Federal Financing of Transportation in Texas

LEGISLATIVE BUDGET BOARD STAFF

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FEDERAL FINANCING OF TRANSPORTATION IN TEXAS

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FEDERAL FINANCING OF TRANSPORTATION IN TEXAS

INTRODUCTION

Federal-aid highway and transit funds from the U.S. Department of Transportation (U.S. DOT) partially finance the transportation needs of Texas. Federal legislation enacted in fiscal year 2005 guaranteed funding for highways, highway safety, and public transportation. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) program, the successor to the Transportation Equity Act for the 21st Century (TEA-21), authorized $244.1 billion in federal transportation funding nationally for fiscal years 2005 to 2009, of which approximately $11.6 billion was authorized for Texas. SAFETEA-LU was scheduled for reauthorization of five or six year highway funding in October 2009, but Congress has delayed the reauthorization.

In the meantime, Congress passed continuing resolutions, which are extensions to fund states' transportation programs, allowing SAFETEA-LU to continue as the statutory authorization used to address national transportation system issues. These issues include improving safety, reducing traffic congestion, improving efficiency of freight movement, increasing intermodal connectivity, and protecting the environment. SAFETEA-LU focuses on national surface transportation issues, while giving state and local transportation decision makers more local autonomy.

This primer provides information on transportation financing in Texas as related to the federal highway program. While Texas receives other transportation funds (i.e., aviation, railroad, and maritime), the primer concentrates on federal-aid highway, discretionary highway, highway safety, and state-managed transit programs authorized under SAFETEA-LU. This primer provides information on the following key areas of federal funding for transportation:

- sources of federal funds;
- method of distribution and receipt of federal funds;
- apportionments or grants of federal funds to Texas; and
- eligible uses of federal funds.

Appendices include information on federal highway excise tax rates and distribution, federal-aid highway program penalties for states, a glossary of terms, and a glossary of acronyms.

SOURCE OF FEDERAL FUNDS

The federal Highway Trust Fund (HTF) was established as a user-supported fund intended to finance highways with taxes paid by users of highways. Federal excise taxes are levied on gasoline, diesel, gasohol (blend of gasoline and alcohol), special fuels (i.e., liquified petroleum gas and natural gas, etc.), tires, truck and trailer sales, and heavy vehicle use (based upon weight). Revenues are distributed to two accounts within the HTF, the Highway Account and the Mass Transit Account. Appendix A provides further details on the federal excise taxes by type and the associated tax rate.

Formulas for distributing federal-aid funds for significant highway programs (e.g., Surface Transportation Program, National Highway System, and Interstate Maintenance) use the motor fuel and other excise taxes attributed to each state as distribution factors. The Federal Highway Administration (FHWA) analyzes the state-generated reports on motor fuel and other alternative fuels consumed and taxed to develop final estimates of the federal tax revenues attributable to each state.

OPERATION OF THE HIGHWAY TRUST FUND

The Highway Trust Fund (HTF) is the source of funding for most of the programs in the SAFETEA-LU. The HTF is composed of the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes are the major source of HTF revenue.

During the time that SAFETEA-LU was being developed, several changes affecting the Highway Trust Fund were adopted in the American Jobs Creation Act of 2004. This legislation replaced the reduced tax rates that applied to gasohol with a credit paid from the General Fund of the U.S. Department of Treasury and ended the retention of a portion of the tax on gasohol by the General Fund. These actions, coupled with provisions to reduce tax evasion, provided increased tax revenues to the Highway Trust Fund.

SAFETEA-LU extended the imposition of the highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2011. Provisions for full or partial exemption from highway-user taxes were also extended. Additionally, provision for deposit of most of the highway-user taxes into the HTF was extended through September 30, 2011.

Federal law regulates not only the imposition of motor fuel taxes, but also their deposit into and expenditure from the HTF. The HTF, Highway Account and Mass Transit Account were given authority to expend funds under SAFETEA-LU and previous authorization acts through September 30, 2009. Both were recently extended through Continuing Resolutions (CR) and appropriations, which Congress passed in December 2010 and October 2011. In November, Congress extended the authorization to March 31, 2012, and also made appropriations to transportation for all of 2012 under the Consolidated and Further Continuing Appropriations Act. **Figure 1** shows the flow of state motor fuel taxes to the U.S. Department of Treasury for deposit into the Federal Highway Trust Fund for redistribution to states through the Federal Highway Administration.

HIGHWAY TAX COMPLIANCE

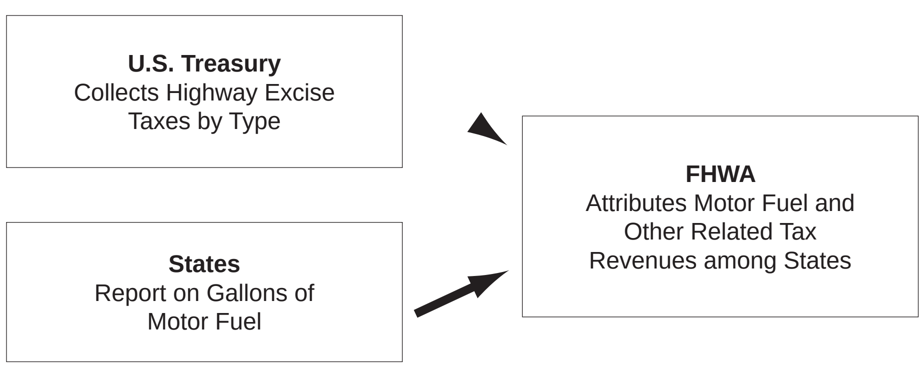
SAFETEA-LU continued the Highway Use Tax Evasion program, funded at $127.1 million through fiscal year 2009, to reduce motor fuel tax evasion through audits of oil and gas refineries and distribution centers where tanker trucks fill up. Funds may be used for inter-governmental enforcement efforts, including research and training, and for efforts of the Internal Revenue Service (IRS), including the development, operation, and maintenance of databases to support tax compliance efforts. No funding is allocated directly to the states, although states are permitted to use 0.25 percent of their Surface Transportation Program funding for fuel tax evasion activities. Eligible activities were expanded under SAFETEA-LU to include efforts to address state-Indian tribe motor fuel tax issues and tax evasion issues associated with imported fuel.

FEDERAL FUNDS FOR TEXAS TRANSPORTATION

There are four federal highway-related program categories that contribute funds to Texas: (1) guaranteed highway planning and construction programs; (2) discretionary highway programs; (3) highway safety programs; and (4) transit programs. The primer provides funding information for these programs since the enactment of SAFETEA-LU. Federal transportation funds received directly by local entities are not included. Innovative Finance options are also included, but those programs may not always access federal funds directly. Innovative Finance allows states to leverage state, private, and federal funds overtime.

Guaranteed highway planning and construction funds are the largest source of federal funding Texas receives. SAFETEA-LU continues the TEA-21 concept of funding tied to Highway Trust Fund (Highway Account) receipts. The guaranteed amount is a floor and it defines the least amount of the authorizations that may be spent on highway and bridge construction, highway planning, air quality mitigation and other programs. SAFETEA-LU replaced the

FIGURE 1
FLOW OF MOTOR FUEL TAXES TO THE FEDERAL HIGHWAY TRUST FUND
FISCAL YEAR 2005 TO PRESENT



Source: Legislative Budget Board.

TEA-21 Guaranteed Program funding formula with the Equity Bonus program. The Equity Bonus, which is discussed further on page 24, ensures that no state's rate of return on contributions to the Highway Trust Fund drop below a given percentage. SAFETEA-LU estimated that the federal formula for highway apportionments including the Equity Bonus, would provide Texas with a rate of return of 90.5 percent for fiscal years 2005 and 2006, 91.5 percent for fiscal year 2007, and 92.0 percent for fiscal years 2008 and 2009. In 2010, the Texas Department of Transportation (TxDot) estimated that the actual rate of return was 83.0 percent, of which 70.0 percent was for highway and construction planning and 13.0 percent was transit related. Part of the reason for this lower rate of return was due to $8.0 billion in rescissions that were included in SAFETEA-LU and applied nationally over the life of the act. **Figure 2** shows four major categories of federal fund transportation apportionments received by Texas in fiscal year 2011.

Rescissions are statutory revocations of previously authorized funding. Rescissions may be embedded in a statute to trigger over time or implemented as part of a methodology to insure sufficient funds are available for future appropriations. One of the rescissions was repealed under the Hiring Incentive to Restore Employment Act (HIRE) Act of 2009. **Figure 3** shows transportation funding rescissions made from fiscal years 2005 to 2010.

In addition to funding resources mentioned above, SAFETEA-LU also included $100.0 million per year nationally for road and bridge repair under the Emergency Relief Program. However, a multitude of national disasters including mudslides, hurricanes and other natural catastrophes have required Congress to supplement the Emergency Relief fund several times over the original authorization.

Unlike prior years, administrative expenses associated with the federal-aid highway program are a separate authorization in the SAFETEA-LU statute, not a percentage of funds drawn from apportioned programs, usually referred to by federal agencies as a "take down."

REVENUE ALIGNED BUDGET AUTHORITY

A highway authorization stopgap formula for Highway Trust Fund expenditures, was established under TEA-21 and continued in SAFETEA-LU, known as Revenue Aligned Budget Authority (RABA). The RABA in SAFETEA-LU was based on assumptions about future receipts to the Highway Account of the Highway Trust Fund beginning in federal fiscal year 2007. Under RABA, when new projections of receipts and actual receipts become available, the amount available for highway authorization is adjusted accordingly. To temper the effects of any adjustments, the calculated adjustment should be split over two years. When the funds are adjusted, equal adjustments are made to highway contract authority and the federal-aid highway obligation limitation. The purpose of the RABA is to keep expenditures in line with revenues.

UNDERSTANDING FEDERAL FUNDS

Understanding the complexities of federal transportation programs begins with two premises:

- most federal transportation programs are reimbursement programs; and

FIGURE 2
FEDERAL FUNDING FOR SELECT TRANSPORTATION PROGRAM CATEGORIES IN TEXAS
FISCAL YEAR 2011

(IN MILLIONS)

PROGRAM	FEDERAL AMOUNT	TEXAS SHARE	PERCENTAGE
Highway planning and construction programs	$38,998.3	$3,224.1	8.3%
Discretionary Highway Programs	913.5	11.4	1.2
Highway Safety Programs	2,044.5	147.5	7.2
Transit Programs	4,255.0	87.3	2.0
TOTAL	**$46,211.3**	**$3,470.3**	**7.5%**

NOTE: Totals only reflect amounts for federal programs the state participates in. Totals do not include federal funds distributed directly to local entities. Innovative Finance Programs are not included in this table because they include loan and bond financing methodologies.
SOURCE: U.S. Department of Transportation.

FIGURE 3
FEDERAL TRANSPORTATION FUNDING RESCISSIONS TO TEXAS TRANSPORTATION APPORTIONMENTS
FISCAL YEARS 2005 TO 2010

(IN MILLIONS)

RESCISSION DATE	RESCISSION AMOUNT
January 25, 2005	$102.6
December 28, 2005	$158.7
March 21, 2006	$90.7
July 6, 2006	$55.7
March 19, 2007	$288.4
June 20, 2007	$72.3
March 4, 2008	$258.0
April 13, 2009	$272.4
September 30, 2009	$740.3*
August 13,2010	$193.4
Total Rescissions	$2.2 billion

*Congress repealed the September 30, 2009 rescission in the Jobs Act of 2009. According to Texas Department of Transportation only $100.0 million was directly apportioned back to Texas.
Note: Actual amounts may vary due to rounding.
Sources: Legislative Budget Board; U.S. Department of Transportation; Texas Department of Transportation.

- federal-aid highway program funds are available through multi-year "contract authority" rather than yearly appropriation of "budget authority."

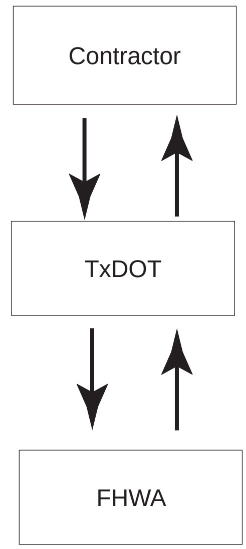
Federal transportation programs generally do not operate like many grant programs provided by the federal government. Instead, most federal transportation programs operate on a reimbursement basis. Federal transportation dollars are "apportioned" to states (apportionment is discussed on page 10 of the primer) without actually disbursing any funds. From amounts made available to states, the FHWA reimburses the state for the federal share of the cost of work completed on approved projects. Depending on the type of project, the period between the obligation of available federal funds and reimbursement can vary from a few days to several years. The agreement is made between Texas and the U.S. Department of Treasury, in accordance with the federal Cash Management Improvement Act of 1990, which governs the timing of federal payments. According to the FHWA, payments are generally deposited in a state's account on the same day payments to the contractor are made. However, TxDOT reports that reimbursements may take up to four days. As a result, when projecting the receipt of future federal revenues, budgeted amounts reflect current unpaid obligations and anticipated payments on future obligations based upon the expected progress of work completed on approved projects. **Figure 4** shows the steps required for TxDOT to receive federal reimbursements.

The transportation programs as described in the primer each contain a brief description of the distribution of funds; state/federal share of funds, eligible activities, and transferability of funds, wherever applicable to each program. Distribution of funds describes the process and formula by which the federal government distributes a program's funding to a state. Funding formulas can differ widely by program. For example, the formula in the SAFETEA-LU authorization is fairly flexible; it stipulates that funds for the Equity Bonus and the majority of other funds can be obligated to a variety of programs that are considered state priorities. However, the National Highways program is strictly defined and funds must be distributed as follows:

- 25 percent is based on the state's share of total land miles of principal arterials (excluding the Interstate System);
- 35 percent is based on the state's share of total vehicle miles traveled (VMT) on land of principal arterials (excluding the Interstate System);
- 30 percent is based on the state's share of diesel fuel used on all highways; and

FIGURE 4
STEPS REQUIRED FOR FEDERAL REIMBURSEMENT OF TRANSPORTATION FUNDS TO TEXAS
FISCAL YEARS 2005 THROUGH 2011

1. Contractor performs work.
2. Bills received from contractor are processed.
3. TxDOT pays contractor.
4. TxDOT bills FHWA.
5. FHWA reimburses TXDOT.



Source: Texas Department of Transportation.

- 10 percent is based on the state's share of total lane miles of principal arterials divided by total population.

The state/federal share describes the percentage of funding shared in each transportation program area by each government entity. For example the percentage of funding that the state must commit for a highway or bridge construction project is usually 20 percent, and the federal share is usually 80 percent. The percentage of shared cost varies by type of program. Also, Congress may change the authorization to reduce or increase the federal share or provide states with flexibility to increase their share in some projects, but reduce it in others. Depending on the type of transportation program the state share may sometimes include "in kind" contributions as counting towards its share. In kind contributions may include donations of labor, real estate, materials and equipment.

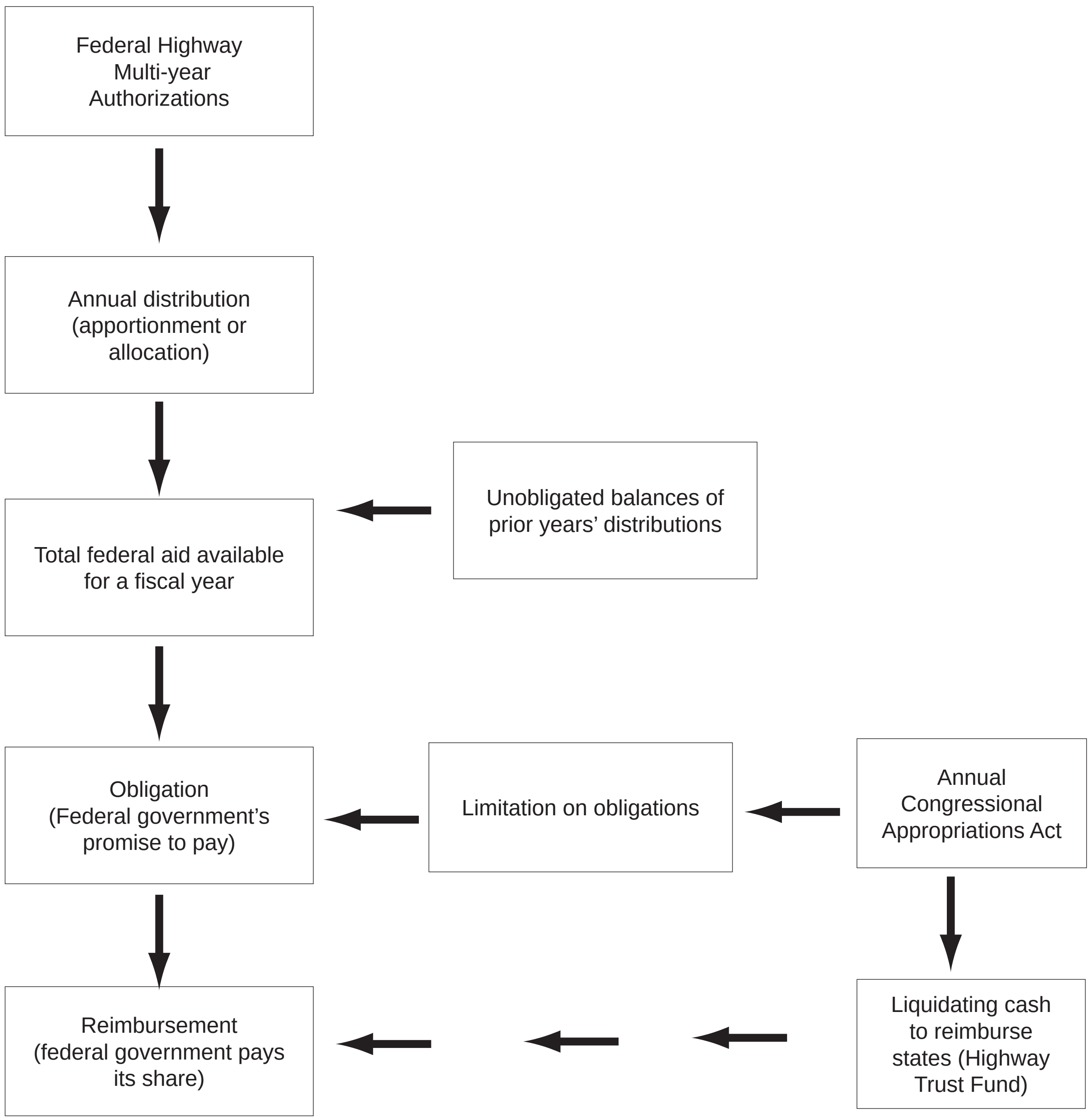
Eligible activities describe the types of projects or actions that can be funded in various transportation programs. Eligible activities include everything from actual construction of a project, to training construction workers, to conducting tests on certain transportation systems. Finally, transferability of funds refers to sharing costs across transportation or other program areas, for instance, transportation funds to improve railroad crossings may be transferred and used in conjunction with certain highway and bridge projects that intersect with railways. Also, in some cases, safety education funds may sometimes be used to construct safety improvements or place signs at intersections, especially near schools, hospitals and other public facilities.

Contract authority allows the obligation of funds based on amounts authorized in SAFETEA-LU only. States are apportioned contract authority funds that typically are available for use or "obligation" for a four-year period, although some funds remain available until expended. These "obligations" are commitments by the federal government to reimburse states for the federal share of a project's cost. Federal aid highway programs are not affected by the annual adjustments in funding levels made to appropriated budget authority programs through the appropriations process. However, an appropriations act is necessary to liquidate (pay) the obligations made under contract authority. The annual appropriations act provides the funds needed for reimbursements and sets or confirms "obligation limitations" established in SAFETEA-LU.

APPORTIONMENT VERSUS OBLIGATION LIMITATION

As previously mentioned, SAFETEA-LU authorized funds are distributed to states by apportionment (as prescribed by a

FIGURE 5
FEDERAL-AID HIGHWAYS APPORTIONMENT AND OBLIGATION PROCESS
FISCAL YEARS 2005 THROUGH 2011



SOURCE: Federal Highway Administration.

statutory formula) or allocation (administrative distribution based on eligibility criteria or competition) for highway and transit program activities. When new apportionments or allocations are made, the amounts are added to the program's unused balance from previous years. For example, newly apportioned National Highway System (NHS) funds are added to any existing balance of unused (unobligated) NHS funds. **Figure 5** shows the federal-aid highway apportionment and obligation process.

