



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #780

Support for Metropolitan Planning Organizations and Regional Planning Commissions Transportation Programs (Transportation -- Local Transportation Assistance)

[LFB 2023-25 Budget Summary: Page 638, #16 (part)]

CURRENT LAW

Wisconsin has 14 metropolitan planning organizations (MPOs) and nine regional planning commissions (RPCs), intergovernmental bodies encompassing multiple units of local government that are responsible for transportation planning for the geographic area under their jurisdiction. RPCs typically oversee a "region" comprised of several counties, while MPOs oversee federally-designated urbanized areas, which may encompass a central city and surrounding suburbs.

DISCUSSION POINTS

1. Federal law requires each "urbanized" area in the country, defined as any census-designated metropolitan area with a population above 50,000, to establish an MPO with the goal of making transportation investment decisions in the area. This can include coordination of projects across units of local government, and formulation of area-wide plans for improving and developing transportation infrastructure. RPCs are not required under federal law, but are instead formed in the state by executive order of the Governor with the goal of providing intergovernmental planning and coordination for the physical and economic development of a region, including transportation infrastructure.

2. While the federal government requires each urbanized area to operate an MPO, it also provides designated funding for MPO operations. The state's principal source of federal transportation funding, the federal highway formula aid program, includes a designated allocation of funds for metropolitan planning. Pursuant to federal rules, DOT allocates these funds to MPOs and RPCs in the state.

3. While federal funds are the principal source of operational funding for MPOs and RPCs, federal law also requires that recipients provide matching funds of at least 20% on the federal funding that they receive. MPOs and RPCs typically fulfill these federal matching requirements by soliciting financial contributions from participating local governments.

4. In November, 2021, the federal government enacted the Infrastructure Investment and Jobs Act (IIJA), which reauthorized and modified the overarching framework for federal transportation funding for the five ensuing federal fiscal years (2022-26). As a result, from 2021-22 to 2025-26, the state is expected to receive increased levels of federal highway formula aid. Assembly Bill 43/Senate Bill 70 includes a separate recommendation to increase the FED provided to MPOs and RPCs by \$1.7 million in 2023-24 and \$1.8 million in 2024-25, corresponding to the increased level of federal metropolitan planning funding that the state is expected to receive in the biennium under IIJA. However, this funding would also require additional local matching funds.

5. DOT provides SEG funding to assist local governments with supplying federal matching funds for MPOs and RPCs. The Department indicates that it has traditionally pursued an internal policy of contributing half of the required matching funds, or 10% of total funding for MPOs and RPCs. However, the Department indicates that its SEG contribution for MPO and RPC activities has remained at \$420,400 annually since 2012. AB 43/SB 70 would provide an additional \$646,600 SEG in 2023-24 and \$667,900 SEG in 2024-25 to DOT's department management and operations appropriation, which would allow DOT to resume its policy of providing a 10% funding match for MPO and RPC operations following the increase in federal metropolitan planning funds under IIJA. It may also better ensure that the federal funds authorized for the state will be more fully-accessed. [Alternative 1]

6. Limited SEG revenues may be available from the transportation fund in 2023-25. Projected transportation revenues have been revised downward in the biennium from the amounts recommended in AB 43/SB 70, as revenue collections in 2022-23 are lower than expected and relevant economic outlook factors for 2023-25 have worsened since the bill was introduced. Meanwhile, demands for the expenditure of transportation fund revenues may increase in 2023-25 and beyond due to large upcoming projects, such as the I-41 from Appleton to De Pere, I-94 East-West, and the Blatnik Bridge reconstruction projects, as well as inflationary demands across transportation programs. In addition, the bill would provide more than twice the amount of SEG funding to MPOs and RPCs that DOT has provided in recent years. A SEG increase equal to half the recommended amount would provide more limited transportation fund expenditures for this purpose, yet provide some acknowledgement that additional state funding may be needed given the increase in available federal funding. [Alternative 2]

7. Given the limited availability of SEG revenues from the transportation fund, the recommendation could also be denied. This would require local governments to provide increased contribution levels to MPOs and RPCs in order to meet federal matching requirements. [Alternative 3]

ALTERNATIVES

1. Provide \$646,600 SEG in 2023-24 and \$667,900 SEG in 2024-25 to DOT's department management and operations appropriation to fulfill DOT's internal policy of providing 10% matching funds to metropolitan planning organizations and regional planning commissions in the state. This would establish additional ongoing base funding of \$667,900 SEG annually so DOT could continue providing these matching funds in future years.

ALT 1	Change to Base
SEG	\$1,314,500

2. Provide \$323,300 SEG in 2023-24 and \$334,000 SEG in 2024-25 to DOT's department management and operations appropriation to provide additional matching funds to metropolitan planning organizations and regional planning commissions in the state. This would establish additional ongoing base funding of \$334,000 SEG annually so DOT could continue providing these matching funds in future years.

ALT 2	Change to Base
SEG	\$657,300

3. Take no action.

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