Local Transportation Assistance Programs

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Local Transportation Assistance Programs

This paper provides information about state transportation assistance programs that distribute state and federal funds for capital improvements on local roads, bridges, airports, and other types of transportation facilities. The programs discussed in this paper are: (a) the surface transportation program; (b) the local roads improvement program; (c) the local bridge improvement assistance program; (d) the aeronautics assistance program; (e) the harbor assistance program; (f) the freight rail assistance programs; (g) the transportation economic assistance program; (h) the transportation alternatives program; and (i) the congestion mitigation and air quality improvement program.

Transportation assistance programs can be distinguished from transportation aid programs, such as general transportation aids or mass transit operating assistance, by the types of activities they fund. The assistance programs provide funds primarily or exclusively for capital improvement projects, while the aid programs provide funding for broader purposes, including capital projects, but also maintenance and operating costs. In part because of this distinction, the funds provided in the assistance programs are generally provided for a specific project, which the Department of Transportation (DOT) reviews to ensure that it complies with the relevant program criteria. In contrast, funds distributed in the aid programs are in the form of a payment with few or no conditions on how it may be spent. In theory, local assistance funds help local governments do projects they may not otherwise do, while aid programs are seen as a reimbursement for a portion of the recipient's transportation costs. In practice, however, in both types of programs the state funds probably stimulate additional local transportation spending in some cases and, in others, replace local funds for transportation spending that would occur even without the state funds. [For a discussion of the Department of Transportation's local aid programs, see the Legislative Fiscal Bureau's informational papers entitled "Transportation Aid" and "Transit Assistance."]

Surface Transportation Program

The state's surface transportation program (STP) is funded through the federal, surface transportation block grant (STBG) program, which is one of several federal highway aid categories. This block grant program was created under the Fixing America's Surface Transportation (FAST) Act of 2015, which is the current federal surface transportation authorization act. As under the prior version of this federal aid category, the allowable uses of this block grant funding include capital projects on roads and highways under either state or local jurisdiction that are classified as either "arterials" or "collectors" under the Federal Highway Administration's functional classification system. Also eligible are projects related to bridge improvement projects on all classifications of roads, as well as a variety of nonhighway project types, such as bicycle and pedestrian facilities, railroad crossing warning devices, transportation planning, transit capital purchases, and environmental mitigation related to transportation projects.

In Wisconsin, federal STBG program apportionments are used in the local assistance program called the "surface transportation program," but also in several other programs, including the state highway construction programs, the railroad crossing protection and installation program, the local bridge improvement assistance program, and the transportation alternatives program.

In contrast, the state's STP program provides funds to local units of government for the rehabilitation of major roads under their jurisdiction. As part of administering this program, the Department schedules projects within a six-year rehabilitation cycle. In each odd year of this schedule, the Department selects new projects several years in advance of construction and updates the schedule for pending projects approved in prior cycles.

A portion of the state's federal STBG apportionment is used to fund DOT's local transportation facility improvement assistance federal appropriation (funded at $72,238,000 annually in 2015-17). In the 2015-17 biennium, $67,238,000 was provided from this appropriation for the state's STP program, while the remaining $5,000,000 in that appropriation is used in the highway safety improvement program). Since there are no state funds provided for this program, local recipients are responsible for paying the 20% match on the federal funds.

Allocation of Program Funds to Program Subcomponents

The Department divides the STP program funding into two principal program parts, one called surface transportation program-urban (STP-U) for grants to areas with a population above 5,000 and one called surface transportation program-rural (STP-R) for making grants to counties for improvements on rural highways (primarily county highways) outside of urban areas. Within STP-U, funds are further divided between categories of urban areas (hereafter called "STP-U groups") according to population, as follows: (a) urbanized areas with a population over 200,000; (b) urbanized areas with a population between 50,000 and 200,000; (c) urban areas with a population between 20,000 and 50,000; and (d) urban areas with a population between 5,000 and 20,000. (The term "urbanized area" is used in federal transportation law for an area that is over 50,000 in population while the term "urban area" encompasses any area that is over 5,000 in population.)