HIGHWAY PLANNING AND CONSTRUCTION PROGRAMS SUMMARY

Highway Planning and Construction funds comprise most of federal transportation funds Texas receives. SAFETEA-LU provides funding for construction, planning, and maintenance of the programs listed below, with further details discussed in fact sheets following this summary page.

- Interstate Maintenance National Highway System;
- Surface Transportation Program;
- Highway Bridge Program;
- Congestion Mitigation and Air Quality Improvement;
- State Planning and Research;
- Metropolitan Planning;
- Coordinated Border Infrastructure Program;
- Railway-Highway Crossings;
- Equity Bonus;
- Recreational Trails Program; and
- High Priority Projects Program.

DISTRIBUTION OF FUNDS

Eight of the 11 programs listed above are apportioned based upon formulas specified in the SAFETEA-LU reauthorization, many of which remained the same as under the previous transportation reauthorization act, known as the Transportation Equity Act for the 21st Century (TEA-21). The High Priority Projects Program is apportioned on a non-formula basis as specified in law. The new Equity Bonus Program has three funding distribution options, one of which is tied to Highway Trust Fund contributions and two that are independent.

The apportionment formulas for the programs in the Highways Planning and Construction category are specified in each program category in the following section. Although highway related, the Highway Safety Program (HSIP) and Safe Routes to Schools program are located in the Highway Safety section of this primer and their apportionments are not included in the funding totals shown in **Figure 6**.

FIGURE 6
HIGHWAY PLANNING AND CONSTRUCTION PROGRAMS FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$33,767.4	$2,713.4	8.0%
2007	$35,659.3	$2,857.2	8.0%
2008	$36,937.2	$2,961.7	8.0%
2009	$37,267.1	$2,987.1	8.0%
2010	$38,926.5	$3,231.5	8.3%
2011	$38,998.3	$3,224.1	8.3%

NOTE: Totals do not include Highways and Community Safety Programs and Safe Routes to Schools.
SOURCE: Federal Highway Administration.

STATE/FEDERAL SHARE

The federal share varies by program, but generally 80 percent for most programs and 90 percent for construction and planning programs where Interstate Maintenance and National Highway System projects are designated as federal priorities. **Figure 7** shows Highway Planning and Construction Program federal funding for fiscal year 2011.

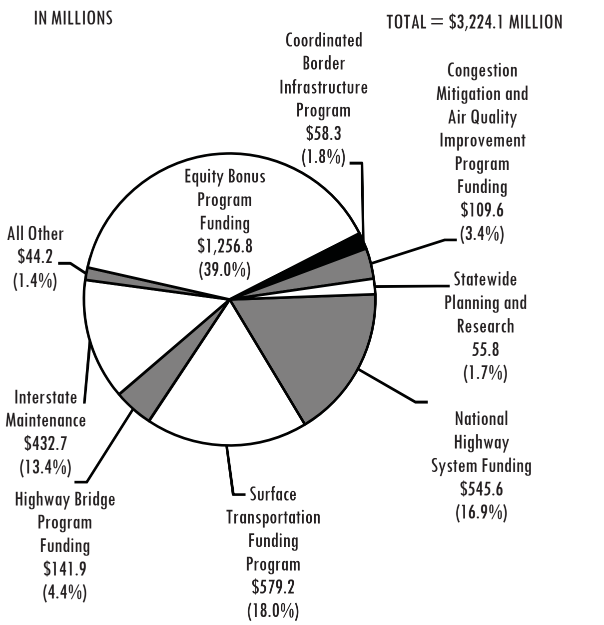
ELIGIBLE ACTIVITIES

Highway Planning and Construction funds are generally restricted to public roads not functionally classified as local. Eligible activities include:

- new construction, resurfacing, rehabilitating and reconstructing most interstate system routes;
- improving rural and urban roads that are part of the national highway system;
- funding transit capital projects and intracity and intercity bus terminals and facilities;
- replacing or rehabilitating highway bridges or certain bridges or public roads;
- reducing traffic-related emissions and improving air quality;
- developing and maintaining recreational trails; and
- transportation planning.

SAFETEA-LU also made provisions for a new streamlined environmental review process, which is part of a pilot program that includes Texas and four other states.

FIGURE 7
HIGHWAY PLANNING AND CONSTRUCTION PROGRAMS SUMMARY
FEDERAL FUNDS RECEIVED BY TEXAS
FISCAL YEAR 2011



NOTE: Totals only reflects amount for federal progams the state participates in.Totals do not include federal funds distributed directly to local entities.
SOURCE: Federal Highway Administration.

TRANSFERABILITY OF FUNDS

SAFETEA-LU grants states some flexibility in transferring funds between certain program categories, this varies by program as noted on the following pages.

INTERSTATE MAINTENANCE

The Interstate Maintenance (IM) program provides funds for resurfacing, restoring, rehabilitating, and reconstructing activities on most routes on the Interstate System. **Figure 8** shows the IM program funding for fiscal years 2006 to 2011.

FIGURE 8
THE INTERSTATE MAINTENANCE (IM)PROGRAM FUNDING FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$4,798.8	$378.8	7.9%
2007	$4,876.1	$384.9	7.9%
2008	$4,954.6	$391.1	7.9%
2009	$5,034.4	$397.4	7.9%
2010	$5,912.8	$445.8	7.5%
2011	$5,652.7	$432.7	7.7%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

After authorized funds are set aside for discretionary programs, the federal government appropriates funds by applying the following statutory formula:

- 33 percent is based on the state's share of total lane miles on Interstate System routes open to traffic;
- 33 percent is based on the state's share of total vehicle miles traveled on Interstate System routes open to traffic; and
- 33 percent is based on the state's share of annual contributions to the Highway Account of the Highway Trust Fund attributable to commercial vehicles.

At a minimum, each state receives at least 0.5 percent of the total IM and National Highway System (NHS) nationally.

STATE/FEDERAL SHARE

The federal share is 90 percent, subject to a sliding scale adjustment. Certain safety improvements listed in 23 USC 120(c) have a federal share of 100 percent.

ELIGIBLE ACTIVITIES

Eligible activities for the Interstate Maintenance program include the following types of projects:

- resurfacing;
- restoration;
- rehabilitation; and
- reconstruction or new construction of highways, bridges, interchanges, overpasses, rest areas, additional noise walls along existing interstate routes; and acquisition of right-of-way.

Funds may also be used for preventative maintenance projects and the construction of new travel lanes, other than high occupancy vehicle (HOV) lanes or auxiliary lanes.

TRANSFERABILITY OF FUNDS

States can transfer up to 50 percent of their IM apportionment to NHS, Surface Transportation, Congestion Mitigation and Air Quality Improvement, and/or Bridge Rehabilitation and Replacement programs.

NATIONAL HIGHWAY SYSTEM

The National Highway System (NHS) consists of the highway planning and construction apportionment for rural and urban roads serving major population centers, international border crossings, intermodal transportation facilities, and major travel destinations. The NHS includes the Interstate System, other urban and rural principal arterials, highways that provide motor vehicle access between the NHS and major intermodal transportation facilities, the defense strategic highway network (on or off the Interstate System), and strategic highway network connectors (including toll facilities).

SAFETEA-LU expanded eligibility of NHS funding to include environmental restoration and pollution abatement to minimize the impact of transportation projects, control noxious weeds and establish native species. **Figure 9** shows the NHS program funding for fiscal years 2006 to 2011.

FIGURE 9
NATIONAL HIGHWAY SYSTEM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$5,860.2	$482.5	8.2%
2007	$5,954.4	$490.2	8.2%
2008	$6,050.3	$498.1	8.2%
2009	$6,147.8	$506.2	8.2%
2010	$7,229.9	$562.1	7.8%
2011	$6,923.1	$545.6	7.9%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

After authorized funds are set aside for the Alaska Highway and Territories, states are apportioned funds based on the following statutory formula:

- 25 percent is based on the state's share of total land miles of principal arterials (excluding the Interstate System);
- 35 percent is based on the state's share of total vehicle miles traveled (VMT) on land of principal arterials (excluding the Interstate System);
- 30 percent is based on the state's share of diesel fuel used on all highways; and
- 10 percent is based on the state's share of total lane miles of principal arterials divided by total population.

At a minimum, each state receives 0.5 percent of the total IM and NHS apportionments nationally. Funds are available for four years.

STATE/FEDERAL SHARE

The federal share is 80 percent except that, when funds are used for interstate project, the federal share may be 90 percent.

ELIGIBLE ACTIVITIES:

NHS program funds may be used for the following activities:

- construction, reconstruction;
- resurfacing;
- restoration;
- rehabilitation;
- highway safety improvements for NHS segments;
- certain transportation planning and highway research and planning activities;
- carpool and vanpool projects;
- fringe and corridor parking facilities;
- highway management, and control facilities and programs;
- certain bicycle transportation and pedestrian walkways;
- natural habitat and wetlands mitigation activities;
- publicly owned intercity or intracity bus terminals; and
- infrastructure-based intelligent transportation system capital improvements.

Also, under certain circumstances program funds may also be used for operational improvements for a federal-aid highway not on the NHS and transit project construction site.

TRANSFERABILITY OF FUNDS

Up to 50 percent of NHS apportionment may be transferred to IM, Surface Transportation (STP), Congestion Mitigation and Air Quality Improvement and/or Bridge programs. Up to 100 percent may be transferred to the STP, if approved by the Secretary and if sufficient notice and opportunity for public comment is given.

SURFACE TRANSPORTATION PROGRAM

The Surface Transportation Program (STP) provides flexible funding that may be used by states and localities for projects on any federal-aid highway and bridge projects. Projects may also include any public road, transit capital projects. **Figure 10** shows the STP program funding for fiscal years 2006 to 2011.

FIGURE 10
SURFACE TRANSPORTATION FUNDING PROGRAM
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$6,174.5	$519.0	8.4%
2007	$6,270.8	$524.9	8.4%
2008	$6,371.8	$532.6	8.3%
2009	$6,474.4	$541.2	8.3%
2010	$7,588.3	$596.7	7.9%
2011	$7,268.6	$545.6	7.5%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Apportioned STP funds are distributed based on the following factors:

- 25 percent based on total lane miles of federal-aid highways;
- 40 percent based on vehicle miles traveled on lanes on federal-aid highways; and
- 35 percent based on estimated tax payments attributable to highway users in the states is paid into the Highway Account of the Highway Trust Fund (often referred to as "contributions" to the Highway Account).

Each state is to receive a minimum of 0.5 percent of the funds apportioned for STP.

STATE/FEDERAL SHARE

The federal share is generally 80 percent, subject to the sliding scale adjustment. When the funds are used for Interstate Highway projects to add high occupancy vehicle or auxiliary lanes, but not other lanes, the federal share may be 90 percent, also subject to the sliding scale adjustment. Certain safety improvements listed in statute have a federal share of 100 percent.

ELIGIBLE ACTIVITIES

Historically eligible STP activities include the following:

- application of sodium acetate/formate, or other environmentally acceptable, minimally corrosive anti-icing and de-icing compositions;
- implementation of programs to reduce extreme cold starts;
- environmental restoration and pollution abatement projects, including retrofit or construction of storm water treatment facilities (limited to 20 percent of total cost of 3R-type transportation projects);
- natural habitat mitigation, but specifies that if wetland or natural habitat mitigation is within the service area of a mitigation bank, preference will be given to use the bank;
- privately owned vehicles and facilities that are used to provide intercity passenger service by bus.
- modifications of existing public sidewalks (regardless of whether the sidewalk is on a federal-aid highway right-of-way), to comply with the requirements of the federal Americans with Disabilities Act; and
- infrastructure based intelligent transportation system capital improvements.

Eligible activities specifically added under SAFETEA-LU are as follows:

- advanced truck stop electrification systems;
- projects relating to intersections that: have disproportionately high accident rates; have high congestion; and are located on a federal-aid highway;
- environmental restoration and pollution abatement may not exceed 20 percent of the total cost of the project; and
- control of terrestrial and aquatic noxious weeds and establishment of native species.

TRANSFERABILITY OF FUNDS

Transferability of funds was amended under SAFETEA-LU as follows:

- Starting in 2006, the Safety set-aside was eliminated as the new Highway Safety Improvement Program took over the funding of the safety programs.

- The Transportation Enhancement (TE) set-aside was modified to be the greater of 10 percent of the state's STP apportionment or the dollar amount of the TE set-aside for the states in fiscal year 2005.
- 62.5 percent of the amount remaining after the TE set-aside is divided among sub-state areas based on population.

A SAFETEA-LU provision requiring states to make available obligation authority to urbanized areas over 200,000 population in three-year increments was extended under federal fiscal year 2011 appropriations.

HIGHWAY BRIDGE PROGRAM

The Highway Bridge Program makes up the part of the highway planning and construction apportionment that provides funds to states for replacement or repair of deficient highway bridges and to seismic retrofit bridges located on any public road. The Highway Bridge Program was broadened under SAFETEA-LU to include systematic preventative maintenance. States may use funds to improve the condition of their eligible highway bridges over waterways, other topographical barriers, other highways and railroads. **Figure 11** shows the Highway Bridge program funding for fiscal years 2006 to 2011.

FIGURE 11
HIGHWAY BRIDGE PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$4,100.4	$145.6	3.5%
2007	$4,166.4	$148.0	3.5%
2008	$4,233.5	$150.4	3.5%
2009	$4,301.7	$152.8	3.5%
2010	$5,047.2	$146.2	2.9%
2011	$4,858.8	$141.9	3.0%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

After authorized funds are set aside for Bridge Discretionary activities, funds are apportioned based on each state's relative share of the total cost to repair or replace deficient highways. Funds are available for four years. Each state is guaranteed a minimum of 0.25 percent of Highway Bridge Program funds with no state receiving more than 10 percent. A minimum of 15 percent of a state's apportioned funds must be expended for bridge projects not located on federal-aid highways (off-system).

STATE/FEDERAL SHARE

The federal share is 80 percent.

ELIGIBLE ACTIVITIES

Eligible activities for Highway Bridge Program funds may include the replacement and rehabilitation of structurally deficient or functionally obsolete highway or public road bridges. However, deficient bridges eligible for replacement or rehabilitation (as determined by the U.S. DOT) must be over waterways, other topographical barriers, other highways, or railroads. Funds may be used for the following activities:

- bridge painting;
- seismic retrofitting;
- environmentally acceptable, minimally corrosive anti-icing and de-icing compositions; or
- installing scour countermeasures;
- replacement of certain ferry boat operations;
- bridge replacement; and
- installation of bridges at low-water crossings.

TRANSFERABILITY OF FUNDS

Up to 50 percent of Highway Bridge Program apportionments may be transferred to Interstate Maintenance (IM), Surface Transportation (STP), National Highway System (NHS), and/or Congestion Mitigation and Air Quality Improvement (CMAQ) programs. However, for the purposes of apportioning Highway Bridge Program funds, the transferred amount will be deducted for the succeeding fiscal year from the total cost of deficient bridges in the state and in all states. Funds set aside for off-system bridges may not be transferred unless it is determined that the state has inadequate needs to justify expenditure of the full set-aside amount.

CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM

The Congestion Mitigation and Air Quality Improvement Program (CMAQ) provides funding for projects and programs in air quality nonattainment and maintenance areas for ozone, carbon monoxide and particulate matter which reduce transportation related emissions. The Environmental Protection Agency air-quality standards ratings for fiscal year 2010 identified the following metropolitan areas in Texas as nonattainment areas: **Dallas-Fort Worth**: Collin, Dallas, Denton, Ellis, Johnson, Kaufman, Parker, Rockwall, Tarrant, Hood, and Wise; **El Paso:** El Paso; and **Houston-Galveston-Brazoria**: Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery, Waller. **Figure 12** shows the CMAQ funding for fiscal years 2006 to 2011.

FIGURE 12
CONGESTION MITIGATION AND AIR QUALITY IMPROVEMENT PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$1,672.9	$95.9	5.7%
2007	$1,699.9	$97.5	5.7%
2008	$1,727.2	$99.0	5.7%
2009	$1,755.0	$100.6	5.7%
2010	$2,058.5	$122.9	6.0%
2011	$1,977.3	$109.6	5.5%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

CMAQ funds are apportioned according to a formula based on population and severity of pollution in ozone and carbon monoxide areas. Starting with fiscal year 2006 a modified apportionment formula was put into effect.

STATE/FEDERAL SHARE

The federal share is generally 80 percent for non-interstate projects, subject to a sliding scale. Interstate projects receive a 90 percent federal share. Certain other activities, including carpool/vanpool projects, priority control systems for emergency vehicles and transit vehicles and traffic control signalization receive a federal share of 100 percent.

ELIGIBLE ACTIVITIES

Eligibility for CMAQ funds was expanded under SAFETEA-LU to include projects and programs that:

- establish or operate advanced truck stop electrification systems that improve transportation systems management that mitigate congestion;
- involve the purchase of integrated, interoperable emergency communications equipment;
- involve the purchase of diesel retrofits that are for motor vehicles or non-road vehicles and non-road engines used in construction projects located in ozone or particulate matter non-attainment or maintenance areas and funded under 23 USC; and
- conduct outreach activities that provide assistance to diesel equipment and vehicle owners and operators regarding the purchase and installation of diesel retrofits.

TRANSFERABILITY OF FUNDS

A state may transfer CMAQ funds to its Surface Transportation, NHS, IM, Bridge, HSI, and/or Recreational Trails apportionment. The amount that may be transferred may not exceed 50 percent of the amount by which the State's CMAQ apportionment for the fiscal year exceeds the amount the State would have been apportioned if the program had been funded at $1.35 billion annually.

STATEWIDE PLANNING AND RESEARCH

The State Planning and Research program provides funds to states to assist a statewide planning process that established a cooperative, continuous, and comprehensive framework for making transportation investment decisions throughout the state. The statewide planning process is to be coordinated with metropolitan planning and statewide trade and economic development planning activities. Two or more states may enter into planning agreements or compacts for cooperative efforts and mutual assistance. The statewide plan should include measures to ensure the preservation and most efficient use of the existing system. The State Transportation Improvement Program (STIP) is to be updated at least every four years. **Figure 13** shows the State Planning and Research program funding for fiscal years 2006 to 2011.

FIGURE 13
STATEWIDE PLANNING AND RESEARCH PROGRAM FUNDING FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$602.3	$50.4	8.3%
2007	$646.6	$53.4	8.2%
2008	$671.4	$55.4	8.2%
2009	$677.7	$55.8	8.2%
2010	$677.7	$55.8	8.2%
2011	$677.7	$55.8	8.2%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Funding to states is available for four years. State Planning and Research program funding for highways originates from the Federal Highway Administration (FHWA). The FHWA provides a 2 percent set-aside from the highway planning and construction apportionment Interstate Maintenance (IM), Surface Transportation (STP), National Highway System (NHS), Congestion Mitigation and Air Quality Improvement (CMAQ), Highway Bridge Rehabilitation and Replacement Program (HBRRP), and Equity Bonus Program. Of this amount, states must allocate 25 percent for research, development, and technology.

STATE/FEDERAL SHARE

The federal participation share is 80 percent, unless the U.S. DOT determines that the federal-aid highway program is better served by decreasing or eliminating the non-federal share.

ELIGIBLE ACTIVITIES

Eligible Statewide Planning and Research activities include the following:

- engineering and economic surveys;
- engineering and economic investigations;
- planning future highway programs;
- planning local public transportation systems;
- finance planning of programs and systems;
- development and implementation of management systems;
- studies of the economy, safety and convenience of highway usage, regulation, and equitable taxation;
- research, development, and technology transfer activities necessary in connection with planning;
- design, construction, and maintenance of highways; and
- public transportation, and intermodal transportation systems.

Funds may also be used for the study, research, and training on engineering standards and construction materials for certain transportation systems, including evaluation and accreditation of inspection and testing and the regulation and taxation of their use.

TRANSFERABILITY OF FUNDS

Statewide planning is an eligible activity for additional funding under the NHS and STP. States may authorize a portion of these funds to be used to supplement and administer Metropolitan Planning funds allocated by a state to its urbanized areas.

METROPOLITAN PLANNING

The Metropolitan Planning program provides funds to states for distribution to Metropolitan Planning Organizations (MPOs) in order to carry out a metropolitan planning process that includes development of metropolitan area transportation plans and transportation improvement programs. **Figure 14** shows the Metropolitan Planning program funding for fiscal years 2006 to 2011.

