

FHWA Metropolitan Planning Grants for FFY 2009 and 2010*

Summary

At the present time, WSDOT asks MPOs to plan their work assuming the dollars shown in Table 1 Column 4 are what is available from March 7 until June 30, 2009. Given uncertainties, WSDOT asks MPOs to plan for FFY 2010 assuming their support from FHWA PL funds are what are shown in Table 2, Column 1.

At last February's (2008) Coordinating Committee meeting, WSDOT distributed estimates for Metropolitan Planning (PL) grant amounts for FFY 2009. These estimates were part of the WSDOT Revenue Forecast as approved by the Governor's Office. These estimates assumed Section 10212 of SAFETEA-LU (an \$8.5 billion rescission) and WSDOT's estimate of federal gas tax (lower revenues due to decreased travel). The estimates indicated about a 30% reduction in PL grant funds for the 2009 fiscal year.

What is a Rescission?

A rescission is a reduction in federal funding in either appropriation or obligation authority.

Why are we Worried about a Rescission?

Section 10212 of SAFETEA-LU requires a rescission of \$8.543 billion on Sept. 30, 2009. Passing a rescission in SAFETEA-LU five years before it was to take place may have been a way to get the total SAFETEA-LU appropriation low enough for Pres. Bush to sign. If Congress repeals the rescission before it takes effect, all the appropriations Congress wanted are still in effect. If Congress does not repeal the rescission or take other action, there will be less money for allocation to MPOs.

What Caused PL Funds to be included in the Possible Rescission in 2007?

FHWA included PL funds in the list of possible rescission amounts in 2007 at the same time when restrictions on the maximum cuts from any single program were limited. There is some speculation that the MPO request to put a limit on cuts from CMAQ caused the PL funds to be included in the mix of possible programs to be subject to rescission.

How Does a Rescission Work?

Each federal fiscal year WSDOT is given an apportionment of federal appropriation and obligation authority (if the appropriation is fully funded for the fiscal year then Obligation Authority (OA) will equal Appropriation). When FHWA, OMB, or CBO determine that Federal Highway Account revenues will not support the current Appropriation or OA level, then Congress requires FHWA to issue rescissions of either appropriation or OA.

Sometimes when special appropriation bills for a natural disaster like Katrina or other spending increases (e.g. Iraq) would cause total spending to exceed Congress' limit for the year, Congress includes a rider in the legislation that requires rescissions from other specified programs.

* FTA Metropolitan Planning funds have not been affected by past rescissions and we do not anticipate any change.

How does WSDOT apply a Rescission?

The most common rescission has been at the Appropriation level and WSDOT has taken the reduction in large programs with restrictive conditions to obligate funding (e.g. Bridge). Once, late in a federal fiscal year (July or August) FHWA required an across the board reduction from all programs (MPO PL funds \$60,000). Generally, FHWA lets the WSDOT choose which programs to reduce. Sometimes, Congress has specified which programs were eligible for reduction and the maximum percentage reduction allowed.

What is Different about this Rescission?

Two things, (1) how big the rescission is and (2) Congress passed the rescission in the authorization bill.

(1) The \$8.5 billion reduction is twice the size of last year's rescissions and will likely affect obligation authority as well as appropriation authority.

(2) Generally, in the past Congress, has put a rescission in single year "appropriations or supplemental budget bill." Passing a rescission in SAFETEA-LU five years before it was to take place was one way to get the total SAFETEA-LU appropriation low enough for Pres. Bush to sign. If Congress repeals the rescission before it takes effect, all the appropriations Congress wanted are still in effect.

How is Texas Able to Fund MPO PL Funding with the Rescission?

Texas is planning to fund the MPO PL obligation authority with unobligated SPR program authority. Since WSDOT uses all its SPR funding, WSDOT could not use SPR funding without reducing some state expenditures. Texas also has obligated MPO funding for the entire year using the obligation authority it received for the first 157 days of the fiscal year. WSDOT has done this in the past when the total obligation authority expected was much closer to the appropriation level for the fiscal year.