The population figures for the areas are generally determined using the most recent decennial census. The boundaries of urban (or urbanized) areas generally follow the designations determined by the Census Bureau, but may be expanded by state or local officials, with the approval of the U.S. Department of Transportation. Typically, urban areas are not limited to a single city. For instance, the La Crosse-Onalaska urbanized area includes the City of La Crosse, as well as the Cities of Onalaska, La Crescent (Minnesota), and Caledonia (Minnesota), the Villages of Holmen, Bangor, and West Salem, and several of the towns surrounding these municipalities. (Since this particular urbanized area includes parts of Minnesota, the area is eligible to receive federal STBG program funds that are distributed to that state.)

The Department allocates funds to the program subcomponents in accordance with the historical allocation of funds under previous federal transportation law. Current federal provisions require states to allocate certain minimum percentages to various areas according to population, but generally these limitations are less restrictive than prior allocation formulas. Nevertheless, DOT generally follows a policy of providing proportional increases to the various groups, as the total amount of federal funding available for local projects has increased over time. However, DOT does make adjustments to these distributions to reflect changes in municipal populations using Census data. For example, the Department has incorporated the 2010 Census data into the current program cycle and adjusted the distributions to STP-U and STP-R groups to reflect changes in the makeup of municipalities in each group due to population changes.

Table 1 shows the annual allocation of surface transportation program funds to the various subcomponents of the program for the 2015 program cycle. Adjustments may occur if the amount of federal highway aid allocated to the program is changed. In addition to the amounts shown in the table, the local transportation facility improvement assistance appropriation also provides $5,000,000 to fund contract change orders for approved projects and projects under the highway safety improvement program. That program makes spot safety improvements in areas with high crash histories.

Table 1: Allocation of 2016 Surface Transportation Program Funding to Subcomponents, for the 2015-20 Program Cycle

Surface Transportation Program -- Rural	$15,692,372
Surface Transportation Program -- Urban	
Urbanized Areas over 200,000	$38,131,520
Urbanized Areas 50,000 to 200,000	7,932,810
Urban Areas 20,000 to 50,000	1,752,056
Urban Areas 5,000 to 20,000	3,729,242
Subtotal	$51,545,628
Total Surface Transportation Program	$67,238,000

Distribution Formulas for STP-U

Under STP-U, funds are distributed within each group based upon each area's proportionate share of the population within its particular group. While the urban area is the unit used to distribute funds within each group, the actual recipients of STP-U funds are local governments that fall within an urban area. In addition, while the distribution of STP-U funds to urban areas within the four STP-U groupings is based on population, the distribution within each urban area to the local governments that comprise the area is based on other factors.

For the two largest STP-U groups (urbanized areas with a population between 50,000 to 200,000 and urbanized areas with a population above 200,000), the area's metropolitan planning organization (MPO) chooses the projects that are funded. Under federal law, these larger urbanized areas must have an MPO, which is composed of representatives of the local units of government that comprise the urbanized area, to conduct regional transportation planning and establish a transportation program. The MPO's transportation program, which is a list of projects that will be constructed using federal transportation funds over the next several years, is used in allocating STP-U funds to local governments within the urbanized area.

Funds are distributed to these larger urbanized areas on an annual basis since they are generally large enough to have enough qualifying projects every year to use their share of the funding. Many urban areas below 50,000 in population, in contrast, may not have enough qualifying projects underway in each year to completely use their proportional share of the funding every year. For this reason, the formula for distributing funds to these smaller urban areas does not provide a proportional share of funds to each area on an annual basis. Instead, the formula, in effect, allows these smaller areas to "bank" their share for years in which they have a larger project. Consequently, in any given year, urban areas in the smallest two STP groups may not receive any funds, or, alternatively, they may receive an amount that exceeds their proportionate share. Over a period of several years, however, the average amount of funding they receive will generally be proportionate to their population.

Distribution Formula for STP-R

Within STP-R, funds are distributed to counties using a formula based 60% on each county's proportionate share of eligible mileage and 40% on each county's proportionate share of vehicles registered in rural areas. As with the two smaller STP-U groupings, however, these proportionate factors are not used for the annual distribution of funds. Instead, proportionate mileage and rural vehicle registration are used to weight the selection process in such a way that over time funds are distributed proportionately, but in any given year, certain counties' projects are funded while other counties' projects are not funded.

Local Roads Improvement Program

The local roads improvement program (LRIP) provides grants of state funds on a biennial basis for capital improvements on existing county, town, and municipal (city or village) roads and for feasibility studies for such improvements. For the purposes of the program, a capital improvement is defined as a project with a projected design life of at least 10 years. Grants may cover up to 50% of the total project cost, with the balance generally being provided by the local recipient. LRIP is a reimbursement program. The political subdivision where the work is performed is responsible for the payment of the project costs, although under a provision of 2015 Act 55, federally recognized American Indian tribes or bands are eligible to provide funds for these projects. At project completion, the political subdivision may apply to DOT for reimbursement of eligible costs.