FIGURE 14
METROPOLITAN PLANNING PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$289.8	$21.3	7.3%
2007	$294.5	$21.6	7.3%
2008	$299.2	$22.0	7.3%
2009	$304.0	$22.3	7.3%
2010	$304.0	$22.3	7.3%
2011	$341.8	$23.3	7.0%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Metropolitan Planning program funding from the Federal Highway Administration (FHWA) provides a 1.25 percent set-aside from the highway planning and construction apportionments for Interstate Maintenance (IM), Surface Transportation (STP), National Highway System (NHS), Congestion Mitigation and Air Quality Improvement (CMAQ), and Highway Bridge Rehabilitation and Replacement (HBRRP) programs. The apportionments in the **Figure 14** above represent funds provided by the FHWA. Metropolitan Planning program funding to states is available for four years.

FHWA funds are apportioned based on a ratio of the urbanized area population in an individual state to the total nationwide urbanized area population.

Metropolitan Planning Organizations (MPOs) – States must distribute Metropolitan Planning program funds to MPOs through a formula developed in consultation with MPOs and approved by the U.S. DOT. In developing the formula, some factors states must consider include population, status of planning, attainment of air quality standards, and metropolitan area transportation needs.

STATE/FEDERAL SHARE

The federal share is 80 percent, unless the U.S. DOT determines that the federal-aid highway program is better served by decreasing or eliminating the nonfederal share.

ELIGIBLE ACTIVITIES

Eligible Metropolitan Planning activities include the following:

- development of metropolitan area transportation plans and transportation improvement plans. Plans must be updated every four years.
- studies related to transportation management, operations, capital requirements, and economic feasibility, including:
- evaluating previously funded capital projects;
- conducting inventories of existing routes to determine their physical condition and capacity;
- determining the types and volumes of vehicles using these routes;
- anticipating the level and location of future population, employment, and economic growth; and
- using information from the studies to determine current and future transportation needs; and other related activities in preparation for the construction, acquisition, or improved operation of transportation systems, facilities, and equipment.

TRANSFERABILITY OF FUNDS

In addition to amounts apportioned for the Metropolitan Planning program, states may use any amount of NHS and STP funds for Metropolitan Planning activities.

COORDINATED BORDER INFRASTRUCTURE PROGRAM

The purpose of the Coordinated Border Infrastructure (CBI) Program is to improve the safe movement of motor vehicles at or across U.S. international land borders. **Figure 15** shows the CBI program funding for fiscal years 2006 to 2011.

FIGURE 15
COORDINATED BORDER INFRASTRUCTURE PROGRAM
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$145.0	$36.8	25.0%
2007	$165.0	$42.0	25.0%
2008	$190.0	$48.3	26.3%
2009	$210.0	$53.4	25.0%
2010	$210.0	$55.9	26.6%
2011	$236.8	$58.3	24.6%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Funds are apportioned among the 15 international land-border states based on the movement of people and goods through land border ports of entry as follows:

- 20 percent is based on the state's share of incoming commercial trucks that pass through international land ports of entry;
- 30 percent is based on the state's share of incoming personal motor vehicles and buses that pass through international land ports of entry;
- 25 percent is based on the state's share of the weight of incoming cargo by commercial trucks that pass through international land ports of entry; and
- 25 percent is based on the state's share of ports of entry.

STATE/FEDERAL SHARE

The federal share is generally 80 percent, subject to the sliding scale adjustment. When the funds are used for interstate projects to add high occupancy vehicle or auxiliary lanes, but not other lanes, the federal share may be 90 percent and subject to a sliding scale adjustment. Certain safety improvements have a federal share of 100 percent.

ELIGIBLE ACTIVITIES

Eligible uses for CBI funds are:

- improvements in a border region to existing transportation and supporting infrastructure that facilitate cross-border motor vehicle and cargo movements;
- construction of highways and related safety and safety enforcement facilities in a border region that facilitate motor vehicle and cargo movements related to international trade;
- operational improvements in a border region, including improvements relating to electronic data interchange and use of telecommunications, to expedite cross-border motor vehicle and cargo movement;
- modifications to regulatory procedures to expedite safe and efficient cross-border motor vehicle and cargo movements; and
- international coordination of transportation planning, programming, and border operations with Canada and Mexico relating to expediting cross-border motor vehicle and cargo movements.

States may use these funds to construct a project in Canada or Mexico if the project directly and predominantly facilitates cross-border vehicle and cargo movement at an international port of entry in the border region of the state, provided the state is able to do so legally within its own provisions. CBI funds may be used for public transportation infrastructure under special circumstances.

TRANSFERABILITY OF FUNDS

Funds are not transferable except as permitted for transfer to the General Services Administration (GSA). Transfers are initiated when a border state requests, the Secretary of Transportation approves, and GSA agrees that up to 15 percent or $5.0 million (whichever is less) of the state's Coordinated Border Infrastructure Program funds may be transferred to GSA to carry out one or more eligible projects. The state must provide the non-federal share directly to GSA.

RAILWAY-HIGHWAY CROSSINGS

The goal of the Railway-Highway Crossings program is to reduce the number of fatalities and injuries at public highway-rail grade crossings through the elimination of hazards and/or the installation/upgrade of protective devices at crossings. **Figure 16** shows the Railway-Highway Crossings program funding for fiscal years 2006 to 2011.

FIGURE 16
RAILWAY HIGHWAY CROSSING PRGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$220.0	$16.6	8.0%
2007	$220.0	$16.6	8.0%
2008	$220.0	$16.6	8.0%
2009	$220.0	$16.6	8.0%
2010	$220.0	$17.0	7.7%
2011	$248.3	$17.7	7.1%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Under SAFETEA-LU, the Railway-Highway Crossings program was funded through the new Highway Safety Improvement Program. Apportioned funds are distributed based on the following factors:

- 50 percent based on the formula factors for the Surface Transportation Program; and
- 50 percent based on the number of public railway-highway crossings in each state.

Each state is to receive a minimum of 0.5 percent of the total program funds. Also, 50 percent of each state's apportionment must be set aside for the installation of protective devices at railway-highway crossings.

STATE/FEDERAL SHARE

The federal share is 90 percent.

ELIGIBLE ACTIVITIES

Railway-Highway Crossing program funds may be used for the following activities:

- conduct and systematically maintain a survey of all highways;
- identify railroad crossings that may require separation, relocation, or protective devices; and
- prepare an annual progress report on railway-highway crossing initiatives.

States may use two percent of the funds apportioned for the compilation and analysis of data for the required annual progress report to the U.S. DOT.

TRANSFERABILITY OF FUNDS

Activities funded under the Railway-Highway Crossings program are also eligible for funding under the broader eligibilities of the Highway Safety Improvement Program.

EQUITY BONUS

When Congress passed the SAFETEA-LU, they created the Equity Bonus program. Under SAFETEA-LU, the Minimum Guarantee was replaced with the Equity Bonus Program in fiscal year 2005, designed to adjust apportionments for each state to ensure that no state's rate of return on contributions to the Highway Trust Fund dropped below a given percentage. This program replaces TEA-21's Minimum Guarantee Program. **Figure 17** shows the Equity Bonus program funding for fiscal years 2006 to 2011.

FIGURE 17
EQUITY BONUS PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$6,872.7	$827.8	12.0%
2007	$8,326.7	$939.1	11.3%
2008	$9,175.2	$1,009.0	11.0%
2009	$9,093.3	$1,001.4	11.0%
2010	$9,594.1	$1,204.0	12.5%
2011	$10,716.4	$1,256.8	11.7%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Each state's share of apportionments from the Interstate Maintenance, National Highway System, Bridge Rehabilitation and Replacement, Surface Transportation Program, Highway Safety Improvement Program, Congestion Mitigation and Air Quality Improvement, Metropolitan Planning, Appalachian Development Highway System, Recreational Trails, Safe Routes to Schools, Rail-Highway Grade Crossing, Coordinated Border Infrastructure programs, the Equity Bonus itself, and High Priority Projects is formulated to be at least a specified percentage of that state's contributions to the Highway Account of the Highway Trust Fund. Texas' percentage, also known as the relative rate of return, was 90.5 percent for fiscal years 2005 and 2006, 91.5 percent for fiscal year 2007, and 92.0 percent for fiscal years 2008 and 2010. Rescissions by Congress offset these returns from fiscal years 2005 to 2009.

In any given year, no state is to receive less than a specified percentage of its average annual apportionments and High Priority Projects under SAFETEA-LU. These percentage amounts were 117 percent for fiscal year 2005, 118 percent for fiscal year 2006, 119 percent for fiscal year 2007, 120 percent for fiscal year 2008, and 121 percent for fiscal year 2009. Fiscal year 2010 apportionments were extended to fiscal year 2009 equivalents.

STATE/FEDERAL SHARE

Most of Equity Bonus funds take on the federal share of the programs to which they are allocated. For any remaining funds the federal share is generally 80 percent, and may be subject to sliding scale adjustment. For funds used for interstate projects to add high occupancy vehicle or auxiliary lanes, but not other lanes, the federal share may be 90 percent. Certain safety improvement programs offer a federal share of 100 percent.

ELIGIBLE ACTIVITIES

Except for set-aside and sub allocation requirements, Equity Bonus funds may be used for any transportation category within the Surface Transportation program, for highway and bridge construction, and highway safety.

TRANSFERABILITY OF FUNDS

Amounts programmatically distributed take on the uses and restrictions of those programs. However, over the course of SAFETEA-LU approximately $2.6 billion was designated as having the same eligibilities as the Surface Transportation Program (STP), but the funds are not subject to the STP safety set-aside, the transportation enhancement set-aside or the sub allocations to sub-state areas.

RECREATIONAL TRAILS PROGRAM

The Recreational Trails Program (RTP) provides funds to the states to develop and maintain trail-related facilities for both non-motorized and motorized recreational uses **Figure 18** shows the Recreational Trails Program Funding for fiscal years 2006 to 2011.

FIGURE 18
RECREATION TRAILS PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$69.2	$3.0	4.3%
2007	$74.2	$3.3	4.4%
2008	$79.2	$3.5	4.4%
2009	$84.2	$3.7	4.4%
2010	$84.2	$3.0	3.6%
2011	$96.8	$3.1	3.2%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

RTP uses the following formula to determine the how much funding a state will receive:

- 50 percent of the amount will be apportioned equally among eligible states; and
- 50 percent of the amount will be apportioned among eligible states proportionate to the amount of non-highway recreational fuel used in each state during the preceding year.

STATE/FEDERAL SHARE

The federal share is generally as follows:

- 90 percent for Interstate System projects;
- up to 100 percent for certain safety projects, subject to sliding scale requirements; and
- 80 percent for other projects.

ELIGIBLE ACTIVITIES

RTP funds are available to construct, maintain, develop and renovate trails and trail facilities. Trail uses include hiking, cross-country skiing, bicycling, equestrian use, snowmobiling, in-line skating, and the operation of off-road motorized vehicles. Eligible activities include:

- assessment of trail conditions for accessibility and maintenance;
- clarification that educations funds may be used for publications, monitoring and patrol programs and for trail-related training;
- maintenance and restoration of trails;
- development and rehabilitation of trailside and trailhead facilities;
- purchase and lease of trail construction and maintenance equipment;
- construction of new trails (with some limits on federal lands);
- acquisition of easements and fee simple title to property;
- assessment of trail conditions for accessibility and maintenance;
- development and dissemination of publications and operation of trail safety and trail environmental protection programs (including non-law enforcement monitoring and patrol programs and trail-related training), not to exceed 5 percent of the annual apportionment; and
- state costs for administering the program, not to exceed 7 percent of the annual apportionment.

TRANSFERABILITY OF FUNDS

The RTP allows funds from any federal program (including other U.S. DOT programs) to fulfill the non-federal share requirement for purposes that would be eligible under the RTP. States also may allow adjustments to the non-federal share on a programmatic basis.

HIGH PRIORITY PROJECTS PROGRAM

The High Priority Projects Program makes up the part of the highway planning and construction apportionment that provides funding for specific projects identified by Congress. A total of 5,091 High Priority Projects were included and funding was authorized nationally for these projects in SAFETEA-LU in federal fiscal year 2006. **Figure 19** shows the High Priority Projects program funding for fiscal years 2006 to 2011.

FIGURE 19
HIGH PRIORITY PROJECTS PRGRAM
FISCAL YEARS 2006 TO 2011

(IN MILLONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$2,964.8	$135.7	4.6%
2007	$2,964.8	$135.7	4.6%
2008	$2,964.8	$135.7	4.6%
2009	$2,964.8	$135.7	4.6%
2010	N/A	N/A	N/A
2011	N/A	N/A	N/A

NOTE: SAFETEA-LU Authorization expired in September 30, 2009. Congress rescinded certain unobligated High Priority funds in the continuing budget resolutions in December 2010 and October 2011.
SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Under SAFETEA-LU the obligation authority for most projects may be distributed on a per project basis. Of the 5,091 projects authorized nationally, 3,676 were approved on a per project basis. For the remaining projects states are given flexible obligation authority, whereby the funds are distributed to the states and each state has the authority to advance projects of their own choosing. Advance allocations and several flexibility provisions are available with the prior approval of the Federal Highway Administration (FHWA). High priority Project funds are available until expended.

States with certain characteristics (e.g., low population density or total population, low median household income, high Interstate fatality rate, high indexed state motor fuel rate) are guaranteed a share of apportionments and High Priority Projects not less than the state's average annual share under TEA-21.

The U.S. DOT estimates that in fiscal years 2005 to 2009 Texas had an authorized funding level of approximately $678.5 million for 204 High Priority Projects across the state. A majority of these projects include the construction, reconstruction, improvement, or upgrading of specified roads, highways, and interstates. In addition, approximately $71.3 million is earmarked for the Buses and Bus Facilities and Clean Fuels grant programs, and $505.0 million will fund two public transit programs in Harris and Dallas counties through the Federal Transit Authority's New Starts Program.

STATE/FEDERAL SHARE

The federal share is 80 percent, except for designated projects in certain states and territories. The non-federal share may consist of private donations of funds, right-of-way, materials or services. Services performed by the local government employees may be used towards the non-federal share. Donations of right-of-way may be applied at anytime during the development of a project; however, donated funds, services and materials can only be applied after the FHWA approves a project. Also, a state may use approved Toll Credits for all or part of the non-federal share as long as the state meets the method of finance requirements of the FHWA.

ELIGIBLE ACTIVITIES

The designated High Priority Projects funding can only be used for projects authorized by Congress and listed in SAFETEA-LU.

TRANSFERABILITY OF FUNDS

In certain cases funds may be transferred with prior approval of the FHWA to the Federal Transit Administration or other appropriate federal agency, usually for a purpose related to the specific project for which the funds are designated.

DISCRETIONARY HIGHWAY PROGRAMS SUMMARY

The Federal Highway Administration (FHWA) administers several discretionary funding programs. In 2005, SAFETEA-LU consolidated several research and development programs such as the Intelligent Transportation Systems (ITS), Transportation Infrastructure Innovation, Innovative Bridge Research and Construction Program into one Surface Transportation Research, Development and Deployment Program. Certain discretionary programs, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) are located in the Innovative Financing section of this primer. **Figure 20** shows the Discretionary Highway programs funding for fiscal years 2006 to 2011. Discretionary programs for this section are listed below, with further details discussed in fact sheets following the summary page:

- Interstate Maintenance Discretionary (IMD)
- Public Lands Highways
- National Scenic Byways
- Highways for LIFE
- Transportation and Community System Preservation Program (TCSP)
- Ferry Boats
- Value Pricing Pilot Program
- Transportation Investment Generating Economic Recovery (TIGER I, TIGER II and TIGER III)

FIGURE 20
DISCRETIONARY HIGHWAY PROGRAMS FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

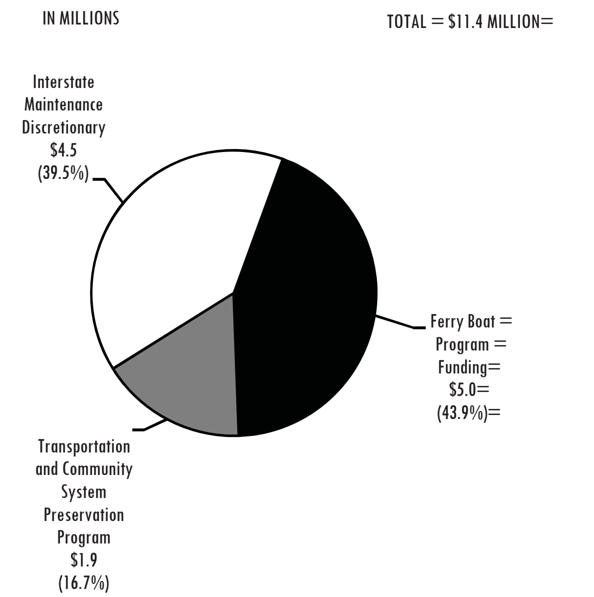
FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$358.0	$6.9	1.9%
2007	$380.5	$0.0	0.0%
2008	$352.1	$3.3	1.0%
2009	$1,881.9	$50.4	2.6%
2010	$995.5	$47.9	4.8%
2011	$913.5	$11.4	1.2%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

FHWA solicits candidates and selects projects for funding based on applications received. Eligibility and selection criteria are established by law or by FHWA regulation or administrative action. In some cases, projects to be funded are specified in law by Congress. **Figure 21** shows Discretionary Highway Program Funds received by Texas in fiscal year 2011.

FIGURE 21
DISCRETIONARY HIGHWAY PROGRAMS SUMMARY
FEDERAL FUNDS RECEIVED BY TEXAS
FISCAL YEAR 2011



Note: Totals only reflect amounts for federal programs the state participates in. Federal restrictions may limit the states ability to receive certain funds. Totals do not include federal funds distributed directly to local entities.
Source: Federal Highway Administration.

STATE/FEDERAL SHARE

The federal share varies by grant program or cooperative agreement ranging from 80 and 100 percent. The majority of programs receive 80 percent federal share, and some programs permit "in kind" services and materials to be substituted for state and local funds. Several programs are subject to obligation limitation regulations corresponding with the time of their respective authorization period.

ELIGIBLE ACTIVITIES

Discretionary Highway Program funds may be used for the following activities:

- replacement, rehabilitation or seismic retrofit of major bridges;
- selected highway corridors or regional border infrastructure improvements;
- ferry boats and ferry terminal facilities improvements;
- use of innovative material technology in the construction of bridges and other structures;
- integration of ITS across the system, jurisdiction and modal boundaries, in metropolitan and rural areas;
- installation of the Commercial Vehicle Information System and networks;
- resurfacing, restoring, rehabilitating and reconstructing, including adding travel lanes, on most existing Interstate System routes;
- certain transportation projects that are within, adjacent to, or provide access to federal public land areas; and
- certain scenic byway projects.

TRANSFERABILITY OF FUNDS

Varies by grant program or cooperative agreement according to rules set forth under the SAFETEA-LU Reauthorization Act.

INTERSTATE MAINTENANCE DISCRETIONARY

The Interstate Maintenance Discretionary (IMD) program funds are available, through set-asides from the Interstate Maintenance (IM) program, for resurfacing, restoration, rehabilitation and reconstruction work, including providing additional capacity, on most existing Interstate System routes. **Figure 22** shows the IMD program funding for fiscal years 2006 to 2011.

FIGURE 22
INTERSTATE MAINTENANCE DISCRETIONARY PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$84.7	$4.5	5.3%
2007	$92.0	$0.0	0.0%
2008	$67.1	$1.7	2.5%
2009	$83.1	$2.4	3.0%
2010	$92.9	$4.5	4.8%
2011	$92.9	$4.5	4.8%

NOTE: Amounts only include funds awarded to the state.
SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

SAFETEA-LU authorized up to $100.0 million for each of fiscal years 2005 to 2009 for the IMD program and Congress extended the program and authorized an additional $100.0 million nationally, through passage of the Surface Transportation Extension Act of 2010 for fiscal year 2011. Priority will be given to projects that will be under construction by fiscal year 2012, have a total cost exceeding $10.0 million and are located on a high volume route in an urban area or a high truck-volume route in a rural area. Project awards of $2.0 million to $5.0 million are anticipated. States must compete for available funding. The FHWA has not established regulatory criteria for selection of IMD projects, however, the following criteria may be considered in the evaluation of projects for the IMD program:

- the amount of leveraging of private or other public funding;
- individual state priorities;
- requests that will expedite the completion of a project over requests for initial funding of a project that will require a long-term commitment of future IMD funding;
- the state's total funding plan to expedite the completion of large-scale projects; and
- the transportation benefits that will be derived upon completion of the project.

Under the provisions of SAFETEA-LU any remaining discretionary funds which states cannot access because of their obligation limitation will be redistributed under the Surface Transportation Program formula. These provisions have been extended for fiscal year 2011.

