

UPPER GREAT PLAINS TRANSPORTATION INSTITUTE

AGENCY 627
DENVER TOLLIVER, DIRECTOR



2013-15
BIENNIAL BUDGET REQUEST

SENATE APPROPRIATION COMMITTEE HEARING
SENATOR RAY HOLMBERG, CHAIRMAN

Agency Overview

The Upper Great Plains Transportation Institute was established by the North Dakota legislature in 1967 as a specialized center at North Dakota State University to foster a better understanding of transportation's role in the economy through research, education, and technology transfer.

- UGPTI's **research mission** is to conduct applied and advanced research in highway, transit, rail, air, and multimodal transportation to address the critical issues of the state and region and promote safe and efficient freight, passenger, and personal transportation.
- UGPTI's **educational mission** is to educate the transportation workforce of tomorrow through multidisciplinary curricula that focus on transportation economics, management, infrastructure planning, mobility, and supply chain logistics.
- UGPTI's **workforce development mission** is to improve the skills and knowledge of the existing workforce through technical and managerial training and the transfer of research results to practitioners.

UGPTI's multimodal research program provides timely and critical information to the North Dakota legislature, state agencies, shippers, transportation businesses, counties, cities, and tribal governments. Some of UGPTI's research focus areas are:

- Road infrastructure planning
- Highway and motor carrier safety
- Small urban and rural transit
- Urban traffic analysis
- Transportation information technology
- Agricultural freight and logistics
- Supply chain planning
- Railroad transportation
- Air services planning
- Transportation security

UGPTI coordinates NDSU's multidisciplinary Transportation and Logistics education program and offers extensive training and workforce development, particularly through its Transportation Learning Network and Local Technical Assistance Program. UGPTI is the lead institution of the Mountain-Plains Consortium (MPC), a competitively selected university transportation center sponsored by the U.S. Department of Transportation that includes Colorado State University, South Dakota State University, University of Colorado Denver, University of Denver, University of Utah, Utah State University, and University of Wyoming.

Review of 2011-2013 Biennium

Changes in Federal Policies and Practices Affecting UGPTI

Changes at the federal level have intensified economic uncertainties and affected UGPTI's traditional strategies in several ways.

- A. The failure of Congress to enact a long-term surface transportation bill has created uncertainty for state and metropolitan agencies that fund transportation research. Although Congress enacted a two year reauthorization bill in July (MAP-21), the legislation resulted in a much shorter planning horizon than in previous reauthorization periods when surface transportation programs were typically authorized for five or six

years. This added uncertainty makes it more difficult to procure grants from agencies that rely extensively on federal funds to finance their research and planning programs.

- B. The agreement to eliminate Congressional earmarks has precluded certain funding opportunities that were available to UGPTI in the past.
- C. The allocation of potential budget cuts posed by sequestration could affect a wide range of federal programs in 2013, adding to the uncertainty that exists.

Federal Match Requirements

Most of the federal grants that UGPTI competes for require a substantial match. The University Transportation Centers (UTC) Program—a key source of funding for UGPTI—requires 100% non-federal match and the demonstration of a substantial “institutional commitment” from the university and state. Institutional commitment is, in fact, one of the selection criteria used by the U.S. Department of Transportation in awarding UTC grants.

Appropriated Funding Level and Expenditures

As shown in Table 1, UGPTI’s General Fund appropriation for the 2011-2013 biennium was approximately \$1.92 million. As of November 30, 2012, roughly 63% of these funds had been expended. The remainder will be expended by June 30, 2013. All carryover funds have been expended.

Table 1: Budgeted and Actual Expenditures for the 2011-2013 Biennium		
Funds	Biennium Budget	Expenditures to Date*
General Funds	\$1,919,628	\$1,209,658
2009-2011 Carryover	\$9,946	\$9,946
Federal Funds	\$17,665,513	\$6,724,409
Special/Other Funds	\$4,834,820	\$2,285,786
* Estimated through November 30, 2012		

One-Time Appropriation

A special study directive in Senate Bill 2325 provided \$350,000 “for the purpose of updating and maintaining reports for transportation infrastructure needs for all county and township roads in the state,” and directed the Upper Great Plains Transportation Institute to report “at least annually to the Budget Section of the Legislative Management” and “present updated reports to the Sixty-Third Legislative Assembly.”

The transportation infrastructure study has been completed and reports were presented to the Budget Section on September 20 and December 14, 2012. At the request of the Budget Section, the study has been broadened to include not only roads, but also an analysis of county and township bridges.

Federal Grants and Contracts

UGPTI's authority to collect and expend federal grants and contracts in the 2011-2013 biennium is \$17.67 million (Table 1). As of November 30, 2012, \$9.62 million of federal grants and contracts have been awarded to UGPTI and \$6.73 million in federal funds expended. As these numbers suggest, federal funding is lagging authorized collection levels.

Decreases in funding for UGPTI's transit and safety centers are primarily caused by the expiration of earmarks and reductions in the overall availability of funding from Federal Highway Administration (FHWA), Federal Transit Administration (FTA), and Federal Motor Carrier Safety Administration (FMCSA). In particular, a decrease in funding for UGPTI's Transportation Safety and Security Center is the result of severe budget constraints within FMCSA that resulted in the elimination of two UGPTI positions. While several federal grants or contracts are in process (including two University Transportation Center grants totally \$4.1 million), a shortfall of roughly \$3.5 million in federal grants and contracts is projected for the biennium.¹

Non-Federal Grants and Contracts

UGPTI's authority to collect and expend other grants and contracts is roughly \$4.84 million (Table 1). As of November 30, 2012, \$6.31 million of non-federal grants and contracts have been awarded to UGPTI and \$2.29 million expended. While roughly \$1.47 million of additional grants and contracts are projected for the remainder of the biennium, collections of non-federal funds for 2011-2013 are expected to be 20% to 25% less than budget authority.