Allocation of Program Funds

The program is divided into a formula-based component and a discretionary grant component, each with its own appropriation. Both of these components are further divided into county, town, and municipal subcomponents. Of the funds appropriated for the formula-based component, the statutes specify that 43% are to be allocated to county projects, while towns and municipalities are each allocated 28.5%. [These percentages are calculated after deducting funding to support 3.0 positions in DNR for the environmental review of local road projects. In the 2015-17 biennium, this deduction is $200,800 annually, or $401,600 over the biennium.] Of the funds appropriated for the discretionary grant component, the Department is required to make the following allocation in the 2015-17 biennium: (a) $10,254,000 for county highway discretionary projects with a projected cost of $250,000 or more; (b) $1,953,000 for municipal street discretionary projects with a projected cost of $250,000 or more; and (c) $11,465,000 for town road discretionary projects with a projected cost of $100,000 or more. Table 2 shows the allocation of LRIP funds for the 2015-17 biennium. The following two sections describe the procedures used for the formula and discretionary components.

Table 2: Allocation of LRIP Funds to Program Subcomponents for the 2015-17 Biennium

Formula-Based Allocation	
Counties (43%)	$13,756,732
Municipalities (28.5%)	9,117,834
Towns (28.5%)	9,117,834
Environmental Review Set-Aside	401,600
Total Formula Funds	$32,394,000
Discretionary Allocation	
Counties	$10,254,000
Municipalities	1,953,000
Towns	11,465,000
Total Discretionary Funds	$23,672,000
Biennial Program Total	$56,066,000

Formula Component

The statutes do not specify the precise formulas by which funds are distributed to the governmental units in each component, but do establish two conditions that must be met. First, in the county subcomponent, a minimum entitlement is established such that no county may receive less than 0.5% of the total amount of formula funds distributed to counties. Second, for the town and municipal subcomponents, the statutes specify that, with the exception of municipalities with a population of 20,000 or more ("large municipalities"), funds are to be distributed on a countywide basis. So, in other words, all of the towns in a particular county share an entitlement of funds and all of the municipalities under 20,000 in population in a county ("small municipalities") share an entitlement of funds. Large municipalities receive their own entitlement.

The specific elements of the formulas for each subcomponent are established by administrative rule. For municipalities, the formula is based on population and street mileage, with each factor given equal weight. So, for a particular large municipality, one-half of its entitlement is determined by multiplying its proportionate share of municipal street mileage (the municipality's street mileage as a percentage of statewide municipal street mileage) by one-half the funds allocated to the municipal street formula subcomponent. The other half is determined by multiplying the municipality's proportionate share of municipal population by the other half of the funds allocated to the municipal street subcomponent. The calculation for small municipalities is similar, except that the street mileage and population for all such municipalities in each county is added together to determine those municipalities' collective entitlement.

For counties, the formula is also based upon proportionate population and proportionate county highway mileage, except that population determines 60% of the entitlement and mileage determines 40%. In the 2015-17 distribution, seven counties received the 0.5% minimum allocation (Ashland, Crawford, Florence, Forest, Iron, Menominee, and Pepin). For towns, the formula is based solely on proportionate town road mileage. As with small municipalities, the sum of all the town road mileage in each county is used to determine those towns' collective entitlement.

As noted above, counties and large municipalities receive their own entitlement, so those governments are solely responsible for project selection. Since towns and small municipalities must share an entitlement with the other like governments in their county, projects are selected by committees within each county (one for town road projects and one for small municipal street projects) made up of representatives of the respective governments.

Discretionary Component

While the formula component generally provides funding for a large number of smaller projects across the state, the discretionary component is designed to fund a smaller number of higher-cost projects. As with project selection for towns and small municipalities under the LRIP formula component, committees of local government representatives are established to choose projects for the discretionary programs. In the case of the town and municipal discretionary programs, the respective committees choose projects from applications received on a statewide basis. The DOT Secretary makes appointments to these committees from representatives of the local government associations.