STATE/FEDERAL SHARE

The federal share of the costs for most projects eligible under this program is 90 percent. However, the federal share is 80 percent on projects, or the portion of projects, for work involving added single-occupancy vehicle lanes to increase capacity. Sliding scale provisions under 23 United States Code (U.S.C.) 120 also applies to the federal share for these IMD projects.

ELIGIBLE ACTIVITIES

Eligible activities under the discretionary IMD program include:

- projects not designated by Congress—federal IMD funds are available for resurfacing, restoring, rehabilitating and reconstructing (4R) work, including added lanes, on the Interstate System;
- projects designated by Congress since 2002—congress has been designating IMD funding for specific projects that they list in the Statement of Managers in the conference report that accompanies the annual transportation appropriations act; and
- Congress may establish a provision in the annual transportation appropriations act that declares these listed projects eligible for IMD funding "notwithstanding any other provision of law".

TRANSFERABILITY OF FUNDS

Non-congressional projects may transfer funds according to IMD program obligation limitation regulations. IMD obligation and transfer regulations do not apply to projects designated by Congress.

PUBLIC LANDS HIGHWAYS

The Public Lands Highway program (PLH) is a discretionary subset of the Federal Lands Highway Program (FLHP) and provides funds for federal-aid highway program eligible projects that are within, adjacent to, or provide access to areas served by public lands highways. "Public lands highway" is defined as a forest road or any highway through unappropriated or unreserved public lands, nontaxable Indian lands, or other federal reservations that is under the jurisdiction of and maintained by a public authority and open to public travel. **Figure 23** shows the PLH program funding for fiscal years 2006 to 2011.

FIGURE 23
PUBLIC LANDS HIGHWAY PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$100.0	$0.0	0.0%
2007	$100.0	$0.0	0.0%
2008	$100.0	$0.0	0.0%
2009	$100.0	$1.0	1.0%
2010	$100.0	$0.0	0.0%
2011	$100.0	$0.0	0.0%

Note: Amounts only include funds awarded to the state.
Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

SAFETEA-LU authorized $20 million per year for maintenance of Forest Highways, $1 million per year for signage identifying public hunting and fishing access, and $10 million for the Secretary of Agriculture to facilitate the passage of aquatic species beneath roads in the National Forest System. Following statutory set-asides, the remaining available funds are distributed on a competitive basis. Preference is given to projects significantly impacted by federal land and resource management activities which are submitted by states that contain at least 3 percent of the total public lands in the nation. Projects are also evaluated based upon the following criteria:

- a state's share of the nation's federal public lands and the percentage of a state's area that is comprised of federal public lands;
- the expedited completion of the project;
- the amount of the PLH funding request;
- the state's priorities; and
- the special or unique federal public lands transportation needs for a project.

STATE/FEDERAL SHARE

The Federal share under this program is 100 percent, but is subject to current obligation limitation rules.

ELIGIBLE ACTIVITIES

Funds may be used for transportation planning, research, engineering, and construction of the highways, roads, and parkways, or of transit facilities within the federal public lands. New eligible uses under SAFETEA-LU include maintenance of forest highways; signage identifying public hunting and fishing access; and projects to facilitate the passage of aquatic species beneath roads in the National Forest System.

Other eligible projects include the following activities:

- transportation planning for tourism and recreational travel;
- adjacent vehicular parking areas;
- interpretive signage;
- acquisition of necessary scenic easements and scenic or historic sites;
- provision for pedestrians and bicycles;
- construction and reconstruction of roadside rest areas, including sanitary and water facilities; and
- other appropriate public road facilities such as visitor centers.

TRANSFERABILITY OF FUNDS

Direct transfer of apportioned funds to a federal agency upon state request is allowed.

NATIONAL SCENIC BYWAYS

The National Scenic Byways Program provides funds for eligible scenic byway projects along All-American Roads or designated scenic byways and for the planning, design, and development of state scenic byway programs. In 1995, Texas received and expended an award of $160,000 for the planning, design, and development of a state scenic byway program, when the national program began. Texas did not continue participation in the program after 1995. **Figure 24** shows the National Scenic Byways Program funding for fiscal years 2006 to 2011.

FIGURE 24
NATIONAL SCENIC BYWAYS PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$30.0	$0.0	0.0%
2007	$35.0	$0.0	0.0%
2008	$40.0	$0.0	0.0%
2009	$43.5	$0.0	0.0%
2010	$43.5	$0.0	0.0%
2011	$43.5	$0.0	0.0%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

National Scenic Byways Program grants are competitive and funded by contract authority. Funds remain available for four years. Funds are subject to the overall federal-aid obligation limitation.

STATE/FEDERAL SHARE

The federal share is 80 percent. A federal land management agency may use agency funds as the non-federal share.

ELIGIBLE ACTIVITIES

National Scenic Byways Program funds are available to states for technical assistance and for the planning, design, and development of state scenic byways programs. Additional eligible activities include:

- making safety improvements to a highway designated as a scenic byway;
- construction of facilities along scenic byways for pedestrian and bicyclist use, such as rest area turnouts, overlooks, and interpretive facilities;
- improvements to the highway to improve access to recreational purposes;
- protecting historical and cultural resources along the highway; and
- tourist information and scenic byways marketing plans.

Eligible scenic byways activities may also be coordinated with and funded through the Surface Transportation Program 10-percent set-aside for transportation enhancement activities.

TRANSFERABILITY OF FUNDS

National Scenic Byways Program funds are not transferable.

HIGHWAYS FOR LIFE

Highways for LIFE (HfL) stands for Longer lasting highway infrastructure using Innovations to accomplish the Fast construction of Efficient and safe highways and bridges. **Figure 25** shows the HfL funding for fiscal years 2006 to 2011. The three goals of HfL program are the following:

- improve safety during and after construction;
- reduce congestion caused by construction; and
- improve the quality of the highway infrastructure.

FIGURE 25
HIGHWAYS FOR LIFE PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$15.0	$0.0	0.0%
2007	$20.0	$0.0	0.0%
2008	$20.0	$0.0	0.0%
2009	$20.0	$1.0	5.0%
2010	$20.0	$0.5	2.5%
2011	$20.0	$0.0	0.0%

NOTE: Figures above only include amounts awarded to the state.
SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

SAFETEA-LU provided $75.0 million in competitive grant funding for HfL.

- $15 million for fiscal year 2006; and
- $20 million per year for fiscal years 2007 to 2009.

The amount allocated for a HfL project may be up to 20 percent, but not more than $5 million, of the total project cost.

STATE/FEDERAL SHARE

The federal share for projects approved under this program may be up to 100 percent.

ELIGIBLE ACTIVITIES

The HfL program includes the following activities:

- demonstration construction projects;
- stakeholder input and involvement;
- technology transfer and technology partnerships;
- information dissemination; and
- monitoring and evaluation of projects.

TRANSFERABILITY OF FUNDS

Varies by project.

TRANSPORTATION AND COMMUNITY SYSTEM PRESERVATION PROGRAM

The Transportation, Community, and System Preservation program (TCSP) provides funds for planning grants, implementation grants, and research to investigate and address the relationship between transportation and community and system preservation. The program also seeks to identify private sector-based initiatives to improve transportation, community and system preservation relationships. **Figure 26** shows the TCSP program funding for fiscal years 2006 to 2011.

FIGURE 26
TRANSPORTATION AND COMMUNITY SYSTEM PRESERVATION PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$61.3	$2.0	3.2%
2007	$61.3	$0.0	0.0%
2008	$61.3	$1.0	1.8%
2009	$61.3	$3.5	5.7%
2010	$61.3	$1.9	3.1%
2011	$61.3	$1.9	3.1%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

The annual TCSP allocation is distributed to states in varying amounts each year because they are subject to the overall federal-aid highway obligation limitation, which may impact a state's ability to qualify if it has already reached its obligation limitation threshold. Funds are allocated to states, under contract authority, by the U.S. DOT to states, metropolitan planning organizations, and local and tribal governments. The program strives to ensure the equitable distribution of funds to a diversity of populations and geographic regions.

STATE/FEDERAL SHARE

The federal share is 80 percent or may be subject to a sliding scale rate.

ELIGIBLE ACTIVITIES

Funds may be used to carry out eligible projects to integrate transportation, community, and system preservation plans and practices that:

- improve the efficiency of the U.S. transportation system;
- reduce the impacts of transportation on the environment;
- reduce the need for costly future investments in public infrastructure;
- provide efficient access to jobs, services, and centers of trade; and
- examine community development patterns and identify strategies to encourage private sector development.

Eligibility is broadly defined as a project eligible for assistance under the federal transportation code. Projects may be eligible for other activities at the discretion of the Secretary of the U.S. DOT if a project is determined to be appropriate to implement transit-oriented development plans, traffic calming measures, or other coordinated TCSP practices.

TRANSFERABILITY OF FUNDS

Funds are not transferable.

FERRY BOAT PROGRAM

The Ferry Boat Discretionary (FBD) program provides funds for the construction of ferry boats and ferry terminal facilities. **Figure 27** shows the FBD program funding for fiscal years 2006 to 2011.

FIGURE 27
FERRY BOAT PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$55.0	$0.4	0.7%
2007	$60.2	$0.0	0.0%
2008	$51.7	$0.6	1.1%
2009	$62.0	$0.5	0.8%
2010	$65.8	$5.0	7.6%
2011	$65.8	$5.0	7.6%

NOTE: Ferry Boats received an additional $7.2 million from the American Reinvestment and Recovery Act in fiscal year 2009.
SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Funds are granted by contract authority and remain available until expended. Funds are subject to the overall federal-aid obligation limitation. SAFETEA-LU authorized $285.0 million for the FBD program for federal fiscal years 2005 to 2009. New apportionments were approved through Congressional Continuing Resolutions passed in fiscal year 2011. Funds were also appropriated by Congress for the program in fiscal years 2010 and 2011. Ferry Boat Program funds in Texas are generally allocated to Port Aransas and Harbor Island.

In addition, there is funding authorized from the General Fund of the U.S. Department of Treasury to carry out the provisions of the program. These funds are subject to annual appropriation.

For federal fiscal years 2005 to 2009, $20.0 million of each year's authorization was set aside for projects within the marine highway systems that are part of the NHS. Each year the $20.0 million set-aside will be distributed to select states in the following manner: $10.0 million to the state of Alaska; $5.0 million to the state of New Jersey; $5.0 million to the state of Washington.

STATE/FEDERAL SHARE

The federal share is 80 percent.

ELIGIBLE ACTIVITIES

SAFETEA-LU, requires that priority be given in the allocation of FBD funds to ferry systems and public entities responsible for developing ferries that include the following criteria:

- provide critical access to areas that are not well-served by other modes of surface transportation;
- carry the greatest number of passengers and vehicles;
- carry the greatest number of passengers in passenger-only service; or

TRANSFERABILITY OF FUNDS

Funds are not transferable.

VALUE PRICING PILOT PROGRAM

The Value Pricing Pilot Program (VPP) funds up to 15 pilot programs aimed at learning the potential of reducing congestion through various value pricing approaches. Value pricing, also known as congestion pricing or peak-period pricing, involves charging higher prices for travel on roadways during periods of peak demand. Program goals include making better use of existing highway capacity by encouraging travelers to shift trips to off-peak times, less-congested routes, or alternative modes of transportation. **Figure 28** shows the VPP program funding for fiscal years 2006 to 2011.

FIGURE 28
VALUE PRICING PILOT PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$12.0	$0.0	0.0%
2007	$12.0	$0.0	0.0%
2008	$12.0	$0.0	0.0%
2009	$12.0	$0.0	0.0%
2010	$12.0	$2.0	16.6%
2011	$3.0	$0.0	0.0%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Funds are distributed on a competitive basis to local, regional and state government agencies, as well as public tolling authorities. Projects with the greatest potential for reducing congestion, expanding the current knowledge of value pricing effects, operations, enforcement, revenue generation, equity mitigation and monitoring/evaluation mechanisms will be given the highest priority. Priority is also given to projects that include promising, untried technological, operational, and institutional innovations. At least 25 percent of funds must, according to statute, be spent for projects that do not involve highway tolls. Texas received $2.0 million in fiscal year 2010 for Texas Department of Transportation to test a pay-as-you-drive insurance plan that allows drivers to buy insurance by the mile.

STATE/FEDERAL SHARE

The federal share is 80 percent.

ELIGIBLE ACTIVITIES

The Value Pricing Pilot Program encourages implementation and evaluation of value pricing pilot projects to manage congestion on highways through tolling and other pricing mechanisms. This is the only program that provides funding to support studies and implementation aspects of a tolling or pricing project.

TRANSFERABILITY OF FUNDS

Transferability varies by project.

TRANSPORTATION INVESTMENT GENERATING ECONOMIC RECOVERY PROGRAM GRANTS

The Transportation Investment Generating Economic Recovery (TIGER I) and (TIGER II) discretionary grant programs were created under the American Recovery and Reinvestment Act (ARRA) in 2009 to encourage innovative, multi-modal, and multi-jurisdictional transportation projects that would generate economic and environmental benefits to a metropolitan area or region of the nation. TIGER II was created as a continued, but distinct program from the TIGER I. Types of projects funded with the $1.5 billion allocated in ARRA include improvements to roads, bridges, rail, ports, transit and intermodal facilities. In federal fiscal year 2010, Congress appropriated $600.0 million in competitive grant funds for TIGER II that were awarded by the U.S. DOT in accordance with the SAFETEA-LU Extension Act. TIGER III grants were appropriated under the Continuing Appropriations Act of 2011. TIGER III grants may be used to fund Surface Transportation capital projects, but differs from the other TIGER programs in that funds may not be used for planning purposes. **Figure 29,** shows TIGER I, II, and III program funding for fiscal years 2006 to 2011.

FIGURE 29
TIGER I, II, AND III FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$0.0	$0.0	0.0%
2007	$0.0	$0.0	0.0%
2008	$0.0	$0.0	0.0%
2009	$1,500.0	$43.0	2.8%
2010	$600.0	$34.0	5.6%
2011	$527.0	$0.0	0.0%

NOTE: TIGER I only had one year of funding under the American Recovery and Reinvestmnent Act of 2009. Fiscal year 2011 TIGER III Funds are still in process of being granted in fiscal year 2012.
SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

These funds are awarded on a competitive basis. Funding is available to units of government, including state, tribal and local governments, transit agencies, port authorities, MPOs and multi-jurisdictional entities. Private entities may apply for TIGER III grants with a public entity as lead. TIGER III specifically provides $140.0 million for rural entities out of its total allocation.

STATE/FEDERAL SHARE

The federal share was 100 percent under ARRA and 80 percent under the SAFETEA-LU Extension Act. TIGER III is 100 percent federal share for rural project grants and 80 percent for urban project area grants.

ELIGIBLE ACTIVITIES

Under the TIGER I and TIGER II program funds can be used for specific transportation projects such as:

- construction related projects coordinated with other state local and federal grant programs;
- capital investments in highway or bridge projects;
- public transportation projects;
- passenger and freight rail transportation projects;
- port infrastructure investments; and
- intermodal facilities.

Under TIGER III program, funds can only be used for Surface Transportation-related capital projects such as:

- construction related projects coordinated with other state local and federal grant programs;
- capital investments in highway or bridge projects;
- public transportation projects;
- passenger and freight rail transportation projects; and
- intermodal facilities.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

HIGHWAY SAFETY PROGRAMS SUMMARY

SAFETEA-LU establishes a new core Highway Safety Improvement Program (HSIP) that is structured and funded to make significant progress in reducing highway fatalities. The program increased funds for infrastructure safety requiring strategic highway safety planning focusing on results. Other programs target specific areas of concern, such as work zones, older drivers, and pedestrians, including children walking to school. The National Highway Traffic Safety Administration (NHTSA) administers highway safety grants, cooperative agreements and certain earmarked projects approved by Congress. The FHWA administers the Highway Safety Improvement Program, but manages that program in cooperation with NHTSA. **Figure 30** shows the Highway Safety Improvement Program funding for fiscal years 2006 to 2011.

FIGURE 30
HIGHWAY TRANSPORTATION SAFETY PROGRAM FUNDING, FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$1,872.2	$125.8	6.7%
2007	$1,926.5	$139.0	7.2%
2008	$1,982.5	$120.9	6.0%
2009	$2,055.0	$135.5	6.6%
2010	$2,022.5	$147.9	7.3%
2011	$2,044.5	$147.5	7.2%

Sources: Federal Highway Administration; National Highway Safety Administration.

New programs were established under SAFETEA-LU. Highway safety apportionments increased from federal fiscal year 2006 to federal fiscal year 2009, from $1.8 billion to $2.0 billion nationally. Texas was allocated $816.6 million for HSIP under SAFETEA-LU in federal fiscal years 2006 through 2011. The funds are used for a variety of studies and programs, including well-known state programs such as "Click It or Ticket" and "You Drink, You Drive, You Lose."

In a separate funding measure, SAFETEA-LU created a new program called "Safe Routes to School," which provides formula funding to states to encourage communities to adopt strategies and fund projects designed to allow children to walk and bike to school safely. Texas has received an apportionment of $47.4 million for the Safe Routes to School program over the life of SAFETEA-LU. Highway safety programs supported by SAFETEA-LU and described in the primer include:

- Highway Safety Improvement Program;
- State and Community Highway Safety;
- Safe Routes to Schools Program;
- Alcohol Impaired Driving Countermeasures Incentive Grants;
- Safety Belt Performance Grants Program;
- Child Safety and Child Booster Seats Incentive Grants;
- Occupant Protection Incentive Grants;
- Incentive Grant Program to Prohibit Racial Profiling;
- Incentive Grants Program to Increase Motorcycle Safety; and
- State Traffic Safety Information System Improvement Grants.

DISTRIBUTION OF FUNDS

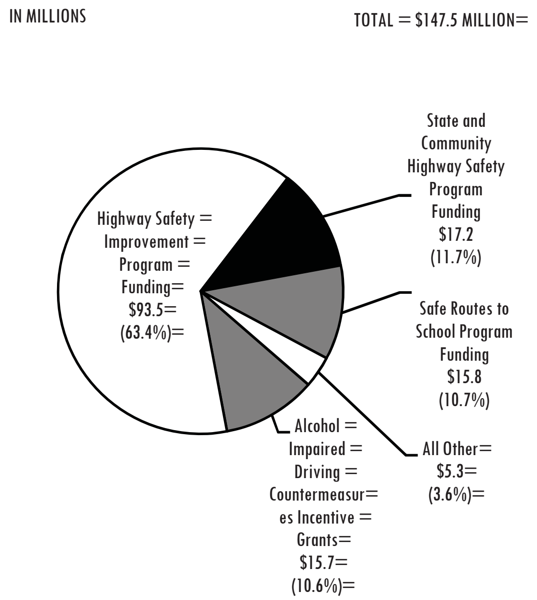
Some funds are distributed through the statutory formula established for the State and Community Highway Safety (SCHS) Grant program as follows:

- 75 percent based on the ratio of the state's population in the latest federal census to the total population in all states.
- 25 percent based on the ratio of the public road miles in the state to the total public road miles in all states.

The apportionment to each state is no less than 0.5 percent of the total (SCHS) apportionment. A state may use these grant funds only for highway safety purposes; at least 40 percent of these funds are to be expended by political subdivisions of the state.

Other highway safety funds are allocated based upon criteria set in the statute authorizing the program. **Figure 31** shows Highway Safety Federal Funds received by Texas in fiscal year 2011.

FIGURE 31
HIGHWAY SAFETY PROGRAMS SUMMARY
FEDERAL FUNDS RECEIVED BY TEXAS
FISCAL YEAR 2011



Note: Totals only reflect amounts for federal programs the state participates in. Federal restrictions may limit the states ability to receive certain funds. Totals do not include federal funds distributed directly to local entities.
Sources: Federal Highway Administration; Highway Traffic Safety Administration.

ELIGIBLE ACTIVITIES

Highway Safety Transportation funds may be used for the following activities:

- develop or upgrade traffic record systems;
- implement data improvement systems that improve the timeliness, accuracy, completeness, uniformity, and accessibility of highway safety data;
- conduct traffic engineering studies and analyses;
- develop work zone safety programs;
- develop programs that reduce traffic accidents and resulting deaths, injuries, and property damage;
- implement innovative projects to promote increased seat belt use rates;
- implement and enforce occupant protection programs such as primary safety belt use laws and special traffic enforcement programs;
- implement child passenger protection public education programs providing public education on proper child restraint installation and use; and
- implement and enforce impaired driver programs.

TRANSFERABILITY OF FUNDS:

Transferability varies by project or may be allowed at the discretion of the U.S. DOT.