What if Congress Repeals the Section Requiring the Rescission?

There could still be a rescission similar in size to FFY 2008; however, it would likely occur much later in the fiscal year since the process would not begin until after Congress passes the appropriations bill or another continuing resolution.

Options for Responding to the Rescission

The basic question therefore is, can this ~ 30% reduction avoided in the MPO PL budget in some way? We identify three possible strategies for doing this. A fourth option is for MPOs to manage within the available resources

Strategy 1 – Slice Off State Construction. WSDOT makes our MPOs whole by slicing funds off the top of its construction program. This would require a \$2.1 million add and is highly unlikely given that WSDOT in fall 2008 gave serious consideration to moving \$1 million out of Program T and *into* construction for 2009-2011. Texas was able to pursue this strategy because they apparently had unused SPR funds with which they could backfill the PL grant. This information is from Jack Foster, head of MPO Coordination Branch in TXDOT.

Strategy 2 – Slice Off Federally-Funded Construction. Inform the MPOs that their share of the PL funds is the \$4.5 million shown Table 1 by combining Columns 2 and 4, and that if they

want to bring it up to the \$6.4 million level of FFY 2008, they need to identify projects that will have federal funding cut. The March 2008 rescission was \$3.2 billion nationwide and \$54 million in Washington. The rescission focused on six programs, Interstate Maintenance, NHS, Bridge, STP (state flex), Enhancements and CMAQ. Interstate Maintenance, NHS, and Bridge absorbed \$45 million of the \$54 million in rescissions.

Strategy 3 – Wait and See. Given the discussion in Congress about so much new funding for transportation, adopt a “wait and see” strategy that assumes sufficient new funding will be injected into the Highway Trust Fund before September 30, 2009, that the need for rescissions is eliminated. The current federal Continuing Resolution expires March 6, 2009, and will presumably be extended, but if it is extended at the 2008 funding rate as has occurred so far, the funding it will specify is higher than the WSDOT forecast estimate of what would be available in the U.S. Highway Trust Fund. Other Congressional changes that might occur include: Congress repealing the rescission, Congress exempting metropolitan planning grants from the rescission, Congress allowing the states to flex which programs must rescind or allowing the setting of a maximum percentage that could be rescinded from any program. (The 2008 rescission did set a maximum percentage from any program.)

Strategy 4 – MPOs Live within the Reduced Authorization. No reduction of construction spending will be viewed as appropriate in the current political climate. MPOs will have to live within their reduced funding for operations. This is the option that WSDOT recommends until Congress acts.

Federal Fiscal Year 2010. No matter which option for the Federal Fiscal Year 2009 PL Obligation Authority is used, there will still be a problem for all MPOs if the WSDOT forecast of PL funding for Federal Fiscal Year 2010 is not changed by Congressional action. The current WSDOT estimate of PL funding available for FFY 2010 is \$5.3 million using the current distribution formula and the current estimate of revenues to the U.S. Highway Trust Fund.