For the county discretionary program, the funding allocated for discretionary projects is distributed in blocks to eight different regions in proportion to the total funding the counties in each region receive in the formula-based component of the program. For the purpose of this division, DOT generally uses the boundaries for the Department's five regional transportation districts, although the three larger regions are each divided into two parts. Projects for each multi-county region are chosen by a committee composed of the county highway commissioners from each of the counties in the region.

Local Bridge Improvement Assistance Program

The local bridge improvement assistance program makes grants using both state and federal funds for bridges not on state trunk highways or connecting highways (urban streets marked with a state highway or U.S. highway number). Projects are programmed every other year for the following four years and local governments must provide a match equal to at least 20% of the total cost of the awarded project. Total funding for the program in the 2015-17 biennium is $32,877,300 annually. Of that amount, $24,409,600 annually is provided with federal funds and $8,467,700 annually is provided from the state transportation fund.

Although all units of local government may request funds for a bridge project under their jurisdiction, the county highway commissioner is responsible for prioritizing the submitted project requests from local governments within the county. A bridge that crosses a county line is considered 50% in each county, unless otherwise determined by the Department. The number of projects that are funded from each county's priority list, in turn, is determined using the local bridge assistance distribution formula.

While the distribution formulas for the other local transportation assistance programs are generally based on either population or road mileage, the formula for the local bridge assistance program is based entirely upon the relative condition and replacement cost of local bridges. Every two years, all local bridges are inspected and given a sufficiency rating score using federally-approved inspection and rating criteria. The sufficiency rating is a numerical score on a 100-point scale, with higher numbers indicating better condition. Bridges that are rated below 50 are considered to be seriously deteriorated and are eligible for replacement under the program, while bridges that are below 80 are eligible for rehabilitation, if the proposed project meets certain other conditions.

Upon completion of the inspection and rating process, DOT estimates the cost to replace all seriously deteriorated bridges. Each county's proportionate share of the statewide total replacement cost is used as the factor for determining an "entitlement" for the county for the funding cycle. That is, each county's entitlement equals the county's proportionate share of the statewide replacement cost, multiplied by the total amount of funding determined to be available during the funding cycle. As with the surface transportation program entitlement, however, this funding entitlement is not the amount of funding received by the county each year. Instead, the county's proportionate share of funding is used to rate all projects statewide and projects are funded in order of their rating. Consequently, the higher a county's entitlement, the higher its bridge projects will be rated, which increases the likelihood that these projects will be funded.

Any part of a county's entitlement that is not used in a funding cycle is carried over to the next cycle, which has the effect of increasing the relative rating for projects submitted by the county in that cycle. It should be noted that while only the replacement cost of bridges with a sufficiency rating below 50 is used to determine each county's share of funding, program funds may be used for the rehabilitation of any bridge with a sufficiency rating below 80.

A provision of the 2015-17 biennial budget act required DOT to provide a SEG-supported grant in 2015-16 to the Town of Seneca in Wood County for the replacement of Young Road Bridge, specified as being equal to the Town's share of the total project costs or $85,000, whichever is less.

Airport Improvement Program

The state's airport improvement program provides funding from state and federal sources for various types of airport projects at commercial and general aviation airports in the state. While local governments are generally responsible for managing transportation projects funded under the other local assistance projects discussed above, projects funded in the airport improvement program are selected, designed, and managed by the state through the Department of Transportation's Bureau of Aeronautics.

Eligible projects must be at one of the 98 airports that are identified in the state's airport system plan, a list that includes both commercial carrier and cargo airports as well as general aviation airports. Most publicly-owned airports are included, as well as a few private airports that are formally recognized as reliever airports for commercial service airports by the Federal Aviation Administration (FAA). Of the 98 airports in the state's airport system plan, 87 are also identified in the national airport system plan, and, therefore, are eligible for federal aid.

The types of eligible projects vary depending upon the type of airport, but include the construction or rehabilitation of runways, taxiways, and aprons, the purchase and installation of airfield lighting, navigational aids, and weather monitoring equipment, the construction of terminal buildings, and the installation of fencing and other security improvements. The construction of aircraft hangers, pavement maintenance, the installation of fueling facilities, and environmental cleanup projects are usually not eligible for assistance.