HIGHWAY SAFETY IMPROVEMENT PROGRAM

SAFETEA-LU authorized a new core federal-aid funding program beginning in federal fiscal year 2006, the Highway Safety Improvement Program (HSIP), to achieve a significant reduction in traffic fatalities and serious injuries on all public roads. **Figure 32** shows the Highway Safety Improvement Program funding for fiscal years 2006 to 2011. HSIP also supports the following state programs and functions:

- Strategic Highway Safety Plan (SHSP)
- Railway-Highway Crossings (RRX)
- High Risk Rural Roads (HRRR)
- Reporting Requirements (HSIP Reports)

FIGURE 32
HIGHWAY SAFETY IMPROVEMENT PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$1,236.0	$85.8	7.0%
2007	$1,256.0	$87.5	7.0%
2008	$1,276.0	$89.2	7.0%
2009	$1,296.0	$91.0	7.0%
2010	$1,263.0	$93.5	7.4%
2011	$1,263.0	$93.5	7.4%

Source: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Before apportioning HSIP funds, $220.0 million is set aside for the Railway-Highway Crossing program. The remainder is apportioned to states based on the following factors:

- 33 percent based on lane miles of federal-aid highway.
- 33 percent based on vehicle miles traveled on lanes on federal-aid highways.
- 33 percent based number of fatalities on the federal-aid system.

Each state will receive at least 0.5 percent of the total funds apportioned for the HSIP. Each state must have a Strategic Highway Safety Plan (SHSP) to be eligible to use up to 10 percent of its HSIP funds for education and enforcement related projects. Also, states must certify that they have met federal railway-highway crossing and infrastructure safety requirements to be eligible for funding.

STATE/FEDERAL SHARE

The federal share is 90 percent, and may be expanded to 100 percent for certain safety improvements at the discretion of the U.S. DOT.

ELIGIBLE ACTIVITIES

States with SHSP that meet the federal regulatory requirements may obligate HSIP funds for several types of projects including:

- projects on any public road;
- projects on any publicly owned bicycle and pedestrian pathway or trail;
- education programs;
- enforcement programs; and
- emergency medical services.

Each state's apportionment of HSIP funds is subject to a set aside for construction and operational improvements on high-risk rural roads. The set aside will be applied proportionally to a state's HSIP apportionments. If a state certifies that it has met all its needs relating to construction and operational improvements on high-risk rural roads, it may use those funds for any safety improvement project eligible under the HSIP.

TRANSFERABILITY OF FUNDS

Transferability varies and may be made when projects meet specific regulatory criteria or at the discretion of the U.S. Department of Transportation.

STATE AND COMMUNITY HIGHWAY SAFETY

SAFETEA-LU reauthorized the State and Community Highway Safety (SCHS) formula grant program to support state highway safety programs designed to reduce traffic crashes and resulting deaths, injuries, and property damage. **Figure 33** shows the SCHS program funding for fiscal years 2006 to 2011.

FIGURE 33
STATE AND COMMUNITY HIGHWAY SAFETY PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$217.0	$15.1	7.0%
2007	$220.0	$15.4	7.0%
2008	$225.0	$15.3	6.8%
2009	$235.0	$16.0	6.8%
2010	$235.0	$16.0	6.8%
2011	$235.0	$17.2	7.3%

Source: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Funds are distributed by formula as follows:

- 75 percent based on the ratio of the state's population in the latest federal census to the total population in all states; and
- 25 percent based on the ratio of the public road miles in the state to the total public road miles in all states.

The apportionment to each state is no less than 0.5 percent of the total SCHS apportionment.

STATE/FEDERAL SHARE

Federal share shall not exceed 80 percent or applicable sliding scale.

ELIGIBLE ACTIVITIES

States may use the SCHS grant funds only for highway safety purposes. A minimum of 40 percent of SCHS funds must to be expended by local governments. The SCHS grant funds may be used for problems identified within the following nine national priority program areas:

- Alcohol and other Drug Countermeasures;
- Police Traffic Services;
- Occupant Protection;
- Traffic Records;
- Emergency Medical Services;
- Motorcycle Safety;
- Pedestrian/Bicycle Safety;
- Speed Control; and
- Roadway Safety.

Other program areas identified by a state as constituting a highway safety problem in that state may also be considered. For example, a state may find a need to focus on pupil transportation safety programs.

TRANSFERABILITY OF FUNDS

Transferability is allowed when states meet program criteria and are in compliance with the State Highway Safety Plan and Performance Plan requirements showing that they will implement activities in support of national highway safety goals. Obligation limitations must also be maintained.

SAFE ROUTES TO SCHOOL PROGRAM

The Safe Routes to School Program was established to enable and encourage children, including those with disabilities, to walk and bicycle to school; to make walking and bicycling to school safe and more appealing; and to facilitate the planning, development and implementation of projects that will improve safety, and reduce traffic, fuel consumption, and air pollution in the vicinity of schools.

Funds are to be administered by state departments of transportation to provide financial assistance to state, local, and regional agencies, including non-profit organizations that demonstrate the ability to meet the requirements of the program. **Figure 34** shows the program funding for fiscal years 2006 to 2011.

FIGURE 34
SAFE ROUTES TO SCHOOL PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$96.0	$7.0	7.2%
2007	$122.0	$9.4	7.7%
2008	$147.0	$12.1	8.2%
2009	$180.0	$15.2	8.4%
2010	$180.0	$15.2	8.4%
2011*	$202.0	$15.8	7.8%

SOURCE: Federal Highway Administration.

DISTRIBUTION OF FUNDS

Each year the U.S. DOT apportions funds to states based on their relative shares of total student enrollment in primary and middle schools, including kindergarten through eighth grade, but no state receives less than $1 million. Funds are distributed and managed under contract authority remaining available to states until expended.

STATE/FEDERAL SHARE

Federal share is 100 percent.

ELIGIBLE ACTIVITIES

States may use Safe Routes to School Program funds for infrastructure-related projects including the planning, design, and construction of projects that will substantially improve the ability of students to walk and bicycle to school. Projects may be carried out on any public road or any bicycle or pedestrian pathway or trail in the vicinity of schools. Eligible projects include:

- sidewalk improvements;
- traffic calming and speed reduction improvements;
- pedestrian and bicycle crossing improvements;
- on-street bicycle facilities;
- off-street bicycle and pedestrian facilities;
- secure bike parking; and
- traffic diversion improvements within a two-mile radius of schools zones.

Each state must set aside from its Safe Routes to School apportionment not less than 10 percent and not more than 30 percent of the funds for non-infrastructure related activities to encourage walking and bicycling to school. Projects for set aside funds include public awareness campaigns and outreach to press and community leaders, traffic education and enforcement in the vicinity of schools, student sessions on bicycle and pedestrian safety, health, and environment, and training, volunteers, and managers of safe routes to school programs. Each participating state must dedicate a portion of the program funds to support a program coordinator.

TRANSFERABILITY OF FUNDS

Contract authority is not subject to transfer and is subject to the overall federal-aid obligation limitation.

ALCOHOL IMPAIRED DRIVING COUNTERMEASURES INCENTIVE GRANTS

The Alcohol Impaired Driving Countermeasures Incentive Grants were established to encourage states to adopt effective programs to reduce crashes resulting from persons driving while under the influence of alcohol. **Figure 35** shows the program funding for fiscal years 2006 to 2011.

FIGURE 35
ALCOHOL IMPAIRED DRIVING COUTNERMEASURES INCENTIVE GRANT FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$120.0	$7.4	6.2%
2007	$125.0	$8.0	6.4%
2008	$131.0	$0.0	0.0%
2009	$138.5	$9.0	6.5%
2010	$139.0	$17.9	6.5%
2011	$139.0	$15.7	6.5%

Source: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Alcohol Impaired Driving Countermeasures Incentive Grants are distributed as competitive project grants. States that qualify may receive awards ranging from $1 million to $18 million, which are renewable each year for up to four years. The Texas Department of Transportation reports that the state did not qualify for funding from this program in fiscal year 2008. States must meet five of the following criteria for federal fiscal years 2008 and 2009, (this requirement was sustained for federal fiscal years 2010 and 2011:

- a statewide program to conduct a series of high visibility law enforcement campaigns using checkpoints and/or saturation patrols;
- a state prosecution and adjudication outreach program that educates prosecutors and judges about the benefits of prosecuting and adjudicating repeat offenders;
- a program to increase the rate of Blood Alcohol Count (BAC) testing of drivers involved in fatal crashes;
- a law that imposes stronger sanctions or additional penalties for high-risk drivers whose BAC is 0.15 percent or more;
- effective alcohol rehabilitation for repeat offenders or a program to refer them to Driving While Intoxicated (DWI) Courts;
- an effective strategy to prevent drivers under the age of 21 from obtaining alcoholic beverages and for preventing others from making alcoholic beverages available to individuals under the age of 21;
- an administrative driver's license suspension or revocation program for individuals who drive under the influence of alcohol; and
- a program under which a significant portion of the fines or surcharges collected from individuals who are fined for driving while under the influence of alcohol are returned to communities so that comprehensive self-sustaining impaired driving prevention programs can be created.

STATE/FEDERAL SHARE

Federal share is 100 percent.

ELIGIBLE ACTIVITIES

Half of the funding from Alcohol Impaired Driving Countermeasures Incentive Grants must be used for sobriety checkpoints or saturation patrols. Any remaining funds may be used to implement the following activities:

- high visibility enforcement;
- training and equipment for law enforcement;
- advertising and educational campaigns that publicize checkpoints;
- increase law enforcement efforts and target impaired drivers under 34 years of age;
- operation of a state impaired operator information system; and
- vehicle or license plate impoundment.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

SAFETY BELT PERFORMANCE GRANTS PROGRAM

SAFETEA-LU established a new incentive program to encourage the enactment and enforcement of laws requiring the use of safety belts in passenger motor vehicles. **Figure 36** shows the Safety Belt Performance Grants Program funding for fiscal years 2006 to 2011.

FIGURE 36
SAFETY BELT PERFORMANCE GRANTS PROGRAM FUNDING FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$124.5	$8.0	6.4%
2007	$124.5	$14.3	11.5%
2008	$124.5	$0.0	0.0%
2009	$124.5	$0.0	0.0%
2010	$124.5	$0.0	0.0%
2011	$124.5	$0.0	0.0%

SOURCE: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

States that met either of the two criteria below received a one-time grant equal to 4.75 percent of the state's Safe Communities Highway Safety (SCHS) program apportionment for fiscal year 2003.

States are eligible for an incentive grant if:

- the state enacted a safety belt use law for the first time after December 31, 2002, and had in effect and is enforcing a conforming primary safety belt use law for all passenger motor vehicles; or,
- the state did not have a primary safety belt use law, but after December 31, 2005, had a state safety belt use rate of 85 percent or more for each of the two consecutive calendar years immediately preceding the fiscal year of the grant.

States that did not meet either of the above two criteria, and if funds remained after grants are awarded to all states that met either of the two criteria by July 1 of each year under SAFETEA-LU, qualify for a one-time grant equal to 200 percent of its apportionment under the SCHS program for fiscal year 2003 if it has in effect, and is enforcing a conforming primary safety belt law for all passenger motor vehicles that was in effect before January 1, 2003.

Any grant funds that remain available on July 1 of each year are redistributed to states in accordance with the SCHS program among all states that, as of that date, have in effect and are enforcing conforming safety belt laws for all passenger motor vehicles.

If the total amount of incentive grants provided for a fiscal year exceeds available funds for that fiscal year, grants shall be made to states in the order in which the states meet either of the above two criteria. However, states eligible for a grant that did not receive one and that continue to meet either of the criteria in the next fiscal year shall be eligible for a catch-up grant.

STATE/FEDERAL SHARE

Federal share is 100 percent.

ELIGIBLE ACTIVITIES

States may use Safety Belt Performance Grants for the following activities:

- implementation of safety belt laws and programs;
- projects that correct or improve a hazardous roadway location or proactively addresses highway safety problems; and
- at least $1.0 million of amounts received by states must be obligated for behavioral highway safety activities.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE GRANTS

The purpose of the Child Safety and Child Booster Seat Incentive Grants is to encourage states to enact and enforce a child restraint law that requires children up to 65 pounds and under age eight to be properly retrained in a child restraint, unless they are four feet, nine inches tall. **Figure 37** shows the program funding for fiscal years 2006 to 2011.

FIGURE 37
CHILD SAFETY AND CHILD BOOSTER SEATS INCENTIVE GRANTS FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$6.0	$0.0	0.0%
2007	$6.0	$0.0	0.0%
2008	$6.0	$0.0	0.0%
2009	$7.0	$0.0	0.0%
2010	$7.0	$1.1	15.7%
2011	$7.0	$1.1	15.7%

SOURCE: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Project grants totaling $7.0 million are distributed by formula, to qualifying states as follows:

- 75 percent based on the ratio of the state's population in the latest federal census to the population in all states;
- 25 percent based on the ratio of the public road miles in the state to the total public road miles in all states;
- out of their formula allocation states, with plans approved by the National Highway Safety Administration, may use up 25 percent of their apportionment annually for the Child Safety and Child Booster Seat Incentive Grants program; and
- awards normally range from $0.1 million to $0.7 million per year, but may be larger, and are available until expended.

STATE/FEDERAL SHARE

The federal share is 100 percent.

ELIGIBLE ACTIVITIES

States may use Child Safety and Child Booster Seat Incentive Grants funds for the following:

- enforcement of child restraint laws;
- training child passenger safety specialists;
- training police officers, fire and emergency medical personnel, educators and parents concerning child safety seats and child restraints; and
- educating the public concerning the proper use and installation of child safety seats and child restraints.

No more than 50 percent of the grant a state receives in a fiscal year shall be used to fund programs for purchasing and distributing child safety seats and restraints to low income families. The remaining amounts can be used to carry out child safety seat and child restraint program.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

OCCUPANT PROTECTION INCENTIVE GRANTS

Occupant Protection programs serve to assist states in adopting effective programs to reduce highway deaths and injuries resulting from individuals riding unrestrained or improperly restrained in motor vehicles. **Figure 38** shows the program funding for fiscal years 2006 to 2011.

FIGURE 38
OCCUPANT PROTECTION INCENTIVE GRANTS FUNDING FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$24.7	$2.3	9.3%
2007	$25.0	$2.3	8.8%
2008	$25.0	$2.3	8.8%
2009	$25.0	$2.2	8.8%
2010	$25.0	$2.1	8.4%
2011	$25.0	$2.1	8.4%

Source: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Occupant Protection Incentive program grants are distributed to qualifying states, which may receive up to 100 percent of their fiscal year 2003 State and Community Highway Safety Grant apportionment. A state qualifies for an incentive grant if it has implemented four of the following six laws or program criteria:

- Safety Belt Use Law;
- Primary Enforcement (of the Safety Belt Use Law);
- Minimum Fines or Penalty Points for safety belt and child safety seat use law violations;
- Special Traffic Enforcement Program;
- Child Passenger Protection Program; and
- Child Passenger Protection Law.

STATE/FEDERAL SHARE

The federal share may not exceed 75 percent in the first and second years, 50 percent in the third and fourth years, and 25 percent in the fifth and subsequent years. No grant may be made to a state under this section in any fiscal year unless the state enters into agreements with National Highway Safety Administration that may require it to ensure that the state will maintain its aggregate expenditures from all other sources at or above the average level of such expenditures in its two fiscal years preceding the date of enactment of SAFETEA-LU for the laws and programs, listed above, which it has implemented.

ELIGIBLE ACTIVITIES

States must use funds to develop and implement a comprehensive highway safety program to achieve a significant reduction in traffic crashes, fatalities, and injuries on public roads. The Occupant Protection program must also include public education programs that show the proper use of motor vehicle occupant protection systems, such as seat belts and child safety seats. States must use funding to implement legislation and regulations and to conduct enforcement, communication, education, and incentive strategies related to motor vehicle occupant protections systems, such as seat belt and child safety seats. Texas uses its funds primarily for education and seat belt use enforcement.

TRANSFERABILITY OF FUNDS

Unobligated funds may be transferred to State Traffic Safety Information System Improvement Programs or the Alcohol-Impaired Countermeasure Incentive Program.

INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING

The purpose of the Incentive Grant Program to Prohibit Racial Profiling is to encourage states to enact and enforce laws that prohibit the use of racial profiling in the enforcement of traffic laws on federal-aid highways. The program also requires states to maintain and allow public inspection of statistics of motor vehicle stops. **Figure 39** shows the program funding for fiscal years 2006 to 2011.

FIGURE 39
INCENTIVE GRANT PROGRAM TO PROHIBIT RACIAL PROFILING FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$7.5	$0.0	0.0%
2007	$7.5	$0.0	0.0%
2008	$7.5	$0.0	0.0%
2009	$7.5	$0.0	0.0%
2010	$7.5	$0.0	0.0%
2011	$7.5	$0.0	0.0%

Source: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Competitive project grants. An allocation of $7.5 million is available nationally to state awardees, with an average award of approximately $0.6 million. States are eligible to receive grants in two ways:

- enacting or enforcing a law that prohibits a state or local law enforcement officer from using the race or ethnicity of a driver to any degree in making routine or spontaneous law enforcement decisions, such as traffic stops; or
- by providing satisfactory assurances to the US Department of Transportation that the state is undertaking activities that will lead to compliance with federal racial profiling guidelines.

STATE/FEDERAL SHARE

Federal share is 80 percent.

ELIGIBLE ACTIVITIES

Funds are used for collecting and maintaining data on traffic stops. Projects evaluate the results data collected by traffic officers. Information is then used to develop and implement programs to prevent or reduce the occurrence of racial profiling, including programs to train law enforcement officers.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

INCENTIVE GRANTS PROGRAM TO INCREASE MOTORCYCLE SAFETY

The purpose of the Incentive Grants Program to Increase Motorcycle Safety is to encourage states to adopt and implement effective programs to reduce the number of single and multi-vehicle crashes involving motorcyclists. **Figure 40** shows the program funding for fiscal years 2006 to 2011.

FIGURE 40
INCENTIVE GRANTS PROGRAM TO INCREASE MOTORCYLE SAFETY FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$6.0	$0.3	5.0%
2007	$6.0	$0.3	5.0%
2008	$6.0	$0.3	5.0%
2009	$7.0	$0.4	5.7%
2010	$7.0	$0.4	5.7%
2011	$7.0	$0.4	5.7%

SOURCE: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Project grants totaling $7.0 million are apportioned by formula as follows:

- 75 percent based on the ratio of the state's population in the latest federal census to the total population in all states; and
- 25 percent based on the ratio of the public road miles in the state to the total public road miles in all states.

The apportionment to each state is no less than 0.5 percent of the total SCHS apportionment. A state may use these grant funds only for highway safety purposes; at least 40 percent of these funds are to be expended by political subdivisions of the state. Awards range from $0.1 million to $0.5 million and are available until expended. Grant distributions are made to states that meet one of the following six criteria in the first year and two of the six criteria each year thereafter:

- offering effective motorcycle rider training courses;
- developing an effective motorcyclist awareness program;
- showing a reduction in of fatalities and crashes involving motorcycles;
- implementing an impaired driving program;
- showing a reduction of fatalities and accidents involving impaired motorcyclists; and
- showing that all fees collected from motorcyclists are used for motorcyclist safety training and motorcycle awareness.

STATE/FEDERAL SHARE

The federal share is 100 percent.

ELIGIBLE ACTIVITIES

States may use the funds for motorcyclist safety training and motorcyclist awareness programs in urban and rural areas. Funds may also be used for the recruitment and retention of motorcyclist training instructors.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. DOT.

STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT GRANTS

The State Traffic Safety Information System Improvement Grants encourage states to adopt and implement traffic data improvement programs. **Figure 41** shows the State Traffic Safety Information System Improvement Grants funding for fiscal years 2006 to 2011.

FIGURE 41
STATE TRAFFIC SAFETY INFORMATION SYSTEM IMPROVEMENT GRANTS FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$34.5	$0.0	0.0%
2007	$34.5	$1.9	5.5%
2008	$34.5	$1.8	5.2%
2009	$34.5	$1.7	5.0%
2010	$34.5	$1.7	5.0%
2011	$34.5	$1.7	5.0%

Source: National Highway Traffic Safety Administration.

DISTRIBUTION OF FUNDS

Competitive grant programs. An allocation of $34.5 million annually is made available nationally as project grants. States generally receive $0.3 million in the first year of the grant and a sum ranging from $0.5 million to $2.3 million each year thereafter.

