

MPO PL Methodologies

- Methodology 1: Status quo updated with 2020 population
 - Pros: continues methodology that's been agreed upon for years
 - Cons: due to where growth occurred, all but 2 MPOs would receive less funding than current formula that uses 2010 population

MPO PL Methodologies

- Methodology 2: Each MPO receives prior year's allocation as base, with any new/additional PL funding to state allocated by each MPO's share of urbanized area population growth from 2010-2020.
 - Pros: ensures no MPO loses funding in change in methodologies
 - Cons: growth rate from last 10 years determines allocation of PL fund growth for next 10 years, which could limit PL increases to MPOs that saw little population growth

Methodology 2

MPO	2010 Pop.	2020 Pop.	2010-2020 Growth	% of IA Urban Growth
Ames	60,438	66,342	5,904	3.9%
Cedar Rapids	177,844	192,844	15,000	10.0%
Council Bluffs	68,546	68,447	(99)	-0.1%
Davenport	142,901	151,477	8,576	5.7%
Des Moines	450,070	542,486	92,416	61.5%
Dubuque	64,767	67,774	3,007	2.0%
Iowa City	106,621	126,810	20,189	13.4%
Sioux City	84,359	88,855	4,496	3.0%
Waterloo	113,418	114,139	721	0.5%
Total	1,268,964	1,419,174	150,210	100.0%

MPO	FY 24	FY 25		
		Previous FY as Base	Growth from previous FY	Total
\$ 66,342.00	\$ 127,120	\$ 127,120	\$ 2,098	\$ 129,218
\$192,844.00	\$ 374,062	\$ 374,062	\$ 5,331	\$ 379,393
\$ 68,447.00	\$ 144,174	\$ 144,174	\$ (35)	\$ 144,139
\$151,477.00	\$ 300,566	\$ 300,566	\$ 3,048	\$ 303,614
\$542,486.00	\$ 946,640	\$ 946,640	\$ 32,842	\$ 979,482
\$ 67,774.00	\$ 136,226	\$ 136,226	\$ 1,069	\$ 137,294
\$126,810.00	\$ 224,258	\$ 224,258	\$ 7,175	\$ 231,432
\$ 88,855.00	\$ 177,434	\$ 177,434	\$ 1,598	\$ 179,032
\$114,139.00	\$ 238,554	\$ 238,554	\$ 256	\$ 238,810
Total	\$2,669,034	\$ 2,669,034	\$ 53,381	\$2,722,415

SFY 2025 Funding Implications for Iowa MPOs
 Current Allocation updated with 2020 Census compared to
 Proposed Allocation Alternative updated with 2020 Census and
 distribution by Previous Year allocation as base plus % of Iowa UZA Growth

Iowa Urbanized Area	Current Allocation using 2020 Population			vs.	Proposed Allocation Alternative using 2020 Pop. + Previous Year Base + % of Iowa UZA growth		
	Est. Amount	Increase / Decrease from SFY 2024	Percent of Total Amount		Est. Amount	Increase / Decrease from SFY 2024	Percent of Total Amount
Ames	\$127,264	\$144	4.67%		\$129,218	\$2,098	4.75%
Cedar Rapids	\$369,934	(\$4,128)	13.59%		\$379,393	\$5,331	13.94%
Council Bluffs	\$131,303	(\$12,871)	4.82%		\$144,139	(\$35)	5.29%
Davenport	\$290,580	(\$9,986)	10.67%		\$303,614	\$3,048	11.15%
Des Moines	\$1,040,656	\$94,016	38.23%		\$979,482	\$32,842	35.98%
Dubuque	\$130,012	(\$6,214)	4.78%		\$137,295	\$1,069	5.04%
Iowa City	\$243,261	\$19,003	8.94%		\$231,432	\$7,174	8.50%
Sioux City	\$170,451	(\$6,983)	6.26%		\$179,032	\$1,598	6.58%
Waterloo	\$218,954	(\$19,600)	8.04%		\$238,810	\$256	8.77%
Total	\$2,722,415	\$53,381	100.00%		\$2,722,415	\$53,381	100.00%

Individual MPO totals are rounded to the nearest dollar.

