  - 6B. **Benefits of the carryover/unspent funds policy:** It clearly states how the funds can be accessed and utilized. We don't have to deal with requests on a case-by-case basis but can point to the process.
  - 6C. **Drawbacks of the carryover/unspent funds policy:** The management of the process, the staff time mainly.
7. **Allowed federal planning funds to lapse?** No.
8. **Allow MPOs to save or build up funds?** No.
  - 8A. **MPO actions to permit saving/building up of funds:** N/A
  - 8B. **How long MPOs can save/build up funds:** N/A
  - 8C. **Benefits of MPOs saving/building up funds:** N/A
  - 8D. **Drawbacks of MPOs saving/building up funds:** N/A
9. **Related documents:** [See **Related Resource** below.]
10. **Additional comments:** [No response.]

## Related Resource

**Subject: Revised Metro Planning (PL) Funding Process**, Cynthia L. VanDyke, State Transportation Planning Administrator, Letter to Georgia Division Administrator, Federal Highway Administration, May 29, 2015. See [Appendix B](#).

This letter describes recommendations from a 2014 Planning Finding Report that advised Georgia DOT to “update the MPO PL Formula to better reflect usage of funds, align with needs, and continue to ensure public trust. At a minimum, there should be no further automatic carryover for MPOs, other than Atlanta Regional Commission; and fixed funding should be formulated based on the latest transportation bill. Additional funds added for work elements to the MPO’s UPWP should be needs-based, and amended into the document.” The letter also describes the agency’s proposed revision to the metropolitan planning funding and distribution processes.

## Iowa

Contact: Andrea White, Statewide Planning Coordinator, Iowa Department of Transportation, 515-239-1210, [Andrea.White@iowadot.us](mailto:Andrea.White@iowadot.us).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** All FHWA/FTA planning funds are included in a consolidated planning grant (CPG) under FTA each year. Any unspent funds are tracked as carryover by [the] agency and available to them for future programming in their UPWP.
3. **Benefits of current management of unspent funds:** It is a straightforward approach that is acceptable to both the state and MPOs. It provides flexibility to the MPOs, and prevents us from needing to pressure them to spend all funding or determine what should be done with unspent funding in a given year.
4. **Drawbacks of current management of unspent funds:** We track funding on contracts to the dollar for each agency, funding source and grant, which can be a bit complicated when carryover balances exist and multiple funding sources from different years are being tracked.
5. **Considering changes for managing unspent funds?** No.
  - 5A. **What are the changes?** N/A
  - 5B. **What prompted the changes?** N/A
6. **Policy for MPO carryover/unspent funding balances?** Yes.
  - 6A. **Description of carryover/unspent funds policy:** A new policy is being put in place for SFY 2018 (will email a copy). The policy is aimed at limiting unnecessary transfers of funding into the CPG but would not affect existing balances or the use of PL or 5303/5305d funds by MPOs.
  - 6B. **Benefits of the carryover/unspent funds policy:** Over time, reduced carryover balances will allow us to maintain fewer open CPGs. In addition, the policy will prevent unnecessary funding transfers from FHWA to FTA, thus enabling STBG funding to be used more efficiently.
  - 6C. **Drawbacks of the carryover/unspent funds policy:** It does not eliminate the tracking issues associated with having unspent funding from multiple sources and grants, though it should help reduce them.
7. **Allowed federal planning funds to lapse?** No.
8. **Allow MPOs to save or build up funds?** Yes.

- 8A. **MPO actions to permit saving/building up of funds:** No particular actions are necessary; the MPO simply would not budget all their funding. We typically are aware of why funding is left unbudgeted, and would expect formal communication from them if carryover balances reached the trigger point identified in the carryover policy.
- 8B. **How long MPOs can save/build up funds:** There's not a set time limit; see carryover policy (see **Related Resource** below). We have also encouraged agencies with higher carryover balances to fund additional planning needs in their areas if they are not saving the funding for a particular reason/project.
- 8C. **Benefits of MPOs saving/building up funds:** This allows MPOs to complete quality projects as appropriate during the planning process, and also enables smaller MPOs to accumulate the necessary funds for larger projects, such as long-range plan updates.
- 8D. **Drawbacks of MPOs saving/building up funds:** Results in carryover balances that must be tracked.
- 9. **Related documents:** The carryover policy that I will send describe[s] our CPG process [see **Related Resource** below]. Feel free to contact me with any questions.
- 10. **Additional comments:** In Iowa, we have a parallel regional planning affiliation (RPA) process. RPAs are treated much the same as MPOs in terms of planning expectations, and are provided FHWA and FTA funds for planning. These funds are also included in the CPG and administered/tracked the same as MPO funding.

#### **Related Resource**

**MPO/RPA Carryover Policy**, Iowa Department of Transportation, September 2016.

See [Appendix C](#).

This document provides background of the agency's current practices for managing unspent federal planning funds, a description of what the new carryover policy is expected to address, and details of the new policy.