SAFETEA-LU requires that the State Traffic Safety Information System Improvement Grant funds be granted to states that have established a Traffic Records Coordinating Committee (TRCC) and a multi-year safety data and traffic records strategic plan approved by the TRCC. Each state must also adopt the Model Minimum Uniform Crash Criteria (MMUCC) in their program.

STATE/FEDERAL SHARE

The federal share is 100 percent.

ELIGIBLE ACTIVITIES

State Traffic Safety Information System Improvement Grants funds are to be used by states to adopt and implement effective programs that:

- improve the timeliness, accuracy, completeness, uniformity, integration and accessibility of state traffic data;
- evaluate the effectiveness of the efforts above and to make improvements linking state data systems, including traffic records, with other data systems in the state;
- improve the compatibility of the state data systems with national data systems and those of other states; and
- enhance the ability of government officials to observe and analyze state and national trends in crash occurrences, rates, outcomes, and circumstances.

Over the grant's lifetime of five years, the state must certify that the TRCC continues to support and operate the multi-year plan and submit a report showing measurable progress in the implementation of the plan.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. DOT.

TRANSIT PROGRAMS SUMMARY

The Federal Transit Administration (FTA) provides financial assistance to develop new transit systems and improve, maintain, and operate existing systems. The bulk of available federal transit funds are received by urbanized areas. Texas received approximately $87.3 million in transit funds for federal fiscal year 2011. This amount of transit funds received by the Texas Department of Transportation (TxDOT) does not include funding that FTA provides directly to urbanized areas and transit operators in Texas. **Figure 42** shows the Transit Programs' funding for fiscal years 2006 to 2011.

Programs included in the transit program section are listed below, with further details discussed in fact sheets following this summary page.

- Non-urbanized Area Formula Grant Program
- Major Capital Investment Program (New Starts and Small Starts)
- Transportation for Elderly Individuals and Individuals with Disabilities
- Job Access and Reverse Commute Grants
- New Freedom Program
- Rural Transit Assistance Program
- Transit Related Statewide Planning and Research
- Federal Transit Administration Metropolitan Planning Apportionments

FIGURE 42
TRANSIT PROGRAMS' FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

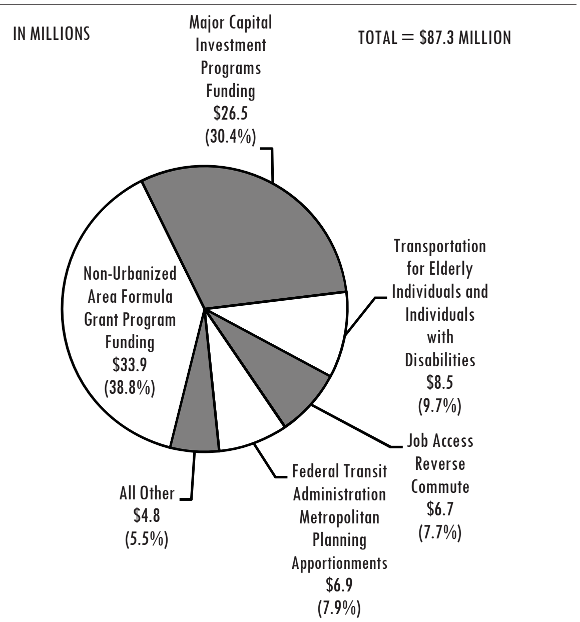
FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$2,939.8	$64.7	2.2%
2007	$3,117.8	$69.3	2.2%
2008	$3,244.9	$76.8	2.4%
2009	$3,460.2	$84.0	2.4%
2010	$3,550.3	$85.3	2.4%
2011	$4,255.0	$87.3	2.0%

Note: The Texas share does not include amounts awarded directly to local governments.
Source: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Federal transit program funds available to the state are apportioned through statutory formulas or allocated on a discretionary basis. **Figure 43** shows Transit Program federal Funds received by Texas in fiscal year 2011.

FIGURE 43
TRANSIT PROGRAMS SUMMARY
FEDERAL FUNDS RECEIVED BY TEXAS
FISCAL YEAR 2011



Note: Totals only reflect amounts for federal programs the state participates in. Federal restrictions may limit the states ability to receive certain funds. Totals do not include federal funds distributed directly to local entities.
Source: Federal Transit Administration.

STATE/FEDERAL SHARE

The federal share for most transit programs is 80 percent.

ELIGIBLE ACTIVITIES

Transit Program funding supports the following types of activities:

- capital, operating, and administrative assistance supporting public transportation services in areas of less than 50,000 population;
- acquisition of replacement vehicles and new buses for fleet and service expansion;
- training, technical assistance, research and related support activities for transit operators in rural areas;

- capital and operating costs of equipment, facilities, and associated capital maintenance items related to providing access to jobs; and
- purchase of vehicles or contract transportation services to meet the special needs of the elderly and persons with disabilities.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. DOT.

NON-URBANIZED AREA FORMULA GRANT PROGRAM

The Non-urbanized Area Formula Grant Program provides funds for transit capital and operating assistance through states to communities with populations of less than 50,000. **Figure 44** shows the Non-urbanized Area Formula Grant Program funding for fiscal years 2006 to 2011. The program operates on the following goals and objectives:

- enhancing the access of people in non-urbanized areas to health care, shopping education, employment, public services, and recreation;
- assisting in the maintenance, development, improvement, and use of public transportation systems in rural and small urban areas;
- encouraging and facilitating the most efficient use of all federal funds used to provide passenger transportation in non-urbanized areas through the coordination of programs and services;
- assisting in the development and support of intercity bus transportation; and
- providing for the participation of private transportation providers in non-urbanized transportation to the maximum extent feasible.

FIGURE 44
NON-URBANIZED AREA FORMULA GRANT PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$426.5	$28.0	6.5%
2007	$449.4	$29.7	6.5%
2008	$484.8	$32.0	6.6%
2009	$511.7	$33.8	6.6%
2010	$511.3	$33.8	6.6%
2011	$511.3	$33.9	6.6%

NOTE: In addition to the regular apportionments, Texas received $50.6 million in fiscal year 2009 under the American Reinvestment and Recovery Act.
SOURCE: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Funds are apportioned by a statutory formula that is based on the latest U.S. Census figures of areas with a population less than 50,000.

STATE/FEDERAL SHARE

The federal share for capital and project administration is 80 percent (except for projects that need to meet Americans with Disabilities Act (ADA) provisions, Clean Air Act requirements, or bicycle access projects which may be funded at 90 percent).

The federal share for operating assistance is 50 percent of the net operating costs. The non-federal local share of 50 percent must come from an undistributed cash surplus, a replacement or depreciation cash fund or reserve, or new capital.

ELIGIBLE ACTIVITIES

Non-urbanized Area Formula Grant Program provides funds may be used for the following activities:

- capital, operating, and administrative expenses;
- state administration, planning, and technical assistance activities for non-urban areas by using up to 15 percent of the state's annual apportionment for this program; and
- expend a minimum of 15 percent of the program apportionment to support rural intercity bus service, unless the Governor certifies that the intercity bus needs of the state are adequately met.

TRANSFERABILITY OF FUNDS

The transfer of Non-urbanized Area Formula Grant Program funds are limited to select programs and pilot projects specified by the Federal Transit Administration.

MAJOR CAPITAL INVESTMENT PROGRAM

The Major Capital Investment Program provides capital assistance for three primary activities:

- new fixed guideway systems (includes some New Starts and Small Starts);
- new and replacement buses and facilities (Bus and Bus Related Facilities program); and
- modernization of existing rail systems (Fixed Guideway Modernization program).

A fixed guideway refers to any transit service that uses exclusive or controlled rights-of-way or rails, entirely or in part. **Figure 45** shows the Major Capital Investment Program funding for fiscal years 2006 to 2011.

FIGURE 45
MAJOR CAPITAL INVESTMENT PROGRAMS FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$2,168.9	$15.0	0.7%
2007	$2,306.4	$16.8	0.7%
2008	$2,369.4	$20.0	0.8%
2009	$2,525.2	$23.0	1.0%
2010	$2,618.8	$24.5	1.0%
2011	$3,323.5	$26.5	0.8%

NOTE: The Texas share does not include amounts awarded directly to local governments.
SOURCE: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Historically, the program has been fully earmarked. However, if unallocated or discretionary funds are available, those funds may be allocated to state or local entities at the discretion of the Secretary of Transportation, generally in the form of competitive grants.

STATE/FEDERAL SHARE

The federal share is 80 percent.

ELIGIBLE ACTIVITIES

The Major Capital Investment Program eligible activities include the following:

- New Starts activities include the construction of light rail, rapid rail (heavy rail), commuter rail, monorail, automated fixed guideway system (such as a "people mover"), a bus way/high occupancy vehicle (HOV) facility, or an extension of any of these;
- New and Replacement Buses activities include bus acquisition, bus maintenance and administrative facilities, transfer facilities, bus malls, transportation centers, intermodal terminals, park-and ride stations, replacement vehicle acquisition, bus rebuilds, bus preventive maintenance, passenger shelters and bus stop signs, miscellaneous equipment such as mobile radio units, supervisory vehicles, fare boxes, computers, shop and garage equipment, and costs incurred in arranging innovative financing for eligible projects; and
- Fixed Guideway Modernization activities include purchase and rehabilitation of rolling stock, track, line equipment, structures, signals and communications, power equipment and substations, passenger stations and terminals, security equipment, maintenance facilities and equipment, operation support equipment including computer hardware and software, and preventive maintenance.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

TRANSPORTATION FOR ELDERLY INDIVIDUALS AND INDIVIDUALS WITH DISABILITIES

The Transportation for Elderly Individuals and Individuals with Disabilities program provides financial assistance for private nonprofit groups to provide transportation services for elderly persons and persons with disabilities in small and large urban areas and rural areas where public transportation services are unavailable, insufficient, or inappropriate. **Figure 46** shows the Transportation for Elderly Individuals and Individuals with Disabilities program funding for fiscal years 2006 to 2011.

FIGURE 46
TRANSPORTATION FOR ELDERLY INDIVIDUALS AND INDIVIDUALS WITH DISABILITIES
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$110.3	$6.9	6.3%
2007	$116.6	$7.3	6.3%
2008	$126.7	$8.0	6.3%
2009	$135.8	$8.6	6.4%
2010	$135.8	$8.5	6.4%
2011	$135.8	$8.5	6.4%

SOURCE: Federal Transit Administration.

DISTRIBUTION OF FUNDS

States receive funds through a formula based on the population of elderly persons and persons with disabilities in each state according to the latest U.S. Census population figures.

STATE/FEDERAL SHARE

The federal share is 80 percent of project costs. The 10 percent that is eligible to fund program administrative costs including administration, planning, and technical assistance may be funded at a federal share of 100 percent. States may be eligible for a sliding scale match used for other Federal Highway Administration programs.

ELIGIBLE ACTIVITIES

Elderly Individuals and Individuals with Disabilities program funds may be used for the following activities:

- purchase vehicles;
- acquire transportation services through contract or lease agreements;
- coordinate with other federally funded transportation programs; and
- coordinate maximum feasible participation of private, for-profit operators.

TRANSFERABILITY OF FUNDS

SAFETEA-LU limited flexibility of these funds and transfers can only be made for certain pilot programs and to urbanized and non-urbanized programs that use the funds for elderly and disabled transportation services.

JOB ACCESS AND REVERSE COMMUTE GRANTS

The Job Access and Reverse Commute program provides funds to develop transportation services designed to transport welfare recipients and low income individuals to and from jobs and to develop transportation services for residents of urban centers and rural and suburban areas to suburban employment opportunities. **Figure 47** shows the Job Access and Reverse Commute program funding for fiscal years 2006 to 2011.

FIGURE 47
JOB ACCESS AND REVERSE COMMUTE GRANTS FUNDING FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$55.2	$5.3	9.6%
2007	$57.6	$5.5	9.6%
2008	$62.4	$6.0	9.6%
2009	$73.2	$7.0	9.6%
2010	$70.0	$6.7	9.6%
2011	$70.0	$6.7	9.6%

Note: The national and Texas amounts do not include amounts awarded directly to local governments.
Source: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Funds are allocated to states and units of local government according to a discretionary formula based on population as follows:

- 60 percent of funds are made available to areas over 200,000 population;
- 20 percent of funds are made available to areas of under 200,000 population; and
- 20 percent of funds are made available to non-urbanized areas.

STATE/FEDERAL SHARE

The federal share is 50 percent.

ELIGIBLE ACTIVITIES

Job Access and Reverse Commute program funds may be used for the following:

- capital projects and operating costs of equipment;
- capital costs for transit facilities;
- capital maintenance items related to providing access to jobs;
- promotion of transit for workers with nontraditional work schedules;
- promotion of transit vouchers for welfare recipients and eligible low income individuals; and
- promotion of employer-provided transportation including the transit pass benefit program.

TRANSFERABILITY OF FUNDS

The transfer of funds is limited to select programs and pilot projects specified by the Federal Transit Administration.

NEW FREEDOM PROGRAM

The New Freedom formula grant program seeks to reduce barriers to transportation services and expand the transportation mobility options available to people with disabilities beyond the requirements of the Americans with Disabilities Act (ADA) of 1990. **Figure 48** shows the New Freedom program funding for fiscal years 2006 to 2011.

FIGURE 48
NEW FREEDOM PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$78.0	$2.4	3.1%
2007	$81.0	$2.5	3.1%
2008	$87.5	$2.7	3.1%
2009	$92.5	$3.1	3.4%
2010	$92.5	$3.1	3.4%
2011	$92.5	$3.1	3.4%

NOTE: The Texas share does not include amounts awarded directly to local governments.
SOURCE: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Funds are allocated to states through a formula based upon population of persons with disabilities:

- 60 percent of funds are made available to areas over 200,000 population;
- 20 percent of funds are made available to areas of under 200,000 population; and
- 20 percent of funds are made available to non-urbanized areas.

STATE/FEDERAL SHARE

Federal share for various components of the program are as follows:

- up to 80 percent for capital and planning costs;
- up to 50 percent for net operating costs; and
- recipients may use up to 10 percent of their apportionment to support program administrative costs, which may be funded at 100 percent federal share.

ELIGIBLE ACTIVITIES

The New Freedom program funds are available for a wide range of project types that provide public transportation services and alternatives, beyond those required by the ADA, that assist individuals with disabilities. These include, but are not limited to:

- purchasing vehicles and supporting accessible taxi, ride-sharing, and van pooling programs;
- providing paratransit services beyond minimum requirements (3/4 mile to either side of a fixed route), including for routes that run seasonally;
- making accessibility improvements to transit and intermodal stations not designated as key stations;
- supporting voucher programs for transportation services offered by human service providers;
- supporting volunteer driver and aide programs; and
- supporting mobility management and coordination programs among public transportation providers and other human service agencies that provide transportation.

TRANSFERABILITY OF FUNDS

States may transfer funds to urbanized or non-urbanized area programs as long as funds are used for New Freedom Program purposes.

RURAL TRANSIT ASSISTANCE PROGRAM

The Rural Transit Assistance Program (RTAP) provides funds to support non-urbanized transit activities in four categories: training, technical assistance, research, and related support services. **Figure 49** shows the RTAP funding for fiscal years 2006 to 2011.

FIGURE 49
RURAL TRANSIT ASSISTANCE PROGRAM
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$6.5	$0.3	4.6%
2007	$7.3	$0.3	4.1%
2008	$7.5	$0.3	4.0%
2009	$7.9	$0.3	3.8%
2010	$8.0	$0.4	5.0%
2011	$8.0	$0.4	5.0%

Notes: The Texas share does not include amounts awarded directly to local governments.
Source: Federal Transit Administration.

DISTRIBUTION OF FUNDS

State RTAP program funds are allocated to states based on an administrative formula. The RTAP formula first allocates $65,000 to each state and Puerto Rico, and $10,000 to the Insular Areas of Guam, American Samoa, and Northern Marianas, and then distributes the balance based on non-urbanized population of the states.

STATE/FEDERAL SHARE

No match requirement.

ELIGIBLE ACTIVITIES

States may use RTAP funds to assist in the design and implementation of training and technical assistance projects and other support services tailored to meet the needs of transit operators in non-urbanized areas. Funds may be used by states to develop the following RTAP projects:

- activities that provide the maximum opportunity for the participation of rural transit operators;
- activities that identify priorities;
- activities that establish programs for transportation research, technical assistance and training; and
- activities that establish related support services in non-urbanized areas.

TRANSFERABILITY

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

TRANSIT-RELATED STATEWIDE PLANNING AND RESEARCH

The Transit Related Statewide Planning and Research program provides funds to states to assist a statewide planning process that established a cooperative, continuous, and comprehensive framework for making transportation investment decisions throughout the state. The statewide planning process is to be coordinated with metropolitan planning and statewide trade and economic development planning activities. Two or more states may enter into planning agreements or compacts for cooperative efforts and mutual assistance. The statewide plan should include measures to ensure the preservation and most efficient use of the existing transit system. The State Transportation Improvement Program (STIP) is to be updated at least every four years. **Figure 50** shows the Transit Related Statewide Planning and Research program funding for fiscal years 2006 to 2011.

FIGURE 50
TRANSIT RELATED STATEWIDE PLANNING AND RESEARCH, FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$16.3	$1.1	6.7%
2007	$17.2	$1.2	6.9%
2008	$18.4	$1.3	7.0%
2009	$20.3	$1.4	6.9%
2010	$20.3	$1.4	6.9%
2011	$20.3	$1.4	6.9%

SOURCE: Federal Transit Administration

DISTRIBUTION OF FUNDS

The Federal Transit Administration (FTA) provides a separate authorization of funding, outside of the highway planning and construction apportionments, from the Mass Transit Account of the Highway Trust Fund and the General Fund account. Funding may vary each year depending upon the degree to which Congress appropriates nonguaranteed funds authorized for appropriation from the General Fund. States are apportioned FTA funds based upon a ratio of urbanized population in an individual state to the total nationwide urbanized area population.

STATE/FEDERAL SHARE

The federal participation share is 80 percent, unless the U.S. DOT determines that the federal-aid highway program is better served by decreasing or eliminating the non-federal share.

ELIGIBLE ACTIVITIES

Transit Related Statewide Planning and Research program provides funds for the following activities:

- engineering and economic surveys and investigations;
- planning future public transportation systems;
- finance planning of public transportation systems;
- developing and improving management systems;
- studying the economy, safety and convenience of transit usage, regulation, and equitable taxation;
- researching, developing, and implementing technology transfer activities necessary in connection with planning, design, construction, and maintenance of public transportation systems, and intermodal transportation systems;
- studying, researching and training on engineering standards and construction materials for certain transportation systems, including evaluation and accreditation of inspection and testing and the regulation and taxation of their use; and
- supplementing and administering Metropolitan Planning funds allocated by a state to its urbanized areas.

TRANSFERABILITY OF FUNDS

Statewide planning is an eligible activity for additional funding under the NHS and STP.

FEDERAL TRANSIT ADMINISTRATION METROPOLITAN PLANNING APPORTIONMENTS

The Metropolitan Planning program provides funds to states for distribution to Metropolitan Planning Organizations (MPOs) in order to carry out a metropolitan planning process that includes development of metropolitan area transportation plans and transportation improvement programs. **Figure 51** shows the Metropolitan Planning program funding for fiscal years 2006 to 2011.

FIGURE 51
FEDERAL TRANSIT ADMINISTRATION METROPOLITAN PLANNING PROGRAM FUNDING
FISCAL YEARS 2006 TO 2011

(IN MILLIONS)

FISCAL YEAR	NATIONAL TOTAL	TEXAS' SHARE OF TOTAL	PERCENTAGE OF TOTAL
2006	$78.1	$5.7	7.3%
2007	$82.3	$6.0	7.3%
2008	$88.2	$6.5	7.3%
2009	$93.6	$6.9	7.2%
2010	$93.6	$6.9	7.2%
2011	$93.6	$6.9	7.2%

Source: Federal Transit Administration.

DISTRIBUTION OF FUNDS

Metropolitan Planning program funding from the Federal Transit Administration (FTA) provides a separate authorization, outside of the highway planning and construction apportionments, which includes funding from the Mass Transit Account of the Highway Trust Fund and the General Fund account. Funding may vary each year depending upon the degree to which Congress appropriates nonguaranteed funds authorized for appropriation from the General Fund. Funds are distributed for the Federal Transit Administration Metropolitan Planning Apportionments as follows:

- 80 percent of FTA funds are apportioned based on a ratio of the urbanized population in an individual state to the total nationwide urbanized area population; and
- 20 percent of FTA funds are apportioned based on an FTA administrative formula to address the planning needs in the larger urbanized areas. The set-aside for Metropolitan Planning is 1.25 percent of and a 30-day time limit for states to reimburse Metropolitan Planning Organizations is imposed.