SFY 2025 Funding Implications for Iowa MPOs
 Current Allocation updated with 2020 Census compared to
 Proposed Allocation Alternative updated with 2020 Census and
 distribution by Previous Year allocation as base plus % of Iowa UZA Growth

Iowa Urbanized Area	Current Allocation (CA) using 2020 Population		vs.	Proposed Allocation Alternative using 2020 Pop. + Previous Year Base + % of Iowa UZA growth		
	Est. Amount	Percent of Total Amount		Est. Amount	Increase / Decrease from CA	Percent of Total Amount
Ames	\$127,264	4.67%		\$129,218	\$1,954	4.75%
Cedar Rapids	\$369,934	13.59%		\$379,393	\$9,459	13.94%
Council Bluffs	\$131,303	4.82%		\$144,139	\$12,836	5.29%
Davenport	\$290,580	10.67%		\$303,614	\$13,034	11.15%
Des Moines	\$1,040,656	38.23%		\$979,482	(\$61,174)	35.98%
Dubuque	\$130,012	4.78%		\$137,295	\$7,283	5.04%
Iowa City	\$243,261	8.94%		\$231,432	(\$11,829)	8.50%
Sioux City	\$170,451	6.26%		\$179,032	\$8,581	6.58%
Waterloo	\$218,954	8.04%		\$238,810	\$19,856	8.77%
Total	\$2,722,415	100.00%		\$2,722,415	\$0	100.00%

Individual MPO totals are rounded to the nearest dollar.

IOWA MPO PLANNING FUNDING DISTRIBUTION PROCESS REVISIT AND REVIEW

Introduction

On December 29, 2022, the Census Bureau announced the qualifying urban areas in the Federal Register. As a result, States are required to revisit the intra-State distribution formulas for Federal Highway Administration (FHWA) metropolitan planning (PL) and Federal Transit Administration (FTA) metropolitan planning program (5303d) funding allocations to metropolitan planning organizations (MPOs) and revise them if necessary. This ensures the results of the 2020 decennial census are being used and that any newly established MPOs are part of the funding distribution formula.

The deadline to complete this review of PL and 5305d distribution is October 1, 2023. Once consensus is reached to reaffirm the existing formula or agree on a new intra-State distribution formula, the Iowa Department of Transportation (DOT) will submit the distribution formulas to FHWA and FTA. Any revisions to the existing formulas will require review and approval from FHWA and FTA.

The following information reviews the requirements, notes the past and current distribution process for MPO funding, and summarizes funding distribution approaches of other states found in the *Review of State DOT Approaches to Distribute Federal Metropolitan Planning (PL) Funds to MPOs*.

Federal Requirements

[Section 23 CFR 420.109](#) addresses the requirements for distribution of PL funds. All PL funds are to be made available to MPOs and distributed in accordance with a formula developed by the State, in consultation with the MPOs, and approved by FHWA. (Note that FHWA approval is only needed for the formula, not the actual allocations.)

State DOTs cannot use PL funds for grant or subgrant administration, but the formula may allow for a portion of the PL funds to be used by the State DOT, or other agency agreed to by the State DOT and the MPOs for activities that benefit all MPOs in the State. The formula may also provide for a portion of the PL funds to be made available for discretionary grants to MPOs to supplement their annual amount received under the distribution formula.

In addition, States must notify MPOs of their PL allocations and any PL funds not needed for metropolitan planning may be made available for statewide planning with consent of MPOs.

For the distribution of amounts within States, [23 U.S.C. 104\(d\)\(2\)](#) states the distribution within any State of the planning funds made available to MPOs shall be in accordance with a formula that takes into consideration:

- Population,
- Status of planning,
- Attainment of air quality standards,
- Metropolitan areas transportation needs, and
- Other factors necessary to provide for an appropriate distribution of funds to carry out the requirements of 23 U.S.C. 134 and other applicable requirements of Federal law.