#### **Kansas**

Contact: Cory Davis, Planning/Comprehensive Transportation Planning Unit Manager, Kansas Department of Transportation, 785-296-7984, [Cory.Davis@ks.gov](mailto:Cory.Davis@ks.gov).

- 1. **100% of federal planning funds to MPOs?** Yes.
- 2. **Management of unspent funds:** Every three years we "clawback" 80% of unspent CPG funds. We then go through a competitive call for projects where all MPOs are eligible to apply.
- 3. **Benefits of current management of unspent funds:** This method is beneficial because it allows for a reallocation of funds based on the needs of all MPOs and allows for MPOs to complete special projects outside of their core documents.
- 4. **Drawbacks of current management of unspent funds:** In the case that an excessive amount of dollars are unspent and additional local match dollars are not available, there could be a challenge in spending all of the funds.
- 5. **Considering changes for managing unspent funds?** No.
- 5A. **What are the changes?** N/A
- 5B. **What prompted the changes?** N/A
- 6. **Policy for MPO carryover/unspent funding balances?** Yes.

- 6A. **Description of carryover/unspent funds policy:** Our policy is described in question 2. We clawback 80% of the unspent funds and use them in our competitive call for projects.
- 6B. **Benefits of the carryover/unspent funds policy:** See question 3.
- 6C. **Drawbacks of the carryover/unspent funds policy:** See question 4.
- 7. **Allowed federal planning funds to lapse?** No.
- 8. **Allow MPOs to save or build up funds?** Yes.
- 8A. **MPO actions to permit saving/building up of funds:** There is no formal action.
- 8B. **How long MPOs can save/build up funds:** The saving must be done within our three-year cycle.
- 8C. **Benefits of MPOs saving/building up funds:** Allows MPOs to manage their funding and save funding for larger projects such as an MTP [metropolitan transportation plan] update.
- 8D. **Drawbacks of MPOs saving/building up funds:** The only potential drawback is this practice leading to a large amount of unspent funds.
- 9. **Related documents:** [No response.]
- 10. **Additional comments:** [No response.]

### **Minnesota**

Contact: Bobbi Retzlaff, Planning Program Coordinator, Minnesota Department of Transportation, 651-366-3793, [Bobbi.Retzlaff@state.mn.us](mailto:Bobbi.Retzlaff@state.mn.us).

- 1. **100% of federal planning funds to MPOs?** Yes.
- 2. **Management of unspent funds:** Track unobligated/underspent funds by MPO. MPOs must have a plan to use the funds. MPOs must also include a resolution stating match will be available. Funds may be set aside for up to five years. If an MPO does not have a plan, funds will be made available to other MPOs (to date, this option has not been used; all MPOs have used their funds).
- 3. **Benefits of current management of unspent funds:** Minimizes the lapse of federal funds.
- 4. **Drawbacks of current management of unspent funds:** Available obligation authority.
- 5. **Considering changes for managing unspent funds?** Yes.
- 5A. **What are the changes?** Looking to other state DOTs to see how they manage unspent/unobligated funds. Anticipate MPOs will no longer be able to “save” funds.
- 5B. **What prompted the changes?** 1) Change in federal administration of funds from FTA to FHWA. 2) MPOs have used “old” funds that had been tied up in earlier grants [and] still had unspent balances, [which] created issues related to available obligation authority.
- 6. **Policy for MPO carryover/unspent funding balances?** Yes.
- 6A. **Description of carryover/unspent funds policy:** MPOs may set aside funds for up to five years. MPOs must have a plan to use the funds, including a resolution stating local match will be available. If MPOs do not have a plan, funds will be made available to other MPOs.
- 6B. **Benefits of the carryover/unspent funds policy:** Avoid lapsing federal funds.
- 6C. **Drawbacks of the carryover/unspent funds policy:** Staff time managing the balances; availability of obligation authority.

7. **Allowed federal planning funds to lapse?** Yes. Very small amount (~\$1) of SAFETEA-LU funds lapsed.
8. **Allow MPOs to save or build up funds?** Yes.
- 8A. **MPO actions to permit saving/building up of funds:** MPO must identify how the funds will be used and pass a resolution stating local match will be available.
- 8B. **How long MPOs can save/build up funds:** Five years.
- 8C. **Benefits of MPOs saving/building up funds:** Avoid federal funds lapsing; allows MPOs to undertake larger projects, particularly projects related to their long-range transportation plan updates, that may not be possible with their annual allocations.
- 8D. **Drawbacks of MPOs saving/building up funds:** Staff time managing/tracking the funding; available obligation authority.
9. **Related documents:** Will send copy of current policy [see **Related Resource** below].
10. **Additional comments:** [No response.]

### Related Resource

**Carryover Policy for Unprogrammed PL and 5303 Funds—Amended**, Memo, Bobbi Retzlaff, MPO Program Coordinator, Minnesota Department of Transportation, November 2014.  
See [Appendix D](#).

This memo describes MnDOT's current policy to permit carryover of federal metropolitan planning funds for five years given certain conditions.