**Table 1
Current & Estimated Funding State Fiscal Year 2009**

	FHWA PL funds Currently Authorized		FHWA PL funds Estimated Funding March 7 to June 30, 2009		
	(1) FFY 2008 July 2008 to Sept. 2008	(2) FFY 2009 Oct 2008 to March 6 2009	(3) Continuing Resolution At Current Rate	(4) WSDOT Conservative Forecast*	(5) Full SAFETEA-LU Appropriation
Benton-Franklin Council of Governments	\$64,331	\$110,678	\$82,365	\$73,451	\$84,992
Cowlitz-Wahkiakum Council of Governments	\$37,849	\$65,090	\$48,439	\$44,600	\$49,260
Lewis-Clark Valley MPO	\$13,890	\$23,887	\$17,776	\$16,432	\$18,044
N.E.W. RTPO	\$0	\$0	\$0	\$0	\$0
Palouse RTPO	\$0	\$0	\$0	\$0	\$0
Peninsula RTPO	\$0	\$0	\$0	\$0	\$0
Puget Sound Regional Council	\$999,331	\$1,718,721	\$1,279,048	\$1,116,169	\$1,332,440
Quad County RTPO	\$0	\$0	\$0	\$0	\$0
Skagit MPO	\$36,042	\$62,004	\$46,143	\$42,448	\$46,944
Southwest Washington Regional Transportation Council	\$114,628	\$197,218	\$146,767	\$128,926	\$152,455
Spokane Regional Transportation Council	\$126,090	\$216,893	\$161,409	\$142,405	\$167,348
Thurston Regional Planning Council	\$67,538	\$116,188	\$86,465	\$77,306	\$89,120
Wenatchee Valley Transportation Council	\$36,956	\$63,580	\$47,315	\$43,496	\$48,153
Whatcom Council of Governments	\$44,429	\$76,410	\$56,863	\$51,752	\$58,139
Yakima Valley Conference of Governments	\$57,867	\$99,529	\$74,068	\$66,818	\$76,036
	\$1,598,952	\$2,750,198	\$2,046,659	\$1,803,802	\$2,122,931

Footnote

- 1 FHWA PL funds for last three months of FFY 2008 and first three months of SFY 2009
- 2 FHWA PL funds for Oct.1 2008 to March 6 2009 at FFY 2008 rate authorized by Continuing Resolution
- 3 Estimated FHWA PL funds for March 7, 2009 to June 30, 2009 at FFY 2008 rate (assumes another Continuing Resolution at same rate). MPOs would spend more than available if Congress does not act to fix Trust Fund revenues.
- 4 Based on WSDOT estimate of full rescission and current law trust fund balances using all twelve months of authorization in nine months. No PL grant authorization from July 1, 2009 to September 30 2009.
- 5 PL fund estimate if Congress fixes the Rescission (SAFETEA-LU Section 10212) and the revenues to the US Highway Trust funds to allow full SAFETEA-LU levels.

Table 2
Estimated Funding State Fiscal Year 2010

	Federal		State Total RTPO (3)	Organization Total (4)
	FHWA PL funds (1)	FTA Section 5303 (2)		
Benton-Franklin Council of Governments	\$213,524	\$72,219	\$132,348	\$418,091
Cowlitz-Wahkiakum Council of Governments	\$127,201	\$31,241	\$179,048	\$337,490
Lewis-Clark Valley MPO	\$46,755	\$11,122	\$0	\$57,877
N.E.W. RTPO	\$0	\$0	\$75,186	\$75,186
Palouse RTPO	\$0	\$0	\$96,671	\$96,671
Peninsula RTPO	\$0	\$0	\$119,310	\$119,310
Puget Sound Regional Council	\$3,287,451	\$1,349,053	\$640,457	\$5,276,962
Quad County RTPO	\$0	\$0	\$117,854	\$117,854
Skagit MPO	\$121,126	\$30,799	\$111,137	\$263,062
Southwest Washington Regional Transportation Council	\$378,209	\$152,310	\$174,555	\$705,074
Spokane Regional Transportation Council	\$416,656	\$158,451	\$143,022	\$718,128
Thurston Regional Planning Council	\$224,383	\$62,821	\$92,488	\$379,692
Wenatchee Valley Transportation Council	\$124,169	\$31,617	\$110,688	\$266,474
Whatcom Council of Governments	\$148,622	\$41,551	\$87,967	\$278,141
Yakima Valley Conference of Governments	\$192,903	\$49,815	\$97,208	\$339,925
	\$5,281,000	\$1,991,000	\$2,177,938	\$9,449,938

Footnotes

- 1 FHWA PL funds estimate based on WSDOT forecast from November 2008.
 - 2 FTA Section 5303 estimate based on FTA Appropriation from FFY 2009 distributed in SFY 2010.
 - 3 RTPO estimate based on Governor's budget proposal that keeps RTPOs the same as current biennium.
- All estimates use OFM 2008 population estimates.