Finally, in accordance with the provisions of 23 U.S.C. 134(n), any PL funds not needed for carrying out the metropolitan planning provisions of 23 U.S.C. 134 in any State may be made available by the MPO(s) to the State DOT for funding statewide planning activities under 23 U.S.C. 135, subject to approval by the FHWA Division Administrator.

[49 U.S.C 5305\(d\)\(2\)](#) addresses the formula requirements for FTA 5305d funding. It states that funds shall be made available to MPOs under a formula that:

- Considers population of urbanized areas (FHWA and FTA still consider 50,000 or more people as an urbanized area);
- Provides an appropriate distribution for urbanized areas to carry out the cooperative process;
- The State develops in cooperation with the metropolitan planning organizations; and
- The Secretary approves.

Iowa MPO Distribution Process

Iowa has nine MPOs, four of which are multi-State MPOs. FHWA PL and FTA 5305d funds are the planning funding sources distributed by an agreed upon formula to these MPO's for carrying out the transportation planning process.

FHWA PL

Current Iowa PL Distribution

PL funding is allocated to each MPO based strictly on the percentage share of urbanized population within each MPO compared to the total population of all urbanized areas in Iowa. For the multi-State MPOs, their share is calculated using the MPO population within the State's borders. The multi-State MPOs also receive a portion of the "other State(s)" PL funding, based on a formula determined by the other State(s).

(See attached, MPO SFY 2024 FHWA PL Funding Distribution Spreadsheet with the current distribution formula)

The current agreed upon distribution formula has been in place since 1985 and reaffirmed three times (1990, 2000, 2010). The Iowa DOT and MPOs discussed making changes to the formula with the release of the 2000 Census, which led to the creation a new MPO (Ames Area MPO). However, after a series of discussions, all agencies agreed to maintain the existing formula.

Previous Iowa PL Distribution

Prior to 1985, the Iowa DOT used a base amount of funding for each MPO and then supplemented with an additional funding amount based on their proportion of total urbanized population.

FTA 5305d

Current Iowa 5305 Distribution

For FTA 5305d funds, the formula for distribution to MPOs is more complex than a percentage share of urbanized population within each MPO compared to the total population of all urbanized areas in Iowa.

For Iowa MPOs, 5305d funding is distributed in the following:

- 1/3 is distributed to all MPOs equally.

- 1/3 is divided among MPOs based on their share of the total statewide urbanized area population from the most recent decennial Census.
- 1/3 is divided among MPOs based on their share of the total statewide urbanized area population from the prior decennial Census.

(See attached, MPO SFY 2024 FTA 5305d Funding Distribution Spreadsheet with the current distribution formula)

One intention behind the 5305d formula is to provide a transition for MPOs which have a significant population change from the prior to current Census. By using a combination of past and current population numbers, it can ease the transition for MPOs which lose population, or lose a percentage population, compared to other MPOs.

The current 5305d distribution formula has been used since the 2000 Census.

Previous Iowa 5305d Distribution

Prior to ISTEA: FTA planning funds were distributed to MPOs through two pots of money. One pot was distributed through Iowa DOT to MPOs with population less than 200,000, while the second pot was a direct allocation to MPOs with population greater than 200,000.

The Iowa DOT provided \$20,000 to each MPO with a population less than 200,000 (Cedar Rapids, Iowa City, Waterloo). Sioux City and Dubuque also received FTA planning funds from adjacent states so Iowa DOT provided the additional planning funds resulting in a total of \$20,000 from all states. On a per capita basis, the MPOs with population greater than 200,000 received more transit planning funding than those with population less than 200,000 due to the different distribution mechanisms.

