



MEMORANDUM

To: MPO Policy Committee

From: CMAP Staff

Date: January 7, 2016

Re: Alternative Long-Term Funding Options

As the Policy Committee is aware, CMAP was faced with a cash-flow crisis in fall 2015 due to the absence of a state budget. CMAP has been successful in working with the Federal Highway Administration (FHWA) and Illinois Department of Transportation (IDOT) to find a temporary administrative fix, which has provided us the federal portion (80%) of our FHWA planning funds and has allowed the agency's operations to continue.

However, the state match of 20% continues to be withheld due to the state budget impasse. It is not certain when the state's budget situation will be resolved, and even when it is, there is no guarantee that the state will continue to provide the full local match. Beyond its direct implications for CMAP's budget, lack of local match would also jeopardize the agency's ability to use its federal funds.

The CMAP Board and MPO Policy Committee have long been aware that the agency's extensive reliance on the state for its local match exposes the agency to significant risk. The recent cash-flow crisis was a very clear reminder of this fact. Staff believes that, with the recently averted agency shutdown, it is time to confront the reality that we must reduce our funding reliance on the state. While some financial contribution from the state is necessary and appropriate, it may simply not be realistic to expect past contribution levels to continue.

Staff initiated a conversation with the CMAP Board in November concerning potential options. Since then, staff has investigated how other MPOs are funded, both within Illinois and nationwide, and has developed some alternative directions to reduce reliance on the state for local match. On January 13, staff will present initial findings to the Board. Key findings (summarized in [this longer memo](#)) include:

- CMAP's overall budget is lower than its peers, meaning that CMAP provides its services more efficiently than other comparable regional agencies.

- The low reliance of the agency on local funding is unusual. No other comparable agency, either nationwide or within Illinois, has such a low reliance on local funding. CMAP is unique in relying nearly entirely on the state for its local match.
- Many other comparable agencies are more aggressive at seeking competitive grants. While CMAP should pursue these more actively, these sources are typically not appropriate to provide the required local match for federal transportation funds.
- CMAP's predecessor agencies -- NIPC and CATS -- had significantly larger shares of local funding in their budget than our agency currently does.

As a result of these findings, staff recommends exploring several options. Several of the highest-priority options require legislation, and are described in a separate memo. However, these are not certain to succeed, so staff recommends also pursuing a backup option if the legislative approaches are unsuccessful. Elements of this option include local dues, increased use of fee-for-service arrangements, and a more aggressive approach to seeking external grants.

At the MPO Policy Committee in January, staff will provide further detail on the concepts above and will describe the results of the Board discussion on January 13. Reactions and discussion by MPO Policy Committee members are requested.

ACTION REQUESTED: Discussion

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