### North Carolina

Contact: Jamal Alavi, Transportation Planning Branch Manager, North Carolina Department of Transportation, 919-707-0901, [JAlavi@ncdot.gov](mailto:JAlavi@ncdot.gov).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** Will be identified as [an] unobligated balance and will be added to next year's budget.
3. **Benefits of current management of unspent funds:** It does not. We are in the process of addressing this with the NC MPOs.
4. **Drawbacks of current management of unspent funds:** Extra accounting and bookkeeping; money not spent where it is needed the most.
5. **Considering changes for managing unspent funds?** Yes.
- 5A. **What are the changes?** At early stages of the discussions.
- 5B. **What prompted the changes?** Other MPOs are asking to use the money not being used!
6. **Policy for MPO carryover/unspent funding balances?** No.
- 6A. **Description of carryover/unspent funds policy:** N/A
- 6B. **Benefits of the carryover/unspent funds policy:** N/A
- 6C. **Drawbacks of the carryover/unspent funds policy:** N/A
7. **Allowed federal planning funds to lapse?** No.

8. **Allow MPOs to save or build up funds?** Yes.
- 8A. **MPO actions to permit saving/building up of funds:** None at this time.
- 8B. **How long MPOs can save/build up funds:** Indefinitely.
- 8C. **Benefits of MPOs saving/building up funds:** Some MPOs will save and use for a great project, where others just save it like a saving[s] account.
- 8D. **Drawbacks of MPOs saving/building up funds:** Money will be sitting idle [while] other MPOs could use it. Also, the funds could be taken back by the feds.
9. **Related documents:** [No response.]
10. **Additional comments:** We are working to address the same issue here.

## **Ohio**

Contact: Dave Moore, MPO Program Manager, Ohio Department of Transportation, 614-466-0754, [Dave.Moore1@dot.ohio.gov](mailto:Dave.Moore1@dot.ohio.gov).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** Any unspent MPO planning funds are folded into a subsequent year's statewide MPO program available funding total.
3. **Benefits of current management of unspent funds:** N/A
4. **Drawbacks of current management of unspent funds:** N/A
5. **Considering changes for managing unspent funds?** No.
- 5A. **What are the changes?** N/A
- 5B. **What prompted the changes?** N/A
6. **Policy for MPO carryover/unspent funding balances?** Yes.
- 6A. **Description of carryover/unspent funds policy:** MPOs may carry forward unspent funding for six months in to the subsequent SFY. Consistent with question #2 above, any remaining unspent funds are folded in to a subsequent year's statewide program budget.
- 6B. **Benefits of the carryover/unspent funds policy:** Ohio's MPO[s] are financed at amounts that maximize available funding, affording urban Ohio an active voice in collaborative transportation investment decision making.
- 6C. **Drawbacks of the carryover/unspent funds policy:** [No response.]
7. **Allowed federal planning funds to lapse?** No.
8. **Allow MPOs to save or build up funds?** No.
- 8A. **MPO actions to permit saving/building up of funds:** N/A
- 8B. **How long MPOs can save/build up funds:** N/A
- 8C. **Benefits of MPOs saving/building up funds:** N/A
- 8D. **Drawbacks of MPOs saving/building up funds:** N/A
9. **Related documents:** [See **Related Resource** below.]
10. **Additional comments:** [No response.]

## Related Resource

**Ohio MPO Administration Manual**, Office of Statewide Planning and Research, Ohio Department of Transportation, October 2016.

<http://www.dot.state.oh.us/Divisions/Planning/SPR/StatewidePlanning/Documents/MPO%20Administration%20Manual%202016.pdf>

This manual includes a discussion of carryover funding (see page 39 of the manual, page 43 of the PDF):

At the end of each fiscal year, an MPO may have a balance of unspent CPG funds. These funds are eligible to be carried forward into the next fiscal year under the following conditions:

- An updated current year work program budget is submitted to ODOT Central Office that includes carryover funding. Carryover funding should be shown separate from the current fiscal year CPG funds.
- ODOT reviews and approves the updated work program submittal

Below is an example of how carryover funds should be shown in a work program budget:

[See the table in the manual.]

Any CPG carryover funds are eligible to be used in the first 6 months of the new fiscal year. No activities after December 31 of each year may be charged to carryover funds. Carryover fund encumbrances will be closed out at the end of February to allow time for invoices to be submitted and processed, but no new work can occur after December 31.

When invoicing, carryover funds should not be shown on the same invoice as current year CPG funds. If both carryover and current year CPG funds are expended in the same month, two separate invoices need to be submitted to the ODOT District Office.

## Washington

Contact: Matt Kunic, Manager, Tribal and Regional Coordination Supervisor, Washington State Department of Transportation, 360-705-7954, [KunicMa@wsdot.wa.gov](mailto:KunicMa@wsdot.wa.gov).