After ISTEA: ISTEA resulted in all FTA planning funds to MPOs coming out of the same pot of funding. A requirement from ISTEA was that all MPOs continue to receive at a minimum the amount received in SFY 1992. The distribution mechanism used throughout ISTEA and TEA-21 was that each MPO received their SFY 1992 allocation and the remainder of funding was distributed based upon 1990 urbanized census population.

2000 Census: The new 2000 census populations and the addition of Ames as an MPO challenged the State and MPOs to develop a new distribution methodology, as the previous methodology would no longer work. There was still the requirement to provide a minimum SFY 1992 funding amount to the 'original' eight MPOs. The distribution mechanism that was approved was 1/3 divided equally among the nine MPOs, 1/3 divided among MPOs based on their share of the total statewide urbanized area population from the prior decennial Census, and 1/3 divided among MPOs based on their share of the total statewide urbanized area population from the most recent decennial Census.

The distribution methodology continued to provide a base level of funding through the 1/3 equal distribution and provided a 'hold harmless' component through the utilization of the prior decennial Census. The formula and addition of Ames as an MPO did not result in reduced funding to those MPOs less than 200,000 and it provided a balanced alternative to a purely per capita distribution approach.

2010 Census: The distribution methodology that was approved after the 2000 Census was revisited and reaffirmed.

Funding Distribution Approaches of Other States

The following is a summary of content found in the *Review of State DOT Approaches to Distribute Federal Metropolitan Planning (PL) Funds to MPOs*, March 2015, FHWA-HEP-15-024, [document](#). The document describes a range of different approaches to distribution formulas, and provides observations drawn from the DOT and MPO contacts and the study team's analysis of the merits of the different approaches. The information is provided as a resource to use in your review of Iowa's current distribution approach.

While each State develops its distribution formula in accordance with Federal Regulations and in partnership with State MPOs and the FHWA Division Office, there are many methods for determining the appropriate approach to distribution. The document notes that many States use population as a primary factor in their distribution funding formulas. But some formulas also include factors such as air quality, vehicles miles traveled (VMT), road miles, lane miles, transportation management area (TMA) designation, and allowances for State managed planning processes. Additionally, some DOTs consider the MPOs' ability to spend PL funds, and withhold funding from areas that do not use allocated funding within a designated period of time.

Many States use a standard base amount of funding to ensure all MPOs receive a minimum amount of funding required for planning activities and to maintain and operate the MPO. In some States, this may be the minimum amount required to fund the salary and overhead for one planner and supportive services, while other States may have higher base amounts. In addition to different factors used in the formulas, many States use different weights for those factors, resulting in many subtle distinctions among the State formulas.

The takeaways are that there are many different approaches to distributing PL funding (and 5305d funds), there is no right or wrong approach, and formulas can be tailored to suit the needs State planning agencies. The following are some findings from the document:

On Formula Development

Equity is commonly mentioned as a consideration for distribution.

The most common concern when determining how to distribute PL funding is fairness. Agencies express the need to maintain a sense of equity distribution across MPOs, even though equity is interpreted differently within each State.

Population tends to be a major factor for distribution due to its perceived equity.

Many States, especially those with a small number of MPOs, favor population-based formulas because of its perceived fairness. In States with MPOs that vary significantly in population, a base amount of funding, plus funding based on population percentage, may be a preferred approach to ensure that the smallest MPOs have sufficient funds to perform required basic planning activities.

The Iowa MPO PL is a population-based formula that distributes funding based on percentage share.

The Iowa MPO 5305d is a base amount plus a population percentage that distributes 1/3 to all MPOs equally (base), then distributes remaining funding by percentage share of both the prior and current population figures.

Formulas tend to not be updated frequently.

Most formulas do not change from decade to decade. The States with a small number of MPOs and the States that use formulas based on negotiated percentages tend to not change the formula as frequently as the States with higher numbers of MPOs or complex formulas.

The Iowa MPO PL and 5305d formulas have remained the same since 2000.

Many States include methods to maintain relatively stable amounts of funding to the MPOs.