Federal airport improvement funds play a central role in the financing of airport projects. All of the federal aid is received by the state, although some is provided exclusively for particular airports. For instance, there are eight airports in the state classified under federal law as "primary commercial" airports. A federal entitlement is calculated for each of these airports based upon their number of annual commercial passenger enplanements. The airport owners have discretion with how to use the entitlement, but the projects funded with the entitlement are managed by the state. Similarly, commercial and general aviation airports frequently receive discretionary federal grants for particular projects, but, again, this money is received and administered by the state. Other federal aid received by the state may be spent on any eligible airport project.

Because the FAA prioritizes federal airport aid based on factors such as safety and security, total aid for this purpose received by the state may vary significantly year-to-year, depending on nationally identified needs. Further, spending in a given year may be more or less than that year's federal aid amount due to project scheduling. For example, funds awarded in 2016 might not be spent until the associated project begins in a following year. In federal fiscal year 2016, the state received a total of $44,569,800 in federal airport aid.

As with federal highway aid used in other local assistance programs, federal airport improvement aid generally requires a nonfederal match. Depending upon the type of project, the match varies from 10% to 50%. In Wisconsin, the state's policy is to pay half of the matching funds and to require the local airport owner to pay the other half of the match.

For projects that use no federal funds, the local project sponsor must pay at least 20% of the total project cost if the project involves runways, taxiways, aprons, lighting, or other projects related to serving aircraft and at least 50% of the total cost if the project involves terminal buildings or other projects that do not directly involve accommodations for aircraft.

The state share for projects is paid from the aeronautics assistance appropriation, funded from the transportation fund at $13,254,800 annually in the 2015-17 biennium. In addition to providing the state share of design and construction costs, this appropriation also funds the administrative costs of the Department's Bureau of Aeronautics, which administers the improvement program and provides other services related to aviation.

Harbor Assistance Program

The harbor assistance program provides grants for making capital improvements to harbors on the Great Lakes or the Mississippi River system. Eligible projects include dockwall and disposal facility construction, repair, maintenance, or rehabilitation, dredging and dredged materials disposal, or other physical improvements that maintain or increase commodity or passenger movement capabilities. Both publicly and privately owned harbors that serve freight or passenger vessels are eligible for assistance. Projects are selected primarily using a cost-benefit analysis, where the economic impact of the project is compared to its projected cost.

State funds provide up to 80% of the cost of the project, while the local sponsor must pay the remaining 20%. The state share is paid either from an appropriation from the transportation fund or from the proceeds of general obligation bonds provided for the program. The 2015-17 biennial budget act authorized $13,200,000 in total general obligation bonds and provided $493,800 annually in the transportation fund appropriation for harbor projects (along with an additional appropriation of $157,000 annually for the administrative costs of the program). A related provision of this act required DOT to make a grant for harbor infrastructure improvements and repair and restoration of harbor facilities in the City of Kewaunee in Kewaunee County, not to exceed $4,220,000, or the total cost of the project. Table 3 shows the amount of new bonds authorized for the program per biennium since the 1997-99 biennium.

Table 3: Bond Authorization for the Harbor Assistance Program

Biennium	Harbor Bonds
1997-99	$3,000,000
1999-01	7,000,000
2001-03	3,000,000
2003-05	3,000,000
2005-07	12,700,000
2007-09	12,700,000
2009-11	12,700,000
2011-13	10,700,000
2013-15	15,900,000
2015-17	13,200,000

Freight Rail Assistance Programs

The state has three assistance programs related to freight railroad service that, unlike the other local assistance programs discussed in this paper, typically do not provide funding to a local government. These programs are the freight rail preservation program, the freight rail infrastructure improvement program, and the railroad crossing improvement and protection installation program.

Freight Rail Preservation Program

The purpose of the freight rail preservation program (FRPP) is twofold. First, FRPP funds are used to purchase rail lines that are being abandoned by railroads, in order to preserve them for future or continuing use. DOT may make the purchase directly or provide funds to a local government or local rail transit commission to make the purchase. Rail transit commissions are agencies established by one or more counties to manage publicly-owned lines. Typically, rail transit commissions make arrangements with a freight railroad company to operate on these lines. The second purpose of FRPP is to provide funds for the improvement of existing, publicly-owned lines. Improvement funds may be provided to a local government, a rail transit commission, or a railroad operating on publicly-owned lines. The recipient of funds for an improvement project must pay at least 20% of the cost of the improvement, and the Department is required to give priority to applicants who agree to pay a higher share.

