FISCAL CONSTRAINT IN THE TRANSPORTATION POLICY PLAN AND YOUR COMMUNITY’S COMPREHENSIVE PLAN

Why is the 2040 Transportation Policy Plan (2040 TPP) constrained in the amount of revenue it assumes will be available to the region for transportation projects?

Fiscal constraint has been a key requirement of transportation planning and program development for the federal government since 1991. Fiscal constraint requires that a metropolitan planning organization (MPO) demonstrate that they have, or can reasonably expect to receive based on past experience, sufficient funds to implement the projects identified in the long-range transportation plan, as well as sufficient funds to operate and maintain the transportation system. The 2040 Transportation Policy Plan (2040 TPP) includes a “Current Revenue Scenario” that meets this federal requirement. Projects shown in the plan’s Current Revenue Scenario must be identified and discussed in local comprehensive plans.

What does the “Current Revenue Scenario” assume for funding levels?

The “Current Revenue Scenario” assumes that future revenues are similar to past experience. If the local plan assumes that there will be increases in state or local taxes, or that competitive funding will be available, these assumptions must be based on the region’s past experience. The Current Revenue Scenario in the 2040 TPP makes adjustments for revenue inflation but does not assume that there will be increases in local, state or federal tax rates. Over the planning period of 2015-2040, the revenue estimated to be available for transportation purposes in the metropolitan area amounts to an estimated total of $84 billion.

Is the “Current Revenue Scenario” the only funding scenario considered by the 2040 TPP?

The 2040 TPP also includes an “Increased Revenue Scenario”. The “Increased Revenue Scenario” includes projects that the region would implement following an increase in funding. Under federal regulations, the projects listed for the Increased Revenue Scenario are illustrative only and are not considered part of the approved plan. This scenario assumes an additional $8 billion to $10 billion (in current dollars) of highway funding and $7 billion to $9 billion for transit.

Should local communities plan for the Fiscally Constrained Scenario or the Increased Revenue Scenario?

Projects shown in the 2040 Transportation Policy Plan’s Current Revenue Scenario must be identified and discussed in local comprehensive plans. Projects in the Increased Revenue Scenario can be identified and acknowledged in comprehensive plans, but they must be identified as dependent upon additional funding. Land use plans and allocation of projected growth should not depend on the implementation of projects in the Increased Revenue Scenario.

Where can I find more information on the 2040 TPP financial plan?

Additional and more detailed information on the financial aspects of the 2040 Transportation Policy Plan can be found in Chapter 4: Regional Transportation Finance. Information on highway investments can be found in Chapter 5: Highway Investment Direction and Plan and on transit in Chapter 6: Transit Investment Direction and Plan.

March 2017