States must distribute Metropolitan Planning program funds to Metropolitan Planning Organizations (MPOs) through a formula developed, in consultation with MPOs, and approved by the U.S. DOT. In developing the formula, some factors states must consider include population, status of planning, attainment of air quality standards, and metropolitan area transportation needs. Metropolitan Planning program funding to states is available for four years.

Figure 52 shows the locations of Texas MPOs.

STATE/FEDERAL SHARE

The federal share is 80 percent, unless the U.S. DOT determines that the federal-aid highway program is better served by decreasing or eliminating the nonfederal share.

ELIGIBLE ACTIVITIES

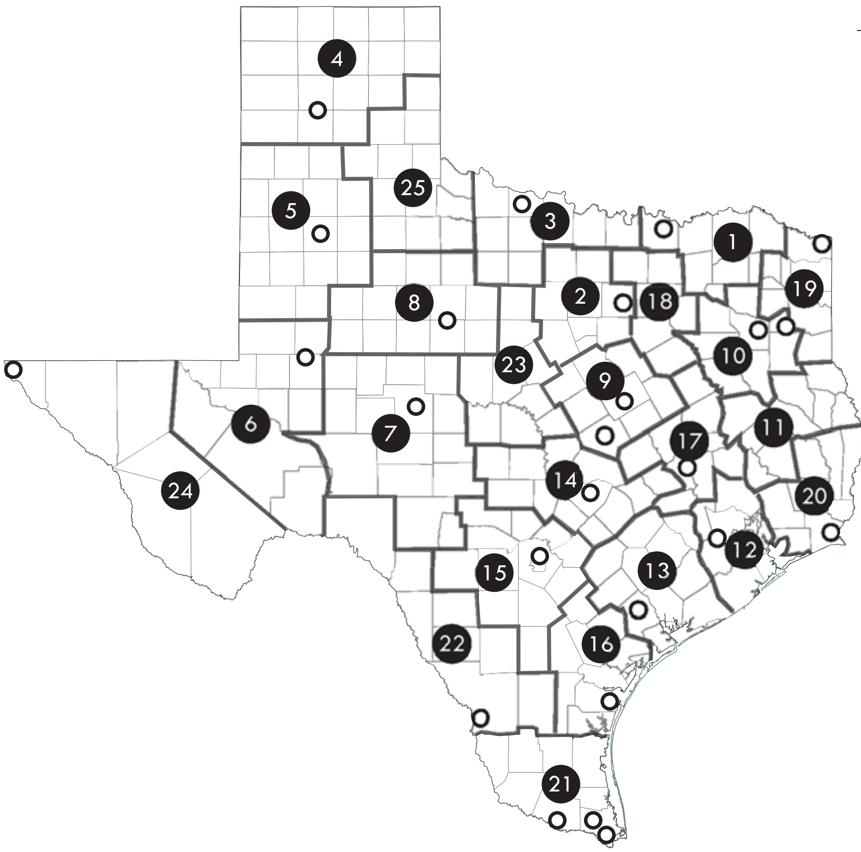
Metropolitan Planning program funding recipients must prepare a new plan every four years and provides funds for the following activities:

- development of metropolitan area transportation plans and transportation improvement plans;
- studies related to transportation management, operations, capital requirements, and economic feasibility;
- evaluations of previously funded capital projects; conducting inventories of existing routes to determine their physical condition and capacity, determining the types and volumes of vehicles using these routes;
- applying demographic and economic data in the planning of future transportation needs; and
- other related activities for preparing the construction, acquisition, or improved operation of transportation systems, facilities, and equipment.

TRANSFERABILITY OF FUNDS

In addition to amounts apportioned for the Metropolitan Planning program, states may use any amount of NHS and STP funds for Metropolitan Planning activities.

FIGURE 52
TEXAS METROPOLITAN PLANNING ORGANIZATION (MPO) LOCATIONS, 2012



REGION	LOCATION
1	Sherman-Dennison MPO - Sherman, TX
2	North Central Texas Council of Governments (Dallas-Fort Worth) - Arlington, TX (shares with Area 18)
3	Wichita Falls MPO - Wichita Falls, TX
4	Amarillo MPO - Amarillo, TX
5	Lubbock MPO - Lubbock, TX
6	Permian Basin Regional Planning Commission - Midland, TX
7	San Angelo MPO - San Angelo, TX
8	Abilene MPO - Abilene, TX
9	Waco MPO - Waco, TX Killeen-Temple MPO - Belton, TX
10	Tyler MPO - Tyler, TX Longview MPO - Longview, TX
11	No MPO
12	Houston-Galveston Area Council - Houston, TX
13	Victoria MPO - Victoria, TX
14	Capital Area MPO - Austin, TX
15	San Antonio-Bexar City MPO - San Antonio, TX
16	Corpus Christi MPO - Corpus Christi, TX
17	Bryan-College Station MPO - Bryan, TX
18	North Central Texas Council of Governments (Dallas-Fort Worth) - Arlington, TX (shares with Area 2)
19	Texarkana MPO - Texarkana, TX
20	South East Texas Regional Planning Commission - Beaumont, TX
21	Brownsville MPO - Brownsville, TX Hidalgo County MPO - McAllen, TX Harlingen-San Benito MPO - Harlingen, TX
22	Laredo MPO - Laredo, TX
23	No MPO
24	El Paso MPO - El Paso, TX
25	No MPO

● = Region

○ = MPO

NOTE: Texas Metropolitan Planning Organizations conduct regional transportation planning and coordinate with the Texas Department of Transportation Statewide Planning.
SOURCE: Legislative Budget Board.

INNOVATIVE FINANCE PROGRAMS SUMMARY

SAFETEA-LU enhanced existing innovative finance programs from fiscal years 2005–2009, and made it easier for the private sector to participate in highway infrastructure projects. Innovative financing received continuing authorization in fiscal years 2010 and 2011. Important changes to the innovative finance program include eligibility for private activity bonds, additional flexibility to use tolling to finance infrastructure improvements, and broader Transportation Infrastructure Finance and Innovation Act (TIFIA) program and State Infrastructure Bank (SIB) loan policies. SAFETEA-LU also gives states more flexibility to use road pricing to manage congestion, and promotes real-time traffic management in all states to help improve transportation security and provide better information to travelers and emergency responders.

Project finance, through innovative financing, refers to specially designed techniques and tools that supplement traditional highway financing methods, improving governments' ability to deliver transportation projects. Project finance typically involves borrowing money, either through bonds, loans or other financing mechanisms. Borrowing money for project implementation helps accelerate implementation of needed infrastructure. But just like borrowing money for a mortgage or college education, project finance tools require a repayment source. In many instances, using project finance tools requires the development and imposition of new revenue streams to pay back bonds or loans issued to support investment.

DISTRIBUTION OF FUNDS

Innovative financing methods have evolved at the federal level as a product of dialogue between policy and administrative officials at U.S. DOT and partners at the state and local levels. Most of the programs and tools have been enabled by legislative changes to the U.S. Federal Highway Administration Code (Title 23). As transportation finance needs evolve, new tools and programs are likely to add to the field of project finance. Typically, such as with Toll Credits, the federal law simply allows states to use Innovative Financing Programs to leverage existing state and federal funding resources. In the case of certain bond and loan programs, the federal government provides incentives to states or the private sector with tax benefits or low interest rates.

Innovative financing is typically used for large capital projects in cases where using "pay-as-you-go" does not make good planning and programming sense; that is, because the project's capital needs would consume most if not all available funding—and still often fall short of being fully funded. Further, given long-term benefits of transportation infrastructure, it can be economically sound to spread the project costs over the asset's life-cycle. However, project finance comes at a cost, because interest is paid over the long-term for the money that is borrowed today.

ELIGIBLE ACTIVITIES

The following innovative finance program descriptions summarize the different elements of SAFETEA-LU that have enhanced innovative finance tools and encourage public-private partnerships. Innovative Finance programs include:

- Toll Credits Program;
- Private Activity Bonds;
- Transportation Infrastructure Finance and Innovation Act Program;
- State Infrastructure Bank;
- Section 129 Loans; and
- Build America Bonds.

TRANSFERABILITY OF FUNDS

Varies by program.

TOLL CREDITS PROGRAM

The Toll Credits Program allows states to substitute certain previous toll-financed investments in place of state matching funds on current federal-aid projects. The program permits the non-federal share of a project's cost to be met through a "soft match" of toll credits. The flexibility of state transportation finance programs is increased by allowing states to use toll revenues when other state highway funds are not available to meet non-federal share matching requirements.

Toll credits encourage states to increase capital investment in infrastructure and enable them to more effectively utilize existing resources. By using toll credits to substitute for the required non-federal share on a new federal-aid project, the federal share can effectively be increased to 100 percent.

DISTRIBUTION OF FUNDS

States wishing to use this method of financing must seek approval from the Federal Highway Administration. The amount of credit earned is based on revenues generated by the toll authority (i.e., toll receipts, concession sales, right-of-way leases or interest), including borrowed funds (i.e., bonds or loans) supported by this revenue stream, that are used by the toll authority to build, improve or maintain highways, bridges or tunnels that serve interstate commerce. Private and Quasi-private entities participate in toll credit programs. TxDOT reports that approximately $127.3 million in toll credits have been used from fiscal year 2001 through fiscal year 2011, of which $72.0 million was expended for highway construction and $55.4 million was used for transit-related projects. Texas has accumulated $1.2 billion in toll credits from fiscal year 2001 through fiscal yuear 2011. TxDOT does not receive direct financial benefit from this program. The following requirements apply:

- The toll facility generating the revenue must be open to public travel.
- The toll authority may be a public, quasi-public, or private entity. Although a public or private entity other than the state transportation department may have statutory authority to collect tolls in a particular state, the state transportation department may be the designated toll authority in some cases.
- The amount of credit is based on expenditures (actual cash outlays) by a toll authority for capital improvements to build, improve, or maintain public highway facilities that carry vehicles involved in interstate commerce. Toll credits cannot include expenditures for items such as routine maintenance work (i.e., snow removal or mowing), debt service, or costs of collecting tolls. Eligible improvement activities may be carried out on facilities that have received federal-aid funding in the past.

ELIGIBLE ACTIVITIES

Toll credits may be applied or earned with the following eligible activities:

- preliminary engineering or right-of-way acquisition for upcoming construction projects;
- initial construction of a toll authority's own facility provided these construction costs are to be repaid with toll revenues;
- capital improvements to build, improve, or maintain public highway facilities that carry vehicles involved in interstate commerce;
- use of revenues collected from a toll ferry provided the ferry serves as a link on a public highway;
- express and high occupancy vehicle activities include lane tolling projects; and
- chartered multi-state toll projects.

TRANSFERABILITY OF FUNDS

Transferability varies by project or activity and may be allowed at the discretion of the U.S. Department of Transportation.

PRIVATE ACTIVITY BONDS

Private Activity Bonds provide the opportunity for new sources of investment capital to finance our nation's transportation infrastructure system. Private Activity Bonds (PABs) are intended to provide substantial incentives for private equity investment in highway and freight projects. SAFETEA-LU added highway and freight transfer facilities to the types of privately developed and operated projects for which PABs may be issued. This change allowed private activity on these types of projects, while maintaining the tax-exempt status of the bonds. Passage of the private activity bond legislation reflects the federal government's desire to increase private sector investment in U.S. transportation infrastructure. Providing private developers and operators with access to tax-exempt interest rates lowers the cost of capital significantly, enhancing investment prospects. Increasing the involvement of private investors in highway and freight projects generates new sources of money, ideas, and efficiency.

DISTRIBUTION OF FUNDS

Although not competitive, the issuance of PABs for qualifying projects must be approved by the U.S. DOT for a limited amount of funds. SAFETEA-LU authorized a national cap of $15.0 billion, which was made available to states. As of December 2011, PAB allocations approved by U.S. DOT total more than $6.3 billion for nine projects. In fiscal year 2009 $400 million in bonds were issued for the North Tarrant Expressway and $2.6 billion of funding was allocated to the Interstate Highway 635-LBJ Freeway.

ELIGIBLE ACTIVITIES

SAFETEA-LU expands bonding authority for PABs by adding highway facilities and surface freight transfer facilities to a list of other activities eligible for exempt facility bonds. Qualified projects, which must already be receiving federal assistance include:

- surface transportation projects;
- international bridge or tunnel projects for which an international entity authorized under federal or state law is responsible; and
- facilities for the transfer of freight from truck to rail or rail to truck (including any temporary storage facilities related to the transfers).

PABs were issued through the Texas Private Activity Bond Surface Transportation Corporation for the LBJ Freeway and North Texas Extension projects.

In addition to the eligible projects noted above, any surface transportation project which receives federal-aid highway assistance is qualified to benefit from PABs. Because projects that receive TIFIA credit assistance are federal-aid highway projects, this means that TIFIA projects are also eligible to receive this tax-exempt bonding authority. This provision therefore extends eligibility to TIFIA-assisted public transportation, intercity bus or rail facilities and vehicles, including vehicles and facilities owned by Amtrak, public freight rail facilities or private facilities providing public benefit for highway users, and intermodal freight transfer facilities.

TRANSFERABILITY OF FUNDS

Not applicable.

TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT PROGRAM (TIFIA)

The TIFIA program provides federal credit assistance to nationally or regionally significant surface transportation projects, including highway, transit and rail. This program was established in TEA-21 and continued under SAFETEA-LU to fill market gaps and leverage substantial private co-investment by providing projects with supplemental or subordinate debt.

DISTRIBUTION OF FUNDS

States must apply for available funding. SAFETEA-LU authorized a total of $610 million through 2009 to pay the subsidy cost (similar to a commercial bank's loan reserve requirement) of supporting federal credit under TIFIA. The U.S. DOT released an additional $150.0 million for TIFIA in July 2011, which was appropriated under Continuing Appropriations Act of 2011.

To encourage broader use of TIFIA financing, the threshold required for total project cost was lowered to $50 million ($15 million for Intelligent Transportation Systems projects).

Although leveraged by other local entities in Texas, TxDOT used the TIFIA program only once, in fiscal year 2002, borrowing $900.0 million for the State Highway 130 project. Qualified projects are evaluated by the U.S. DOT against eight statutory criteria listed below:

- the extent to which the project is nationally or regionally significant, in terms of generating economic benefits, supporting international commerce, or otherwise enhancing the national transportation system (20 percent);
- the creditworthiness of the project, including a determination by the Secretary that any financing for the project has appropriate security features, such as a rate covenant, to ensure repayment (12.5 percent);
- the extent to which such assistance would foster innovative public-private partnerships and attract private debt or equity investment (20 percent);
- the likelihood that such assistance would enable the project to proceed at an earlier date than the project would otherwise be able to proceed (12.5 percent);
- the extent to which the project uses new technologies, including Intelligent Transportation Systems (ITS), that enhance the efficiency of the project (5 percent);
- the amount of budget authority required to fund the Federal credit instrument made available (5 percent);
- the extent to which the project helps maintain or protect the environment (20 percent); and
- the extent to which such assistance would reduce the contribution of federal grant assistance to the project (5 percent).

STATE/FEDERAL SHARE

TIFIA credit assistance is limited to a maximum of 33 percent of the total eligible project costs. Senior debt, which is debt that takes priority over other unsecured or otherwise newer debt owed by the issuer, must be rated investment grade. The project also must be supported in whole or in part from user charges or other non-federal dedicated funding sources and be included in the state's transportation plan.

ELIGIBLE ACTIVITIES

The TIFIA program provides federal credit assistance for the following activities:

- highway and bridge construction and planning;
- public freight rail facilities or private facilities providing public benefit for highway users; and
- intermodal freight transfer facilities, access to such freight facilities and service improvements to such facilities including capital investment for ITS.

TRANSFERABILITY OF FUNDS

Transferability varies by project and may be allowed at the discretion of the U.S. Department of Transportation.

STATE INFRASTRUCTURE BANK

A State Infrastructure Bank (SIB) is intended to provide a state revolving fund that offers loans and non grant forms of credit assistance to public and private sponsors of eligible surface transportation projects, including both highway construction projects and transit capital projects. Any public or private entity authorized by law to construct, maintain, or finance an eligible transportation project is eligible to apply for financial assistance from the SIB. Texas was one of 10 original states selected to participate in a SIB pilot program enacted by Congress under the National Highway System Designation Act of 1995 (NHS Act). Additional states were selected for participation when the program was expanded by Congress with adoption of the Fiscal Year 1997 Department of Transportation and Related Agencies Appropriations Act. **Figure 53** shows the basic structure of the SIB.

DISTRIBUTION OF FUNDS

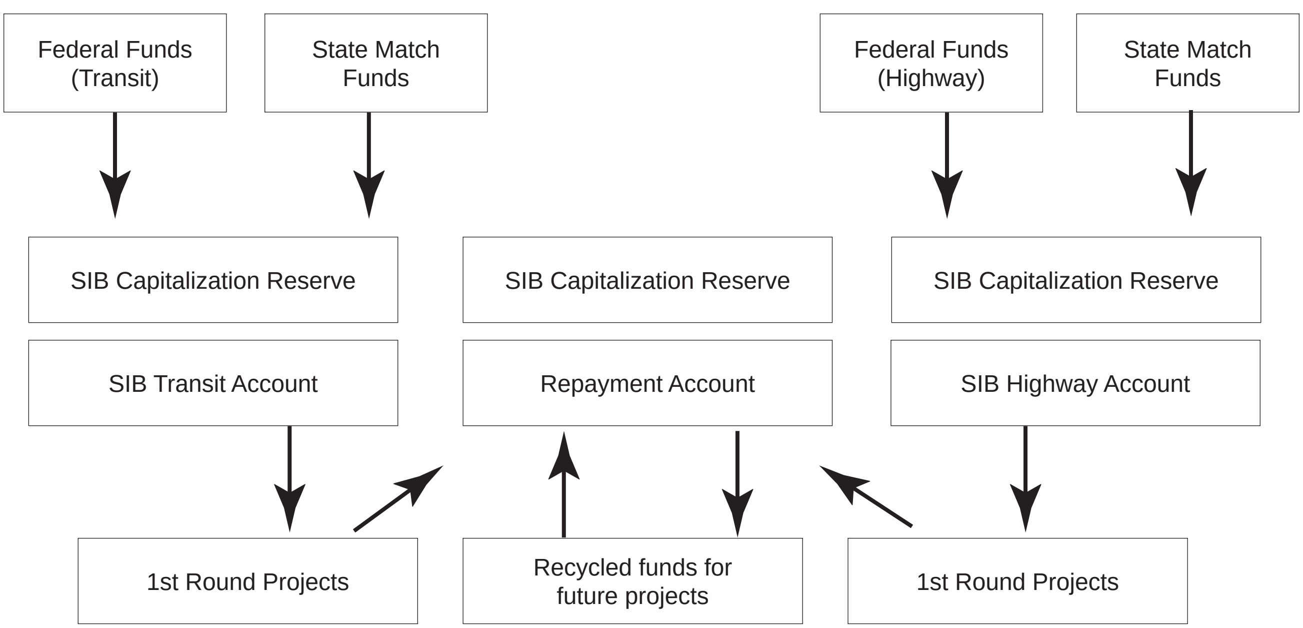
SAFETEA-LU made some modifications to the initial pilot program established in Texas under the NHS Act of 1995 and TEA-21. Under SAFETEA-LU, states participating in the new SIB program could capitalize the account(s) in their SIBs with federal surface transportation funds for each of fiscal years 2005 to 2009. This has continued under current Continuing Resolutions for fiscal years 2010 and 2011 as follows:

- Highway account—up to 10 percent of the funds apportioned to the state for the National Highway System Program, the Surface Transportation Program, the Highway Bridge Program and the Equity Bonus.
- Transit account—up to 10 percent of funds made available for capital projects under Urbanized Area Formula Grants, Capital Investment Grants, and Formula Grants For Other Than Urbanized Areas.
- Rail account—up to $50.0 million per year is made available nationally for capital projects for fiscal years 2008 through 2011 for Rail Programs.

STATE/FEDERAL SHARE

The state must match the federal funds used to capitalize the SIB on an 80-20 federal/non-federal basis, except that for the highway account where sliding scale provisions apply. **Figure 54** shows the most recent financial condition of the Texas State Infrastructure Bank as reported by the TxDOT for June, 2011.

FIGURE 53
STATE INFRASTRUCTURE BANK CAPITALIZATION AND LOAN PROCESS



Source: U.S. Department of Transportation.

