TxDOT RESOURCE LINKS
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OVERVIEW
The Federal-Aid Highway Program was created in 1917, making federal funds available to improve the nation’s highway system. In response, states began forming departments of transportation to administer the federal funds. In Texas, federal-aid funds continue to constitute an important component in current funding for transportation projects and programs.

Congress uses authorization acts, currently the Fixing America’s Surface Transportation (FAST Act), to incorporate new policies and priorities into the federal transportation program, which sometimes results in significant changes to the program’s focus and complexity. Federal-aid transportation programs are subject to administrative and legislative processes that increasingly affect their reliability as a predictable funding source for states and localities. The United States Department of Transportation and the United States Congress have primary influence over the availability and flexibility of federal transportation funds. These two entities control and shape the federal-aid highway and transit programs through the following mechanisms: the reauthorization of programs and funding sources; the creation, administration, and funding of discretionary programs; and the annual budget and appropriations process. In each case, the United States Department of Transportation and Congress determine if, when, and how states and localities access federal transportation funds.

The federal government collects federal motor fuels taxes through the states (18.4 cents for gasoline and 24.4 cents for diesel). Federal motor fuels taxes are collected and pooled in the Highway Trust Fund and then dedicated to federal-aid highway and transit programs. In recent years, the shortfall in revenue collections going into the Highway Trust Fund and spending levels coming out of the Highway Trust Fund has increased as Congress directed more dollars to states than the federal motor fuels tax provides. To address this shortfall, Congress has directed revenue from the General Fund to the Highway Trust Fund. For example, the passing of the FAST Act in 2015 authorized a $70 billion transfer from the General Fund to the Highway Trust Fund to fund the federal transportation program. A more recent example occurred in October 2020 when Congress transferred an additional $10 billion
to the Highway Trust Fund to extend the FAST Act for an additional year. This extension funds programs at FAST Act levels and all programs under the FAST Act are retained until September 30, 2021. Under the FAST Act extension, Texas is apportioned $4.27 billion in fiscal year 2021. This apportionment level includes all the core programs such as the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, and Congestion Mitigation and Air Quality Improvement Program. It is important to note that Texas will not be able to commit all these apportioned funds in fiscal year 2021 as the level any state can commit funds in a fiscal year is limited by contract authority. Once the funds are committed to projects the cash is received as reimbursement over the life of the project based on a level of participation by the federal government.

Highway Trust Fund dollars are distributed to the states in the form of contract authority, primarily through highway and transit formulas as well as through discretionary allocations. Federal-aid program formulas are the most stable and reliable mechanism for distributing these funds. States and local entities rely on this predictability in making transportation planning decisions. Formula programs change from time to time, so state and local transportation officials must adjust their programming and processes to remain within adjusted federal rules.

**SURFACE TRANSPORTATION BILL—FAST ACT**

The Fixing America’s Surface Transportation (FAST) Act is a surface transportation bill, which means that it governs highways, transit, freight, and railroads; these programs will be discussed by program in different sections directly below. Other federal transportation funding and programs, such as federal aviation and federal maritime, are governed by other congressional acts outside of the surface transportation bill and will be discussed later in this document as they relate to the Texas Department of Transportation’s (TxDOT) operations.

**SURFACE TRANSPORTATION PROGRAM BLOCK GRANT**

Compared to the prior federal surface transportation bill (Moving Ahead for Progress in the 21st Century Act, (MAP-21), as originally enacted in 2015, the FAST Act increased the amount of Surface Transportation Program Block Grant funding that is distributed through Metropolitan Planning Organizations (MPO) from 50 percent to 55 percent over the life of the bill. Even though this category includes Block Grant in its name, these funds are not treated as a block grant and are also remitted to states and MPOs on a reimbursement basis. The FAST Act also provided states and local governments with increased flexibility by rolling the Transportation Alternatives Program into the Surface Transportation Program Block Grant program. It allowed 50 percent of certain Transportation Alternatives Program funding to be sub-allocated to local areas and to be used on any program-eligible project.