1. **100% of federal planning funds to MPOs?** Yes.
2. **Management of unspent funds:** MPOs who do not spend all federal planning funding in their UPWP for an FFY [federal fiscal year] can carry these funds forward. Per FHWA, MPOs can carry forward federal planning funding for five years. WSDOT, as the fiduciary agent for these funds, monitors MPO planning funding to ensure MPOs do not have any unspent funds.
3. **Benefits of current management of unspent funds:** N/A; MPOs spend all federal planning funding allocated to them.
4. **Drawbacks of current management of unspent funds:** N/A
5. **Considering changes for managing unspent funds?** No.
- 5A. **What are the changes?** N/A
- 5B. **What prompted the changes?** N/A
6. **Policy for MPO carryover/unspent funding balances?** Yes.

- 6A. **Description of carryover/unspent funds policy:** Since WSDOT monitors MPO federal planning funding along with the tasks and activities MPOs perform in their UPWP, MPO carryover funding is permitted per FHWA as these tasks and activities continue into the following FFY, up to five years.
- 6B. **Benefits of the carryover/unspent funds policy:** The benefits to WSDOT are that the MPOs have the ability to conduct appropriate transportation planning activities for their metropolitan planning areas. This allow[s for] unique consultation and coordination opportunities between the state and each MPO.
- 6C. **Drawbacks of the carryover/unspent funds policy:** N/A
- 7. **Allowed federal planning funds to lapse?** No.
- 8. **Allow MPOs to save or build up funds?** No.
- 8A. **MPO actions to permit saving/building up of funds:** N/A
- 8B. **How long MPOs can save/build up funds:** N/A
- 8C. **Benefits of MPOs saving/building up funds:** N/A
- 8D. **Drawbacks of MPOs saving/building up funds:** N/A
- 9. **Related documents:** N/A
- 10. **Additional comments:** If you have any additional questions, please feel free to contact me at [KunicMa@wsdot.wa.gov](mailto:KunicMa@wsdot.wa.gov) or 360-705-7954. Thanks for the opportunity to provide comments.

### **Wisconsin**

Contact: James Kuehn, Statewide MPO/RPC (Regional Planning Commission) Coordinator, Wisconsin Department of Transportation, 608-266-3662, [James.Kuehn@dot.wi.gov](mailto:James.Kuehn@dot.wi.gov).

- 1. **100% of federal planning funds to MPOs?** Yes.
- 2. **Management of unspent funds:** WisDOT provides an annual Unified Planning Work Program (UPWP) kickoff letter to each MPO with their funding allocations per our agreed upon Planning funding formula. Within this letter we request that MPOs notify the WisDOT Metro Unit of any amount of funding allocation they will not be accepting. Our funding formula then has procedures for reallocation of these nonaccepted funds to other MPOs that can demonstrate the ability to utilize additional funding.
- 3. **Benefits of current management of unspent funds:** Having an established process for nonaccepted funding allows for faster reallocation to MPOs having the ability to use these funds. This has allowed the recipient MPOs to include the additional funding within their normal annual UPWPs, thus reducing the need for amending their UPWP at a later date.
- 4. **Drawbacks of current management of unspent funds:** WisDOT needs to be cautious that the MPO returning the funds does not change their final funding amounts before making nonaccepted funding available to another MPOs. We do request formal notice of the amount the MPO is releasing from their funding allocation before notifying other MPOs that additional funding is available.
- 5. **Considering changes for managing unspent funds?** No.
- 5A. **What are the changes?** N/A
- 5B. **What prompted the changes?** N/A
- 6. **Policy for MPO carryover/unspent funding balances?** Yes.
- 6A. **Description of carryover/unspent funds policy:** With guidance and coordination from FHWA Division

Planning staff, WisDOT has a section within our Unified Planning Work Program Handbook on extending the Period of Availability (p. 10-11). The expectation is the MPOs will complete all work elements within the calendar year. If for situations out of the MPO's control there are delays in completing any work element(s) by the end of the year, the MPO should notify WisDOT and FHWA/FTA as soon as possible. The MPO must request an extension to the Period of Availability to complete the work element(s) via a policy board-approved amendment no later than December 15th. These work elements must be completed and funding requested by May 31st of the following year.