Many States develop formulas with clauses to ensure funding levels remain constant, or do not decrease significantly due to formula factors such as population factors, which can decrease over time. Some States, such as California and Pennsylvania (and Iowa, in the case of 5305d and 5305e funds) use a blend of recent population figures and current population figures to ease the transition for MPOs which lose population or lose a percentage of the population compared to other MPOs.

The Iowa MPO PL and 5305d formula does not include a clause to ensure funding stays constant for an MPO if it were to see its percentage share of total urbanized area population decrease.

States with many MPOs (ten or more) tend to use more fixed and complex formulas; States with smaller numbers of MPOs tend to develop formulas based on discussions and negotiations with the MPOs.

Some formulas consist of factors based on data, while other formulas consist of formulas and percentages that result from negotiations to ensure equity among MPOs and to ensure all MPOs are capable of meeting Federal planning requirements.

This can involve adjusting a percentage based on population to increase funding to smaller MPOs if there is a very large difference between the size of small MPOs and large MPOs in the State. Some States choose to develop a base level of funding to ensure planning needs are met, while other States, through negotiations, transfer a small percentage of funds from larger MPOs to smaller MPOs. This type of negotiation may be easier to accomplish in States with smaller numbers of MPOs. Larger MPOs may have additional planning requirements, such as air quality management if they are in non-attainment, or congestion management processes if they are in a transportation management area (TMA). Linking these activities to specific amounts of funding may help ensure MPOs are equipped to manage these technical planning responsibilities.

The Iowa MPO PL and 5305d formulas do not involve any additional negotiated factors for equity or to ensure meeting federal planning requirements. Carryover funding is quite common for all but one Iowa MPO and only two MPOs routinely utilize STBG for planning activities, which is indicative that Iowa MPOs are able to meet the minimum federal planning requirements with their current distribution formulas and funding levels.

On Data / Analysis for Population Percentages

States use different processes to update their population-based distributions (some wait ten years between releases of Census population figures to update; others use projected estimates of population to update more frequently).

The population-based formulas also vary among the States. Some formulas use percentages based on population and are adjusted through negotiations with the MPOs to ensure the smaller MPOs are sufficiently funded. In cases where MPOs are of a similar size, the formula may simply divide the funding

in equal parts among the MPOs. In others, MPOs may negotiate percentages based loosely on population (fixed percentages based on “large” or “small” sized MPOs, not percentages directly proportional to population figures).

Iowa MPO populations have historically been updated after every Census. These match the population figures that FTA uses to apportion funding, which is updated after every new release of urban area populations by the Census. The Iowa MPO PL and 5305d formulas are not adjusted to ensure a funding sufficiency for any MPO.

Unlike STBG funding target distribution, the population figures used for planning funding targets do not consider any adjusted population as a result of an Urban Area/MPO Planning Area Boundary population adjustment.

On Federal and State Priorities

While the PL formula is supposed to ensure that MPOs can adequately perform Federally required planning activities, most formulas do not allocate funds by specific activities. But some State formulas explicitly include funding for specific Federal priorities, like air quality attainment (i.e., reserving PL funding specifically for MPOs in non-attainment or maintenance areas to use on planning projects or plans that address air quality).

Some States retain money for larger projects that MPOs would not be able to pay for on their own. Many States that retain funding for special projects do not limit the funding to projects of MPOs, and allocate funding for special projects in rural as well as urban areas.

Because Iowa is an attainment state, the Iowa MPO PL formula does not allocate funding for air quality. Should any area be non-attainment in the future, the Iowa DOT and MPOs may need to consider revisiting the PL distribution formula.

Iowa DOT also does not retain any PL funding for special projects (this topic relates to 23 CFR 420.109 that states the formula may allow for a portion of the PL funds to be used by the State DOT, or other agency agreed to by the State DOT and the MPOs, for activities that benefit all MPOs in the State, and that the formula may also provide for a portion of the PL funds to be made available for discretionary grants to MPOs to supplement their annual amount received under the distribution formula).