Effects of State and Regional Factors

As a result of rapid oil development in the Bakken and growth in agriculture and other economic activities around the state, the demands for transportation infrastructure studies, workforce development, and training have increased significantly. The need for a greater presence in western North Dakota requires more in-state travel, greater time commitments from the director and staff, and more resources to meet time-sensitive demands. In 2012, UGPTI provided the legislature with a comprehensive analysis of county and township road investment needs and the North Dakota Department of Transportation with an enhanced model for estimating traffic demands in western North Dakota. In addition, UGPTI expanded its technical training program to help counties and cities cope with rapidly increasing truck traffic.

Impacts of Changes during the Biennium on UGPTI

The elimination of federal earmarks, the uncertainties posed by disjointed federal planning, and the cascading effects of federal changes on state and local agencies have impacted UGPTI's funding levels and threatened its stability. At the same time, increased workload demands and

¹ Some of the federal grants awarded to UGPTI are multi-year awards in which the funds will be expended in accordance with work progress over time—which affects planned rates of expenditures. Some of the grants already awarded will extend beyond the end of the biennium. In addition to these factors, the pace of grant and contract expenditures is affected by the availability of matching funds.

space limitations have posed challenges in scaling efforts and expanding staff to meet higher state and regional research demands.²

2013-2015 Budget Request

The 2013-2015 budget request for the Upper Great Plains Transportation Institute is summarized in Table 2. The executive recommendation of \$2,828,575 in General Funds includes \$750,000 for a priority budget initiative (discussed below). The executive recommendation also includes authorization for \$17,465,865 of Federal Funds and \$5,059,189 of Special Funds.

UGPTI's 2013-15 Priority Budget Option

As a result of winning two national competitions, UGPTI has been awarded University Transportation Center (UTC) grants of nearly \$8.4 million—roughly \$4 million of which is intended for use at NDSU, with the remainder going to NDSU's seven consortium partners. In March of 2013, UGPTI will be competing for an additional \$5.5 million in regional University Transportation Center funds. If UGPTI is successful in the upcoming competition, the Institute will have nearly \$2 million of additional UTC funds to utilize, based on existing allocation formulas with consortium universities. Overall, UGPTI may need to match as much as \$6 million of federal funds in the 2013-2015 biennium.

The additional funds requested would create a strong leveraging effect, because each General Fund dollar would enable the utilization of at least one grant dollar.³ Moreover, the additional funds would help offset the loss of earmarks and ensure stability for the Upper Great Plains Transportation Institute at a critical time, when the demand for infrastructure and transportation planning studies is at an all-time high. UGPTI's requested budget enhancement would provide a partial match for federal grants and offer many benefits to North Dakota.

- The requested funds would allow all available federal dollars to be utilized, significantly leveraging the state's investment in transportation research, education, and workforce development.
- The requested funds would increase the benefits of the UTC program to the state and region by allowing more activities to be undertaken with the grants.
- The requested funds would provide financial stability for the Upper Great Plains Transportation Institute, which is heavily dependent upon federal funds.
- The UTC grant requires the demonstration of a strong institutional commitment to the program. The requested general funds would send the strongest possible signal of a long-term institutional commitment to transportation research, education, and workforce development in North Dakota and thus help UGPTI in upcoming grant competitions.

² Increased demands have necessitated the reallocation of some recently vacated positions. In particular, one vacant position has been redefined as a transportation engineering position to help with road and bridge studies.

³ Because some industry matching funds are also anticipated, the leveraging effect is actually greater than 1:1.

Table 2: 2013-2015 Budget Request for the Upper Great Plains Transportation Institute								
Description	Expenditures Previous Biennium 2009-2011	Present Budget 2011-2013	2013-2015 Requested		Requested Budget 2013-2015	2013-2015 Recommended		Executive Recommendation 2013-2015
			Increase (Decrease)	% Change		Increase (Decrease)	% Change	
By Major Program								
Core Program	\$14,928,793	\$24,429,907	\$1,428,658	5.8%	\$25,858,565	\$923,722	3.8%	\$25,353,629
Total Major Programs	\$14,928,793	\$24,429,907	\$1,428,658	5.8%	\$25,858,565	\$923,722	3.8%	\$25,353,629
By Line Item								
Transportation Institute	\$14,928,793	\$24,419,961	\$1,438,604	5.9%	\$25,858,565	\$933,668	3.8%	\$25,353,629
Biennium Carryover	\$0	\$9,946	-\$9,946	(100.0%)	\$0	-\$9,946	(100.0%)	\$0
Total Line Items	\$14,928,793	\$24,429,907	\$1,428,658	5.8%	\$25,858,565	\$923,722	3.8%	\$25,353,629
By Funding Source								
General Fund	\$1,579,848	\$1,929,574	\$1,394,511	72.3%	\$3,324,085	\$899,001	46.6%	\$2,828,575
Federal Funds	\$12,591,692	\$17,665,513	-\$177,286	(1.0%)	\$17,488,227	-\$199,648	(1.1%)	\$17,465,865
Special Funds	\$757,253	\$4,834,820	\$211,433	4.4%	\$5,046,253	\$224,369	4.6%	\$5,059,189
Total Funding Source	\$14,928,793	\$24,429,907	\$1,428,658	5.8%	\$25,858,565	\$923,722	3.8%	\$25,353,629
Total FTE	52.30	51.75	2.00	3.9%	53.75	2.00	3.9%	53.75