FIGURE 54
STATE INFRASTRUCTURE BANK
ACCOUNT STATUS AS OF JUNE 1, 2011

Deposits:	
State Funds	$102.8
Federal Funds	$171.3
Interest Earned	$53.3
Loan Payments Received	$209.8
Total Deposits to Date	**$537.2**
Loans:	
Loans Approved, Not Disbursed	$53.8
Loans Approved, Disbursed	$421.6
Total Loans Approved to Date	**$475.4**
Available Balance Less:	
Loans Approved, Not Disbursed	$61.8

SOURCE: Texas Department of Transportation.

ELIGIBLE ACTIVITIES

Eligible projects must be on the state highway system and included in the Statewide Transportation Improvement Plan. Most residential city streets and county-maintained rural roads are not eligible. However, there are exceptions to this requirement, such as off-system bridges.

Initial SIB assistance from federal funds can be used for federal-aid highway program eligible construction or transit capital eligible projects. Recycled funds (repayments on initial assistance) can be used for any federal-aid highway program eligible purpose. The following is a list of project phases that qualify for assistance from the SIB:

- planning and preliminary studies.
- feasibility, economic, and environmental studies;
- right-of-way acquisition;
- survey, appraisal, and testing;
- utility relocation;
- engineering and design;
- highway and bridge construction; and
- inspection and construction engineering.

Assistance provided by a SIB offers flexibility through innovative financing techniques that can jump-start projects while reducing the associated financing costs. The following is a listing of these innovative financing techniques.

Loans—The NHS Act requires that loan repayments begin no later than five years after project completion, or with a highway project, when the facility is opened to traffic (whichever is later). The term of the loan may extend to 30 years. Assistance can be provided through several mechanisms such as:

- Loans at subsidized rates and/or with flexible repayment provisions;
- Short-term construction or long-term debt financing; or
- Grant Anticipation Notes (GANs).

Credit Enhancements—are third-party financial support (the lender and the borrower are the first and second parties) that makes a loan, bond, or other financial instrument more creditworthy, improves lending terms, and can be a determining factor in the feasibility of a project. Credit enhancements can be more advantageous for a SIB than direct loans because fewer resources are tied up thus allowing more projects to be assisted. These enhancements include the following techniques:

- lines of credit;
- debt service guarantees such as letters of credit or bond insurance; or
- debt service reserves.

Other Forms of Assistance include the following financing vehicles:

- certificates of participation; or
- finance purchase and lease agreements.

TRANSFERABILITY OF FUNDS

Transferability varies by project and terms of financing agreements. Transferability would have to be allowed under existing statutes, which can be amended by Congress from year-to-year.

SECTION 129 LOANS

Section 129 of the U.S. Federal Highway Administration Code (Title 23) allows federal participation in a state loan to support projects with dedicated revenue stream including tolls, excise taxes, sales taxes, real property taxes, motor vehicle taxes, incremental property taxes, or other beneficiary fees. The Texas Department of Transportation has not participated in the Section 129 Loan program.

DISTRIBUTION OF FUNDS

Section 129 loans allow states to leverage additional transportation resources and recycle assistance to other eligible projects. States have the flexibility to negotiate interest rates and other terms of Section 129 loans. When a loan is repaid, the state is required to use the funds for a Title 23 eligible project or credit enhancement activities, such as the purchase of insurance or a capital reserve to improve credit market access or lower interest rate costs for a Title 23 eligible project. One important distinction between SIB and Section 129 loans is that projects that receive assistance from repaid Section 129 loans are not required to meet the same number of Federal requirements as those using SIB loans.

ELIGIBLE ACTIVITIES

Section 129 of Title 23 allows federal participation in a state loan to a toll project and state loans to non-toll projects with a dedicated revenue stream.

TRANSFERABILITY OF FUNDS

Transferability varies by project and terms of financing agreements. Transferability would have to be allowed under existing statutes, which can be amended by Congress from year-to-year.

BUILD AMERICA BONDS

The American Recovery and Reinvestment Act of 2009 (ARRA) created the new Build America Bond (BABs) program, which authorized state and local governments to issue Build America Bonds as taxable bonds in 2009 and 2010 to finance any capital expenditures for which they otherwise could issue tax-exempt governmental bonds. The program was not renewed for federal fiscal year 2011. **Figure 55** shows the BABs' program funding for fiscal years 2006 to 2011.

DISTRIBUTION OF FUNDS

As of February 2011, approximately $181.5 billion in BABs had been issued for various capital projects nationally. The Texas Transportation Commission issued $1.5 billion of the bonds for state highway improvements and an additional $2.0 billion for various regional highway entities. State and local governments receive a direct federal subsidy payment for a portion of their borrowing costs on Build America Bonds generally equal to 35 percent of the total coupon interest paid to investors, which is currently reported to be $61.3 million in subsidy payments as of May 2011. Starting in fiscal year 2009, TxDOT has issued Build America Bonds as follows:

- The Texas Mobility Fund: issued $1.2 billion in August 2009;
- Proposition 14 State Highway Fund: issued $1.5 billion in August 2010; and
- Proposition 12 Highway Improvement General Obligation Bonds: issued $815.0 million in September 2010.

ELIGIBLE ACTIVITIES

The BABs program assists state and local governments in financing a variety of capital construction projects including highway, bridge and transit related construction.

TRANSFERABILITY OF FUNDS

Transferability varies by project and terms of financing agreements. Transferability would have to be allowed under existing statutes, which can be amended by Congress from year-to-year.

FIGURE 55
BUILD AMERICA BONDS FUNDING
FISCAL YEARS 2006 TO 2011

(IN BILLIONS)

FISCAL YEAR	NATIONAL	TEXAS	STATE SHARE
2006	$0.0	$0.0	0.0%
2007	$0.0	$0.0	0.0%
2008	$0.0	$0.0	0.0%
2009	$63.8	$1.2	1.8%
2010	$117.4	$2.3	2.0%
2011	$0.0	$0.0	0.0%

NOTE: Fiscal year 2009 and 2010 national amounts reflect state and local bond issuances under the Build America Bonds program in those years. Fiscal year 2009 and 2010 Texas amounts reflect bond issuances made by Texas Transportation Commission for those years. Fiscal year 2010 funds already appropriated are available through fiscal year 2013; however no additional appropriations were made after fiscal year 2010.
SOURCE: Federal Highway Administration.

APPENDIX A. FEDERAL EXCISE TAXES

FUEL TYPE	EFFECTIVE DATE	TAX RATE (CENTS PER GALLON)	DISTRIBUTION OF TAX			
			HIGHWAY TRUST FUND		LEAKING UNDERGROUND STORAGE TANK TRUST FUND	GENERAL FUND
			HIGHWAY ACCOUNT	MASS TRANSIT ACCOUNT		
Gasoline	10/01/1997	18.4	15.44	2.86	0.1	-
Diesel	10/01/1997	24.4	21.44	2.86	0.1	-
Gasohol (10% ethanol)	10/01/1997	13	6.94	2.86	0.1	3.1
<u>Special Fuels:</u>						
General Rate	10/01/1997	18.4	15.44	2.86	0.1	-
Liquefied petroleum gas	10/01/1997	13.6	11.47	2.13	-	-
Liquefied natural gas	10/01/1997	11.9	10.04	1.86	-	-
M85 (from natural gas)	10/01/1997	9.25	7.72	1.43	0.1	-
Compressed natural gas (cents per thousand cu. ft.)	10/01/1997	48.54	38.83	9.70	-	-

Truck Related Taxes – All Proceeds to Highway Account	
Tire Tax	0 – 40 pounds, no tax Over 40 pounds – 70 pounds, 15¢ per pound in excess of 40 Over 70 pounds – 90 pounds, $4.50 plus 30¢ per pound in excess of 70 Over 90 pounds, $10.50 plus 50¢ per pound in excess of 90
Truck and Trailer Sales Tax	12 percent of retailer's sales price for tractors and trucks over 33,000 pounds GVW and trailers over 26,000 pounds GVW
Heavy Vehicle Use Tax	<u>Annual Tax:</u> Trucks 55,000 pounds and over GVW, $100 plus $22 for each 1,000 pounds (or fraction thereof) in excess of 55,000 pounds (maximum tax of $550)

NOTE: No changes have been made to the State Motor Fuels tax rate and distribution since October 1, 1997. Other rates apply to gasohol blends less than 10 percent ethanol or blends made with methanol. The Volumetric Ethanol Excise Tax Credit (VEETC) expired on December 31, 2011.
SOURCE: Federal Highway Administration.

APPENDIX B. FEDERAL-AID HIGHWAY PROGRAM PENALTIES

TYPE	DESCRIPTION	PENALTY
Vehicle Weight Limitations – Interstate System	States must permit a minimum and maximum of 20,000 pound single axle, 34,000 pound tandem axle, and 80,000 pound gross weight of combination (5-axles or more) vehicles to operate on the Interstate System. Maximum weight cannot exceed allowable under bridge formula. Grandfather rights create state-specific exceptions to all limits.	Withholding of National Highway System (NHS) apportionments. If not restored during availability period, the apportionment lapses.
Enforcement of Vehicle Size and Weight Laws	Each state must certify that it is enforcing all state laws respecting maximum vehicle size and weights permitted on the federal-aid secondary system, including the Interstate System.	Withholding of 10 percent of the apportionments for Interstate Maintenance (IM), NHS, Surface Transportation Program (STP), Congestion Mitigation and Air Quality (CMAQ), and Recreational Trails programs. Apportionments are restored if enforcement is shown to be acceptable within one year; otherwise, reapportioned to all other eligible states.
Registration – Proof of Heavy Vehicle Use Tax Payment	States must require proof of payment of federal heavy vehicle use tax prior to registering heavy vehicles subject to the use tax.	Withholding of up to 25 percent of the apportionments for the IM program. The withheld apportionment is reapportioned to other states using the IM statutory formula.
Control of Outdoor Advertising	States must provide for effective control of outdoor advertising signs along the Interstate System, the primary system as it existed on June 1, 1991, and any highway not on such system but on the NHS. Effective control has been extended to include prohibiting the erection of new off-premise signs along any highway designated as a scenic byway on these systems.	Withholding of 10 percent of the apportionments for IM, NHS, STP, CMAQ, and Recreational Trails. The withheld apportionment is reapportioned to the other states. The secretary may suspend application of this penalty if deemed to be in the public interest.
Control of Junkyards	States must provide for effective control of the establishment, use, and maintenance of junkyards adjacent to the Interstate and primary systems.	Withholding of 10 percent of the apportionments for IM, NHS, STP, CMAQ, and Recreational Trails. The withheld apportionment is reapportioned to the other states. The Secretary may suspend application of this penalty if deemed to be in the public interest.
Maintenance	States must properly maintain or cause to be maintained any project constructed under the provisions of the federal-aid highway program.	Cessation of project approvals for all types of projects in the state highway district, municipality, county, and other subdivisions of the State or the entire state.
Clean Air Act Compliance	States are subject to State Implementation Plan (SIP) related sanctions. States must submit and implement all provisions of a complete, adequate SIP that provides for attainment of air quality standards in accordance with intermediate and final deadlines specified in the Clean Air Act.	Cessation of project approvals within the nonattainment area; sanctions may be expanded to cover the entire state under certain circumstances at the discretion of the Environmental Protection Agency (EPA) Administrator, Penalty applies for failure to submit a SIP, or other related provisions; EPA disapproval of a SIP; and for failure to implement the SIP. Some projects are exempt from sanctions (i.e. seven congressionally authorized activities that discourage single occupancy vehicles (SOV); safety projects whose principle purpose is to improve safety by significantly reducing or avoiding accidents; and projects which EPA finds will improve air quality and not encourage SOV).

APPENDIX B (CONTINUED)
FEDERAL-AID HIGHWAY PROGRAM PENALTIES

TYPE	DESCRIPTION	PENALTY
Air Quality Conformity	No transportation plan, program, or project may be approved, accepted, or funded unless it has been found to conform to an applicable SIP by the metropolitan planning organization and the DOT. This means a well-coordinated FHWA/FTA finding, based on technical analysis of transportation and emissions models.	Lack of a conformity determination on an area's transportation plan or transportation improvement program will prevent the expenditure of FHWA and FTA funds on any activities, with the exception of certain exempt categories. Such a penalty would apply to the entire nonattainment area. Further, if the reason for nonconformity is not implementing transportation control measures, it could lead to the imposition of highway sanctions on a statewide basis.
National Minimum Drinking Age	States must have laws that prohibit the purchase or public possession of any alcoholic beverage by a person who is less than 21 years of age.	Withholding of 10 percent of the apportionments for IM, NHS, and STP. Any funds withheld lapse.
Commercial Driver's License	States must be in compliance with minimum federal standards for licensing, reporting, and penalties.	Withholding of 5 percent of the apportionments for IM, NHS, and STP for first noncompliance; 10 percent thereafter. For funds withheld, there is no reserve period; that is, they lapse immediately, except IM funds, which are made available to the other states through the Interstate Discretionary program.
Drug Offenders	State must certify that it either: 1) has a law that requires the revocation or suspension of drivers' licenses for at least six months (or delay in the issuance of a license) for those convicted of any violation of the Controlled Substances Act or any drug offense or 2) has a statement by the Governor opposing enactment or enforcement of such a law and a resolution by the state legislature expressing opposition of the law.	Withholding of 10 percent of the apportionments for IM, NHS, and STP. Any funds withheld lapse.
Metropolitan Planning	Metropolitan planning organizations (MPOs) in Transportation Management Areas must be certified at least every three years by the Secretary of Transportation to be carrying out the required planning process in accordance with applicable provisions of federal law.	If an MPO is not certified, the Secretary may withhold up to 20 percent of the apportioned funds attributed to the relevant metropolitan area. Funds are restored when the MPO is certified.
Use of Safety Belts	States must have a law that makes it unlawful to operate a passenger vehicle if any front seat occupant (other than a child secured in a child restraint system) is not properly wearing a seat belt.	If a state does not have such a law in effect, the Secretary will transfer 3 percent of the apportionments for NHS, STP, and CMAQ to the Section 402 safety program.
Surface Transportation Program	States must comply with all provisions of law relating to the STP.	If a state fails to take corrective action within 60 days after being notified by the Secretary of noncompliance, future STP apportionments will be withheld until corrective action has been taken.
Zero Tolerance Blood Alcohol Concentration for Minors	States must enact and enforce a law that considers any individual under 21 years who has a blood alcohol concentration of 0.02 or above while operating a motor vehicle to be driving while intoxicated or driving under the influence of alcohol.	States that did not have such a law in effect by October 1, 1999, received a 10 percent withholding penalty of HNS, STP, and IM apportionments each fiscal year thereafter.

APPENDIX B (CONTINUED)
FEDERAL-AID HIGHWAY PROGRAM PENALTIES

TYPE	DESCRIPTION	PENALTY
Open Container Requirements	State must enact or have and enforce a law prohibiting the possession of open alcoholic beverage containers or the consumption of any alcoholic beverage in the passenger area of a motor vehicle. For motor vehicles designed to transport many passengers (such as for compensated transportation or in the living area of a mobile home), this requirement is considered satisfied if the state has a law prohibiting the possession of open alcoholic beverage containers by the driver (but not by a passenger).	States that have either not enacted or are not enforcing such a provision will have a 1.5 percent of its NHS, STP, and IM apportionments and associated obligation authority transferred to the state's Section 402 safety program for use for alcohol-impaired driving countermeasures, for enforcement of impaired or intoxicated driving laws, or for hazard elimination activities, at the state's option.
Repeat Offenders	State must enact and enforce a law that provides that any individual convicted of a second or subsequent offense for driving under the influence or while intoxicated shall: a) have his/her driver's license suspended for at least one year; b) be subject to vehicle impoundment, immobilization, or ignition interlock installation; c) receive an assessment of the individual's degree of alcoholic abuse and treatment as appropriate, and d) receive at least an assignment of 30 days of community service or five days imprisonment for a second offense and at least an assignment of 60 days community service or 10 days imprisonment for a third or subsequent offense.	A state that has either not enacted or is not enforcing such a law will have 3 percent of its NHS, STP, and IM apportionments and associated obligation authority transferred to the State's Section 402 apportionment for use for alcohol-impaired driving countermeasures, for enforcement of impaired or intoxicated driving laws, or for hazard elimination activities, at the state's option.

SOURCE: U. S. Department of Transportation.

APPENDIX C. GLOSSARY OF TERMS

Allocation	An administrative distribution of funds based upon eligibility criteria or competition.
Apportionment	A distribution of funds based upon a formula dictated in statute.
Budget Authority	The authority granted by Congress, generally through the annual appropriations process, that allows government agencies to enter into obligations that will result in the expenditure of funds.
Capitalization	A process of depositing funds as seed capital into a State Infrastructure Bank (SIB) to enable financial services. Funds are distributed (i.e., loans and credit enhancements) in such a way to ensure repayments to the SIB.
Certificates of Participation	Tax-exempt obligations that are secured with a specific revenue source such as an equipment or facilities lease.
Contract Authority	A form of budget authority to government agencies granting multi-year authority to enter into obligations in advance of appropriations.
Debt Service Guarantee	A contract entered into by a SIB in which the SIB agrees to cover debt service payments in the event that project revenues are insufficient to meet debt service.
Federal-aid Highway Program	A term used in this document that refers to most federal programs providing highway funds to states. Specifically, this term includes programs authorized in Title 23, United States Code, that are administered by the Federal Highway Administration.
Finance Purchase and Lease Agreements	Agreements between two parties whereby one project sponsor purchases and/or leases the project from another sponsor.
Fiscal Year	A term used in this document that refers to the federal fiscal year (October 1 to September 30).
Grant Anticipation Notes (GANs)	Short-term debt that is secured by grant funds expected to be received after the debt is issued.
Letter of Credit	A form of a loan offered by the SIB directly to the lender/ bondholder trustee for the express purpose of bridging a shortfall in net revenue for debt service.
Line of Credit	A form of a loan offered by the SIB directly to the borrower/ project sponsor for the express purpose of bridging a shortfall in net revenue for debt service or other financial commitments.
Obligation Authority	The total amount of funds that may be obligated in a year. This amount includes the obligation limitation plus programs that are exempt from the limitation.
Obligation Limitation	A mechanism used to control the rate that federal funds are used by placing a "ceiling" on the amount of these funds that may be promised (obligated) in a fiscal year.
Revenue Aligned Budget Authority (RABA)	Beginning in fiscal year 2005, annual adjustments made to Federal-aid Highway Program authorizations and obligation limitation to reflect revised revenue estimates for the Highway Account of the Highway Trust Fund. Occasionally the rule is suspended or overruled by Congress when the Highway Trust Fund does not generate sufficient revenue.

SOURCE: U.S. Department of Transportation.

APPENDIX D - GLOSSARY OF ACRONYMS

PROGRAM NAME	ACRONYM
Americans with Disabilities Act	ADA
American Recovery and Reinvestment Act	ARRA
Build American Bonds	BABs
Coordinated Border Infrastructure	CBI
Congestion Mitigation and Air Quality Improvement	CMAQ
Driving While Intoxicated	DWI
Ferry Boat Discretionary	FBD
Federal Highway Administration	FHWA
Federal Lands Highway Program	FLHP
Federal Transit Administration	FTA
Grant Anticipation Notes	GANs
Highway for LIFE	HFL
Hiring Incentive to Restore Employment Act	HIRE
High Occupancy Vehicle	HOV
Highway Trust Fund	HTF
Interstate Maintenance	IM
Interstate Maintenance Discretionary	IMD
Intelligent Transporation System	ITS
Model Minimum Uniform Crash Criteria	MMUCC
Metropolitan Planning Organizations	MPOs
National Highway System	NHS
Private Activity Bonds	MPOs
Public Lands Highway	PLH
Revenue Aligned Budget Authorty	RABA
Rural Transit Assistance Program	RTAP
Recreational Trails Program	RTP
State and Community Highway Safety	SCHS
Strategic Highway Safety Plan	SHSP
State Transportation Improvement Program	STIP
Surface Transportation Program	STP
Transportation, Community, and System Preservation	TCSP
Transportation Equity Act for the 21st Century	TEA-21
Transportation Infrastructure Finance and Innovation Act	TIFIA
Transportation Investment Generating Economic Recovery	TIGER
Traffic Records Coordinating Committe	TRCC
Texas Department of Transportation	TXDOT
United States Code	U.S.C.
U.S. Department of Transportation	USDOT
Vehicle Miles Traveled	VMT
Value Pricing Pilot	VPP