- 6B. **Benefits of the carryover/unspent funds policy:** Establishes MPO's responsibility for managing annual funding. Sets the expectation that these should be unforeseen circumstances and out of the MPO's control. At the midyear UPWP review meetings, we discuss expenditure of all funds by the end of the year. We provide suggestions for options the MPO might use (i.e., hire consultant if there are staffing issues or release some funding so another MPO may utilize the funding).
- 6C. **Drawbacks of the carryover/unspent funds policy:** A drawback is the ability for some MPOs to estimate end-of-year expenditures in time to ask [for] their policy board's approval for an amendment to extend the Period of Availability before the December 15th deadline.
- 7. **Allowed federal planning funds to lapse?** Yes. Usually only small amounts (i.e., under \$10,000) by a very few MPOs. Vast majority, if not all, MPOs utilize their full annual Planning fund allocations.
- 8. **Allow MPOs to save or build up funds?** No.
- 8A. **MPO actions to permit saving/building up of funds:** N/A
- 8B. **How long MPOs can save/build up funds:** N/A
- 8C. **Benefits of MPOs saving/building up funds:** N/A
- 8D. **Drawbacks of MPOs saving/building up funds:** N/A
- 9. **Related documents:** [See **Related Resource** below.]
- 10. **Additional comments:** We would ask MnDOT if they would please share any results of this survey with WisDOT? Results may be forwarded to Jim Kuehn at [James.Kuehn@dot.wi.gov](mailto:James.Kuehn@dot.wi.gov) and/or Jennifer Sarnecki at [Jennifer.Sarnecki@dot.wi.gov](mailto:Jennifer.Sarnecki@dot.wi.gov). Thank you.

#### **Related Resource**

**Unified Planning Work Program Handbook: Guidance for Metropolitan Planning Organizations on Unified Planning Work Programs**, Wisconsin Department of Transportation and U.S. Department of Transportation, July 2015.

<http://wisconsindot.gov/Documents/doing-bus/local-gov/plning-orgs/unified-plan.pdf>

This handbook offers a comprehensive review of development of the UPWP, including the "period of availability" that can be amended to permit an extension of funding beyond the calendar year (see page 10 of the handbook, page 13 of the PDF).

# Appendix B

Russell McMurry, P.E., Commissioner



GEORGIA DEPARTMENT OF TRANSPORTATION

One Georgia Center, 600 West Peachtree Street, NW  
Atlanta, Georgia 30308  
Telephone: (404) 631-1000

May 29, 2015

Rodney Barry, PE  
Georgia Division Administrator  
Federal Highway Administration  
61 Forsyth Street  
Suite 17T100  
Atlanta, GA 30277  
Attn.: Andrew Edwards

Subject: Revised Metro Planning (PL) Funding Process

The 2014 Planning Finding Report, which accompanied FHWA's approval of the FY 2015-2018, requested that the Department "*Update the MPO PL Formula to better reflect usage of funds, align with needs, and continue to ensure public trust. At a minimum, there should be no further automatic carryover for MPOs, other than Atlanta Regional Commission; and fixed funding should be formulated based on the latest transportation bill. Additional funds added for work elements to the MPO's UPWP should be needs-based, and amended into the document.*"

In response to the 2014 Planning Finding Report directive, the Department undertook an effort to update and revise the PL Funding Formula and Distribution Process. In accordance with 23 CFR 420.109, the Department consulted with the MPOs, concerning the proposed formula and process. The Office of Planning requested input from the MPOs on two occasions. The first consultation occurred through a letter dated December 19, 2014, which provided for a comment period through February 28, 2015. Comments were received and a second comment period ensued, through a letter dated March 30, 2015. The second comment period closed on April 30, 2015, with comments received from the Georgia Association of MPOs (GAMPO) and one MPO.

In response to the STIP Planning Finding Report and the consultation process with the MPOs, the Department submits the following "***PL Funding Formula, Distribution and Review Committee Process***" to FHWA for approval.

## **PL Funding Formula and Distribution Process**

1. When the Department is provided the available amount of PL funds from FHWA, via FHWA's "Apportionment and Obligation Limitation Notice", the Department will utilize the amount identified for "Metropolitan Planning" (aka PL Funds) to calculate each MPO's PL Funding amount. This step typically takes place after Congress passes and the President signs an act appropriating funding.
2. The Department will allocate each MPO with a "Base Amount" of MPO Funding of \$35,000.

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3. The Department will allocate \$20,000 to each MPO designated as non-attainment or maintenance by US EPA for violation of any of the National Ambient Air Quality Standards.
4. The Department will allocate \$10,000 to each MPO that has an urbanized area located within their Metro Planning Area (MPA) Boundary. This currently includes the current TMAs: Atlanta, Chattanooga, Columbus, Augusta and Savannah; and includes the Gainesville and Cartersville MPOs, since portions of the Atlanta TMA extend into the Gainesville and Cartersville MPAs.
5. Funds which remain after distributing through steps 1 through 4 above; will be distributed to each MPO based on the MPO's percentage of the urbanized area population, located within each MPO's MPA boundary. This includes allocating urbanized area population that crosses between MPA boundaries. For example, the portion of the Gainesville urbanized area that is located in Forsyth County would be allocated to the Atlanta MPO; however, the portion of the Atlanta urbanized area population that crosses into Hall and Jackson Counties, would be allocated to the Gainesville MPO.
6. The distribution process noted in items 1-5, apply to all MPOs within the State of Georgia, including the Georgia portions of bi-state MPOs.

#### **PL Funds Review Committee**

The following process establishes a review committee and process for MPOs, to access prior year funding. The process does not allow for the 'automatic' accessing of prior year funding for MPOs, except for the Atlanta MPO, staffed by the Atlanta Regional Commission. The Atlanta MPO is allowed to develop their UPWP and PL Contract each year and include the amount of funding from the second most recently closed-out PL Contract. For example, as the Atlanta MPO develops their FY 15 UPWP/PL Contract, they automatically will include any unspent funding from their FY 13 UPWP/PL Contract.