Wisconsin's freight rail network consists of about 3,600 miles of rail lines. Typically in cases where a line is abandoned, railroads have determined that it would not be profitable to continue operating on the line due to a low volume of shipments. The goal of purchasing abandoned lines and making improvements though FRPP is to preserve or improve rail service to shippers on the lines. There are currently 624 miles of publicly-owned rail lines in the state. The Wisconsin and Southern Railroad is the primary railroad operating on this track, although other railroads operate on certain short segments.

FRPP is funded with general obligation bonds, with debt service paid from the transportation fund. In the 2015-17 biennium, $29,800,000 in bonding authority was provided for this program. Table 4 shows the amount of new bonds authorized for the program per biennium since the 1997-99 biennium.

Table 4: Bond Authorization for the Freight Rail Preservation Program

Biennium	Freight Rail Bonds
1997-99	$4,500,000
1999-01	4,500,000
2001-03	4,500,000
2003-05	4,500,000
2005-07	12,000,000
2007-09	22,000,000
2009-11	60,000,000
2011-13	30,000,000
2013-15	52,000,000
2015-17	29,800,000

In addition, 2015 Act 55 required DOT to lapse $5,200,000 from the freight rail infrastructure improvement program (described in the subsequent section) in 2015-16 and appropriated the same amount for FRPP projects in 2015-16. As a result of these actions, FRPP resources for the 2015-17 biennium total $35,000,000.

Freight Rail Infrastructure Improvement Program

The freight rail infrastructure improvement program provides low- or no-interest loans from a revolving fund to railroads, shippers, or local governments to perform a variety of capital improvements related to freight rail service. When the program was established in 1993-94, it had an annual appropriation from the transportation fund of $5,579,800. This amount was gradually reduced, beginning in 1997-98, as the original loans were repaid, providing additional funds for new loans. Between 1993-94 and 2002-03 (the last year new state funding was provided), a total of $42.3 million of new appropriations were provided for the program's revolving loan fund. The Department currently receives loan repayments of approximately $3 million to $3.5 million each year and provides new loans with the repaid funds. Since 1992, $126 million in loans have been awarded.

During the past several years, loans have been made primarily to companies that ship by rail in order to construct or make improvements on loading or storage facilities or track spurs. DOT selects projects based on a cost-benefit analysis. As noted above, a provision of the 2015-17 biennial budget act lapsed $5.2 million from the freight rail infrastructure improvement program's revolving loan fund balance to the transportation fund and appropriated the same amount to FRPP for the purpose of awarding grants through that program.

Railroad Crossing Improvement and Protection Installation Program

Under the railroad crossing improvement and protection installation program, DOT works in conjunction with the Office of the Commissioner of Railroads to improve the safety at railroad crossings. All railroad crossing improvements, which may be the installation of railroad gates, signal lights, or other physical improvements to the crossing, are conducted by the railroad that owns or operates on the track at the crossing. Funds from the crossing improvement program are used to reimburse the railroad for the costs of the improvement.

In the 2015-17 biennium, the program is funded with $1,595,700 annually from the transportation fund and $3,291,800 annually in federal rail safety funds. By mutual arrangement between the Office of the Commissioner of Railroads and DOT, about $600,000 of the total funds provided in the program each year is reserved for projects at crossings on local roads that DOT determines are a priority, while the remaining funding is used to make improvements at crossings on any type of street or highway where a safety improvement has been ordered by the Commissioner of Railroads.

Transportation Economic Assistance Program

The transportation economic assistance program (TEA) provides grants to local governments for making infrastructure improvements designed to retain or attract businesses in the state by facilitating access to an economic development project. Typically, the economic development project involves a business or businesses locating or expanding operations within the local sponsor's jurisdiction. The transportation improvements may involve the construction or reconstruction of a highway or road, an airport runway, taxiway, or apron, a harbor facility, or a railroad track or spur. DOT is required to accept applications for projects throughout the year and make a determination on an application within a reasonable amount of time after receiving it.

To be eligible for a TEA grant, DOT must determine that the proposed project meets the following screening criteria: (a) the economic development project would be unlikely to occur in the state unless the transportation facility improvement is built; (b) the transportation facility improvement would be unlikely to occur without the TEA grant; (c) the economic development project directly and significantly increases the number of jobs in the state; and (d) construction of the transportation facility improvement would be scheduled to begin within three years of the date when a grant is awarded for the improvement.

