

233 South Wacker Drive Suite 800 Chicago, Illinois 60606

312 454 0400 www.cmap.illinois.gov

## **MEMORANDUM**

**To:** MAP-21 Subcommittee

**From:** CMAP staff

Date: February 15, 2013

**Re:** Performance-Based Funding

Since the passage of GO TO 2040, CMAP has articulated the need for the State and regional stakeholders to implement performance-based funding for transportation. In October 2011, CMAP introduced this concept as a high priority to a joint meeting of the CMAP Board and MPO Policy Committee. Since then, CMAP staff has engaged state, regional, and local partners in a far-reaching conversation about the benefits of a more transparent process for allocating scarce capital dollars. The specific details of CMAP's past work and outreach are outlined at the end of the memo. Furthermore, the recently-passed federal transportation reauthorization bill, Moving Ahead for Progress in the 21st Century (MAP-21), signals a new federal emphasis on outcome-based performance measurement.

At the October 2012 joint meeting, CMAP staff proposed specific next steps to further explore performance-based funding, focusing on the Illinois Department of Transportation's multiyear highway program. These proposals were approved. The specific recommendations for the Board and MPO's consideration appear directly below.

## CMAP Staff's Approved Recommendations to the CMAP Board and MPO Policy Committee

To advance performance-based funding for transportation projects in Illinois, CMAP staff makes the following two requests of the CMAP Board and MPO Policy Committee:

## 1) IDOT should form a technical advisory group for implementing performance-based funding.

Staff asks that the Board and MPO Policy Committee request IDOT to convene a state technical advisory group. The group should form at the beginning of state FY 2014 and produce a report by the end of state FY 2014. This group would consist of IDOT staff and staff from the state's MPOs. The state technical advisory group would focus on four main themes:

- First, this group would consider organizing the state highway program into broad
  programmatic categories or "buckets" for example highway maintenance, highway
  modernization, and highway expansion. This effort would include definitions for each
  category, as well as mechanisms to classify projects with multiple or ambiguous work
  types.
- Second, this group would be charged with determining performance measures for the programmatic categories as well as formal scoring procedures.
- Third, this group would set broad parameters for the inclusion of MPO input into the
  prioritization process. CMAP stresses that MPOs should have flexibility to develop their
  own prioritization methodologies.
- Fourth, this group would be charged with developing an overall timeline for the new performance-based funding system, with a goal of implementing the new system in state FY 2015.

HB 1549, proposed by the Metropolitan Planning Council and filed by Rep. Elaine Nekritz on February 11, 2013, would largely implement the staff recommendations through legislative action. The bill would establish the Technical Advisory Group composed of IDOT, the state's MPOs, and other appropriate partners. It would charge this group with determining performance measures and how to tie these performance measures, along with qualitative input from MPOs, to funding decisions. HB 1549 would require the Technical Advisory Group to deliver a report in state FY 2014, and IDOT to implement the report's recommendations beginning in state FY 2015. Further, it would require IDOT to document the use of performance criteria as a component of the multiyear highway improvement program. HB 1549 provides for a minimum of twelve performance criteria to be included in a state performance-based funding system. It would also apply a performance-based funding system to all transportation funds appropriated by the State, including highway, transit, and high-speed rail projects. On February 13, 2013, the CMAP Board voted to support HB 1549 in principle.

**2)** CMAP should initiate a regional process for developing the agency's internal prioritization and selection methodology to evaluate candidate projects. This work would be coordinated through the CMAP's committee structure and would be delivered by the end of state FY 2014. This exercise would engage the region in a formal process on how to measure and prioritize projects, and would provide an opportunity for CMAP staff to organize the appropriate data. This work will require considerable reorientation of CMAP staff resources in FY 2014 across the policy, planning and programming, and research and analysis departments.

To implement performance-based funding, CMAP intends to revise its CMAQ program after the current programming cycle. Additionally, CMAP intends to apply performance-based funding to the new Transportation Alternatives Program created under MAP-21. Staff will present more formal concepts about these processes at upcoming subcommittee meetings.

The timelines described in Proposals 1 and 2 align with new federal requirements. MAP-21 requires the U.S. Department of Transportation to determine performance measures and state departments of transportation, in consultation with metropolitan planning organizations, to set performance targets for those measures. CMAP's proposal would assist the State not only to satisfy these upcoming requirements, but transcend them to implement a true performance-

based system for allocating dollars and projects. much more than what MAP-21 mandates.	In other words, this process should strive for