Again, except for the Atlanta MPO, any prior year funds would be available, via the proposed "PL Funds Review Committee" process, as identified below:

1. Any unspent, prior year PL funds are released, following the final invoice of the PL Contract being paid out to the MPO. The unspent, prior year funds (apportionment) are then returned to the state's available apportionment for PL funds (this aspect of how PL funds are released and apportionment is again made available to the state is not being changed via this process, it is just provided for reference).
2. The unspent, prior year PL funds are reflected in FMIS. The unspent, prior year PL funds will then be available for any MPO (excluding the Atlanta MPO) to access for planning purposes.
3. In order to adequately consider and plan for future funding needs, MPOs should consider developing an unfunded portion of the UPWP. The unfunded portion of the UPWP should detail any anticipated, upcoming funding requests. Barring any unforeseen circumstances, funding requests submitted to the PL Funds Review Committee should be drawn from this unfunded section of the UPWP.

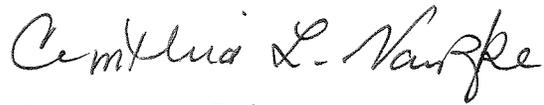
4. The “PL Funds Review Committee” will receive requests for funding from MPOs and determine which MPOs will receive available PL fund apportionment. The PL Funding Review Committee will be hosted by the GDOT Office of Planning and the President of GAMPO (or his designee) who will serve as meeting Chairman. Meetings will be held at the GDOT Headquarters and meeting minutes will be kept by an MPO representative, selected by the MPOs. The meeting minutes will be submitted to GDOT for approval.
5. The PL Funds Review Committee will be comprised of the following members:
  - a. Three non-voting staff members from the GDOT Office of Planning. In recognition of GDOT’s oversight role for the use of PL funds, GDOT is provided a ‘line-item veto’ over which activities the committee elects to fund. The veto is to ensure that the committee decisions are made in the best interest of the use of PL funds and are in keeping with any federal requirements for the use of PL funds. The veto is not to be used to fund activities which the committee elected not to fund.
  - b. One MPO staff member (which shall have one vote, representing their respective MPO) from each of the MPOs within the State of Georgia, excluding a member from the Atlanta MPO (as staffed by the Atlanta Regional Commission).
  - c. One non-voting staff member from FHWA
6. The PL Funds Review Committee will meet semi-annually (twice a year), in the months of March and September. The meetings shall begin at 1pm and shall conclude by 3pm.
7. The President of GAMPO shall survey the non-Atlanta MPO members to determine dates for the March and September meetings. Meeting dates selected by the GAMPO President shall exclude the 3<sup>rd</sup> Thursday (State Transportation Board Meeting) and the Wednesday preceding the 3<sup>rd</sup> Thursday (State Transportation Board Committee Meetings) and any MPO (including the Atlanta MPO) scheduled MPO committee meetings. The GAMPO President shall provide the proposed PL Funds Review Committee meeting dates to the Department in January of each year.
8. A quorum of 9 of the 15 (non-Atlanta) MPOs shall be physically present at the meeting to take action. A teleconference line will not be available for individuals who are unable to join the meeting in person. The quorum requirements shall be met with a staff member of the MPO. A staff member of the MPO is defined as an actual employee of the agency which services the MPO (decision-making body, such as Policy Committee/TAQC/TPC/etc), ineligible individuals to represent the MPO include transportation planning and engineering consultants, private contractors, or other temporary MPO employees. The quorum requirements will increase commensurate with the designation of any new MPOs, at any point in the future.
9. The determination of which activities are to receive unspent, prior year PL funds will be made at the scheduled meeting. Any unresolved matters will be addressed at the next scheduled semi-annual meeting.
10. The PL Funds Review Committee shall exclusively consider an agenda of considering requests submitted to the committee for the use of unspent, prior year PL funds.

