

Fiscal Constraint Issues in New Planning Regulations



Changes to Planning Regulations

- Changes to regulations affect:
 - Metropolitan long range plan (LRTP)
 - Transportation Improvement Program (TIP)
 - State Transportation Improvement Program (STIP)

Changes to Planning Regulations

- Definition of “Fiscal Constraint”
- Horizon Year
- “Year of Expenditure” Dollars
- Operations and Maintenance
- TIP revisions

Definition of “Fiscal Constraint”

- “*Financially constrained*” or “*fiscal constraint*” means:
 - LRTP, TIP and STIP include sufficient financial information for demonstrating that projects can be implemented using committed, available or reasonably available revenue sources
 - Reasonable assurance that the federally supported transportation system is being adequately operated and maintained
 - Applies to each program year for TIP and STIP
- 23 CFR Part 450.104

Horizon Year

- LRTP must address
 - No less than a 20-year planning horizon
 - As of the effective date
- 23 CFR Part 450.322(a)

“Year of Expenditure” Dollars

- As of December 11, 2007
 - Revenue and cost estimates must use inflation rate(s) to reflect “year of expenditure dollars”
 - Based on reasonable financial principles and information
 - Developed cooperatively by the MPO, the State, and public transportation operators
- Applies to
 - STIP: 23 CFR Part 450.216(l)
 - LRTP: 23 CFR Part 450.322(f)(10)(iv)
 - TIP: 23 CFR Part 450.324(h)

Operations and Maintenance

- LRTP shall contain system-level estimates of costs and revenue sources expected to be available to adequately operate and maintain Federal-aid highways and public transportation
- 23 CFR Part 450.322(f)(10)(i)

TIP Revisions

- All metropolitan areas
 - Changes that affect fiscal constraint must take place by TIP amendment
 - Public participation procedures as documented in public participation plan shall be utilized (not required for administrative modifications)
- 23 CFR Part 450.326(a)

Fiscal Constraint Issues

**So how does this affect MPO
financial planning?**

ISSUES AND NEXT STEPS



20-Year Shortfall Estimate

- MPO LRTP 20-Year Shortfall Estimate:
 - \$26.3 B in 1997 (2000 dollars)
 - \$37.7 B in 2002 (2000 dollars)
- 20-year shortfall based on average annual shortfalls in individual plans
- Data uniformity problems limits accuracy of 20-year shortfall estimate

Data Uniformity Problems

- Transportation “need”
 - Definitions vary
 - Inclusion in LRTP not universal
- Reporting of financial data
 - Components and detail not uniform
 - Different horizon years
 - Time frames vary
 - Base years vary

MPOAC FTP Implementation Action Plan

- Develop statewide guidelines for:
 - Defining and estimating transportation “needs”
 - Reporting financial data in MPO LRTPs
- All MPOs will include an estimate of transportation “needs” in their adopted LRTP

Next Steps

- Cooperatively develop statewide guidelines
 - “Needs”
 - Financial reporting
- Wrestle with “year of expenditure” dollars requirement
- Other?????

Questions?