Projects that meet these screening criteria are then evaluated on, among other factors, the total estimated cost of the transportation improvement relative to how many jobs would be created by the economic development project, whether the project is located in an area of high unemployment or low average income, and whether the business that would be helped is financially sound. Projects that rate favorably on these criteria have the best chance of receiving a TEA grant.

The amount of the TEA grant is capped at the lower of the following: (a) 50% of the total estimated cost of the transportation improvement project (the local sponsor is responsible for the remainder); or (b) an amount equal to $5,000 for each job that would be created by the economic development project. Also, no grant may exceed $1,000,000. In the 2015-17 biennium, the program is funded through a state transportation fund appropriation of $3,402,600 annually.

Transportation Alternatives Funding

The federal transportation alternatives set-aside provides funding for a wide range of transportation-related projects, including bicycle and pedestrian facilities projects. In federal fiscal year 2016, the FAST Act eliminated what had been referred to as the "transportation alternatives program" as a separate federal aid category, but created the federal "transportation alternatives" (TA) set-aside, which funds essentially the same type of projects and is used by the state in the same manner as before. The state appropriates and awards this federal aid through its own transportation alternatives program (TAP).

In general, any project for which a grant was awarded under the former federal program (or other past, aid-eligible federal programs under TAP) would be eligible to proceed to completion under the federal TA set-aside. Such projects must proceed in accordance with the provisions of the program under which the grant for the project was originally awarded. However, if a project for which a grant was awarded under the discontinued programs is not commenced within four years after the date of the grant award, the project may not proceed and the grant award is rescinded. Wisconsin statute defines "commenced" as the commencement of construction.

Federal TA set-aside funds may be used for a broad range of transportation-related activities, including construction and planning of nontraditional transportation improvements such as on-road and off-road bicycle, non-motorized vehicle, and pedestrian facilities. These federal funds may also be used for construction of viewing areas such as overlooks and turnouts, historic preservation activities, environmental mitigation, and safe routes for non-driver projects. Recreational trails and safe routes to school projects are also eligible for funding, although recreational trail projects are awarded federal funding through a program administered by the Department of Natural Resources.

The state administers its TAP program under a four-year grant award cycle, with the current cycle being 2016-20. Applications are accepted and grant awards are made in the even-numbered years of the cycle. Projects are rated and selected by a committee established by DOT. TAP projects must be commenced within four years of receiving a grant award.

Recipients of transportation alternatives program grants must provide a 20% match for the use of the grant funds. In the 2015-17 biennium, this program is funded through an appropriation of federal highway aid equal to $7,049,300 annually. A provision of the 2015-17 biennial budget act also eliminated $2,000,000 of state TAP funding that had been provided solely for bicycle and pedestrian projects in the prior biennium.

Congestion Mitigation and Air Quality Improvement Grant Program

The congestion mitigation and air quality improvement (CMAQ) grant program provides grants using federal funds for projects designed to reduce transportation-related air pollution or reduce traffic congestion. Since the CMAQ program uses federal funds, federal regulations on the use of those funds govern project eligibility. Typical projects include the installation of alternate fueling facilities, improvements to traffic signal timing to improve traffic flow, the construction of bicycle facilities for commuters, and capital or operating assistance for new or alternate transit services. As with several of the other local assistance programs, local project sponsors must pay the 20% match on the federal funds.

Under federal law, CMAQ funds may only be used in counties that are classified as non-attainment or maintenance areas for ozone, carbon monoxide, or particulate matter pollution. In Wisconsin, these counties are Door, Kenosha, Kewaunee, Manitowoc, Milwaukee, Ozaukee, Racine, Sheboygan, Walworth, Washington, and Waukesha. Project applications are generally solicited on a two-year cycle. At the time of publication, the Department indicated that new projects would be solicited in 2017.

As under the prior federal surface transportation authorization act (MAP-21), under the FAST

Act, mitigation of fine particulate matter in nonattainment or maintenance areas continues to be a priority. Any state with nonattainment or maintenance areas for fine particulate matter, such as Wisconsin, is required to allocate 25% of CMAQ funds for mitigation in these areas. In addition, the federal FAST Act expanded the eligible uses of CMAQ funds to include various emissions mitigation related projects, such as installation of diesel emission control technology on nonroad diesel equipment.

Projects are selected by DOT in cooperation with the metropolitan planning organizations or regional planning commissions for the eligible areas. In the 2015-17 biennium, $21,438,000 in federal funds is provided for the program ($10,719,000 annually).