11. Any entity seeking unspent, prior year PL funds shall submit via e-mail, their requested use of the funds and amount of requested funding to a single GDOT Point of Contact, Henry Green ([hgreen@dot.ga.gov](mailto:hgreen@dot.ga.gov)), no later than 2 weeks prior to each of the semi-annual meetings. The submitted requests shall include a resolution from the MPO Policy Board supporting the specific proposed activity and requested funding level, with stated recognition of match requirement and confirmation of match availability. Henry Green will distribute requests to PL Funds Review Committee members for review and consideration. If there are no complete requests received within 2 weeks of the scheduled meeting, the meeting is automatically cancelled.
12. The PL Funds Review Committee will consider requests from MPOs based on the following priority order:
  - a. First priority: are activities focused on the development of the core MPO documents of Long Range Transportation Plans, Transportation Improvement Programs and Congestion Management Programs.
  - b. Second priority will be given to MPO documents which enable a MPO to meet other core deliverables.
  - c. Third, and subsequent, priority will be given to MPO special studies (such as, but not limited to, corridor or sub-area studies; even if these studies are intended to inform a future Long Range Transportation Plan, Transportation Improvement Program or Congestion Management Program) and other, similar items.
13. The GDOT Office of Planning will establish an externally accessible website, which will include:
  - a. Annual amounts of available PL funds for each MPO, as provided by the PL Distribution Formula
  - b. Amount of PL funds contracted for between the Department and the MPO in each FY
  - c. Amount of remaining, unspent, prior year funds
  - d. PL Funds Review Committee meeting minutes and supporting documents
  - e. Other pertinent, PL related information
14. If the committee assigns additional PL funds to a MPO, the additional funds would be amended into the funded portion of the UPWP and assigned a new, specific PI number. A separate PL Contract would be developed specifically for the work identified and funding allocated to the prior year funding. This approach would simplify the tracking of any funding by the Department.

- 15. The activities funded through the PL Funds Review Committee should begin work as soon as possible after the committee agrees to fund the activity, the UPWP is amended and the PL Contract is executed but not later than 6 months after the committee approves the additional funding. Any delays beyond 6 months, deemed unreasonable by the GDOT Office of Planning, may result in the funds being returned to the unspent, prior year funding category, available for the next PL Funds Review Committee to assign to new projects.
- 16. If funding is provided by the committee, the recipient MPO must provide a written status update on the progress of the activity funded every 6 months. The written update must be provided via e-mail to Henry Green.
- 17. The Department is free to establish working procedures, so long as they do not differ from the core principles detailed in this letter, in order to implement this process. Also, the ability to provide prior funding (as is also the case with current year funding) is dependent on the availability of both federal apportionment and obligation authority being provided.

The Department proposes to implement this process beginning with each MPO's FY 17 UPWP and PL Contract. The Department appreciates the input received from the MPOs and FHWA Georgia Division, concerning the proposed process. Your approval of the PL Funding Formula, Distribution and Review Committee Process is respectfully requested. If you have any questions, feel free to contact Matthew Fowler at 404-631-1777, or Henry Green at 404-631-1792.

Sincerely,



Cynthia L. VanDyke  
State Transportation Planning Administrator

Approved:  for \_\_\_\_\_ Date 6/1/15

Rodney Barry, PE, Georgia Division Administrator

cc: Robert Rogers, OFM

# Appendix C

## MPO/RPA Carryover Policy

### Background

Each year, federal planning funds from both the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) are combined into a new consolidated planning grant (CPG) under the FTA. This includes all federal transportation funds that are utilized by metropolitan planning organizations (MPOs) and regional planning affiliations (RPAs) in Iowa for planning, including FHWA metropolitan planning (PL), state planning and research (SPR), and surface transportation block grant (STBG) funds and FTA 5305d, 5305e, and 5311 funds. The FHWA funding sources are transferred to FTA for inclusion in the CPG, and once funds are part of an awarded CPG they are unable to be deobligated for other purposes.

Carryover is defined as any unspent funding that has been targeted to the agency, but is not included in the agency's current state fiscal year (SFY) budget. During the Transportation Planning Work Program (TPWP) development cycle, carryover 'targets' that show the current balances of carryover funding are provided to the agency along with targets for new federal funding. However, it should be noted that an agency does not have to wait for the next TPWP cycle to utilize carryover funding if there are anticipated needs in the current fiscal year. Unbudgeted funding is available to the planning agency to be amended into its budget at any time. Unspent funding from the prior SFY is available to the planning agency to be amended into its budget following close-out of the prior SFY.

When developing the TPWP, agencies are required to program carryover funding before programming new funding. When reimbursement requests are submitted to the Iowa Department of Transportation (DOT), payments are made by utilizing the oldest funding source in the agency's planning agreement. Funding is drawn down first by age, then sequentially by source. This helps streamline bookkeeping and ensure that funding within older CPGs is utilized prior to funding within newer CPGs.

Since MPOs and RPAs are allowed to carry over unused federal planning funds rather than being required to draw them down within a fiscal year, multiple CPGs are open at any given time. FTA has asked Iowa DOT to ensure funds are being drawn down in a timely manner and to work to limit the number of CPGs that are open. Furthermore, the new grant management system FTA launched in 2016 requires additional documentation and justification to keep a grant open past its original end date.

In order to satisfy FTA while still providing flexibility to MPOs and RPAs, Iowa DOT has implemented internal steps to reduce the number of CPGs that are open, and has also developed the policy outlined below. Internal steps that Iowa DOT has taken include discussing the necessity of STBG transfers with individual agencies when substantial carryover balances exist, and evaluating planning agreements and amending them if necessary early in the SFY to ensure any older funding that was unspent in the previous SFY is utilized prior to newer funding. The MPO/RPA carryover policy, which is outlined below, will take effect as part of the SFY 2018 TPWP cycle.

The internal changes and the MPO/RPA carryover policy will help Iowa DOT manage carryover balances that have become problematic for a small number of planning agencies. Over time, reduced carryover balances will allow Iowa DOT to maintain fewer open CPGs. In addition, the policy will prevent unnecessary funding transfers from FHWA to FTA, thus enabling SPR and STBG funding to be used more efficiently.

## MPO/RPA Carryover Policy

At the beginning of the calendar year, each planning agency's average annual federal transportation planning expenditures, based on the past five state fiscal years, will be calculated. If an agency has available carryover balances<sup>1</sup> totaling more than this average, the following will apply.

**RPA:** The agency will receive its FTA allocation of 5305e and/or 5311 funding. The agency will not receive an SPR allocation or be allowed to transfer STBG funds for planning unless it can substantiate anticipated budget needs tied to significant expenditures (e.g., LRTP update, equipment purchases, consultant services, etc.).

**MPO:** The agency will receive its FHWA PL allocation and FTA 5305d allocation. The agency will not be allowed to transfer STBG funds for planning unless it can substantiate anticipated budget needs tied to significant expenditures (e.g., LRTP update, equipment purchases, consultant services, etc.).

Every year prior to the distribution of annual targets, each agency will be provided with its average annual expenditures and carryover balances and informed whether or not its SPR and/or STBG funds will be constrained due to available carryover balances. The agency will be provided an opportunity to respond and substantiate any anticipated significant expenditures during the upcoming contract year that would necessitate the SPR and/or STBG funding transfer. Iowa DOT will consider these needs and provide a response to the agency prior to distributing final targets. Any STBG constrained through this process will remain part of the planning agency's STBG balance, and will be available for programming towards other projects. Any SPR constrained through this process will remain with Iowa DOT, and utilized as part of its SPR program.

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<sup>1</sup> Carryover balances include any unspent funding that has been targeted to the agency, but is not included in the agency's current SFY budget.



## Memo

**TO:** MPO Directors

**FROM:** Bobbi Retzlaff  
MPO Program Coordinator

**DATE:** November 19, 2014

**SUBJECT:** Carryover Policy for Unprogrammed PL and 5303 Funds - Amended

### Applicability

This policy applies to metropolitan planning organizations (MPOs) in which Minnesota is the lead state. Bi-state MPOs in which Minnesota is not the lead state are not affected by this policy because they do not accumulate either PL or 5303 funds from Minnesota. In all cases, they are required to expend the Minnesota PL and 5303 funds first. Accordingly, bi-state MPOs in which Minnesota is not the lead state are not eligible to apply for unprogrammed Minnesota funds.

### Background

The Minnesota Department of Transportation, in consultation with the state's metropolitan planning organizations, developed a formula for the distribution of federal PL and 5303 planning funds. The formula was approved by the Federal Highway Administration and the Federal Transit Administration. All federal funds require a 20 percent local match.

MPOs are annually allocated an amount of federal funds. These funds are programmed in each MPO's Unified Planning Work Program which is approved by MnDOT, FHWA, and FTA. The MPO's annual Consolidated Planning Grant is based on the work identified in the MPO's UPWP.

### Policy

MPOs may not carryover unprogrammed allocated funds that exceed more than one full year of their annual CPG allocation unless the MPO has identified a future project for which the MPO is savings funds. Unprogrammed funds for future projects may be carried over only when the following actions have been taken to commit to the future use of the unprogrammed funds:

- ~~The MPO has identified a future project for which the MPO is saving funds.~~
- The future project is identified in the MPO's Unified Planning Work Program. The project scope is clearly defined.
- The future project occurs in a specified year(s) within five (5) years of the MPO exceeding the one full year allocation threshold.
- The MPO has guaranteed that sufficient local match will be available for this project in the year(s) specified in the UPWP. The guarantee must be a formal resolution by the participating agency(ies)/organization(s).

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- MnDOT must approve the UPWP.
- FHWA and FTA must approve UPWP.

It is expected that projects utilizing unprogrammed funds will be completed within the UPWP year(s) in which they are identified. Funds may not be carried over to a different year unless approved by MnDOT. The MPO must clearly document why a delay is being requested. A delay may not exceed six (6) months.

If an MPO's unprogrammed funds are exceed its annual CPG allocation and the MPO has not identified an activity in which to use the funds in its approved UPWP, then MnDOT will make the unprogrammed funds available to the other Minnesota-led MPOs.

MnDOT, in cooperation with the Minnesota-led MPOs and in consultation with FHWA and FTA, will identify activities in which to use these unprogrammed funds. These funds can be used for state projects that would broadly benefit metropolitan planning (e.g., modeling support services, travel studies) or they can be used by individual Minnesota-led MPOs for work in an approved UPWP.

MnDOT will notify the Minnesota-led MPOs of the availability of unprogrammed funds no later than the end of April. Unprogrammed funds will have a two-year delay (i.e., unprogrammed 2013 funds would become available in 2015).