**CONGESTION MITIGATION AND AIR QUALITY**

The Congestion Mitigation and Air Quality Improvement (CMAQ) program provides a flexible funding source for State and local governments to fund transportation projects and programs to help meet the requirements of the Clean Air Act (CAA) and its amendments. Some eligible projects for CMAQ funding include: diesel engine retrofits and other advanced truck technologies, idle reduction, congestion reduction and traffic flow improvements, transportation control measures, transit improvements, bicycle and pedestrian facilities and programs and travel demand management.

The FAST Act expanded the flexibility for the use of Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds for rural states. Congestion Mitigation and Air Quality Improvement Program funds may also be used for port-related freight operations and vehicle infrastructure communications equipment.

**TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT**

The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides credit assistance for qualified projects of regional and national significance. Many large-scale, surface transportation projects - highway, transit, railroad, intermodal freight, and port access - are eligible for assistance. Eligible applicants include state and local governments, transit agencies, railroad companies, special authorities, special districts, and private entities. The FAST Act made additional modifications to improve access to the Transportation Infrastructure Finance and Innovation Act program and expand leveraging opportunities. Specifically, it updated the program to enable better use by rural areas and more accessibility for small projects. This was accomplished by using the leveraging ability of the program to support state infrastructure banks and allowing the United States Department of Transportation to set aside Transportation Infrastructure Finance and Innovation Act funding to replace the fees typically collected from the program to borrowers to pay for independent financial analysis and outside counsel for rural projects.

The FAST Act also directed the United States Department of Transportation to establish a streamlined application process for use by an eligible applicant under certain circumstances. It made transit-oriented development projects eligible to apply for Transportation Infrastructure Finance and Innovation Act loans and reestablishes the ability of a state to capitalize their state infrastructure bank with federal-aid highway funds for fiscal years 2016 through 2020.
FREIGHT

The FAST Act created a new formula freight program that directed between $1.15 billion (in fiscal year 2016) to $1.50 billion (in fiscal year 2020) per fiscal year of total highway formula apportionments to a new formula freight program. Larger states, such as Texas, are required to spend their freight apportionment on projects on the primary highway freight system, critical rural freight corridors or critical urban freight corridors as designated by Congress. States may obligate up to 10 percent of their total freight apportionment for intermodal or freight rail projects.

In addition to the formula freight program, United States Department of Transportation is administering a competitive grant program entitled the Nationally Significant Freight and Highway Projects program, more commonly known as the Infrastructure for Rebuilding America Discretionary Grant Program. The grant program is designed to facilitate the construction of infrastructure projects that are difficult to complete solely using existing federal, state, local, or private funds. Among other purposes, projects supported by this program will reduce the impact of congestion, generate national and regional economic benefits, and facilitate the movement of freight.

The act also created two new programs:

1. A pilot program that allows up to five states to apply state environmental law to environmental reviews instead of National Environmental Policy Act; and
2. New Federal Permitting Center, intended to improve the permitting process for surface, aviation, ports and waterways projects over $200 million, projects requiring environmental impact statement (EIS) level review or projects requiring permits from more than one federal agency.

INTERSTATE HIGHWAY 69

The FAST Act provides continuity for oversize and overweight vehicles currently permitted to operate in the future Interstate Highway 69 corridor. The Act states that if any segment in Texas along U.S. Route 59, U.S. Route 77, U.S. Route 281, U.S. Route 84, Texas State Highway 44 or another roadway is to be designated as Interstate Highway 69, an oversize or overweight vehicle that could operate legally on that segment before the date of the designation may continue to operate on that segment.

INTERSTATE HIGHWAY 14

The FAST Act added the Central Texas Corridor (and designates it Interstate Highway 14) to the High Priority Corridor System. The Central Texas Corridor will commence at the logical terminus of Interstate Highway 10, generally following portions of U.S. Route 190 eastward, passing through Killeen, Belton, Bryan/College Station, Huntsville, Livingston, Woodville, and Jasper to the logical terminus of State Highway 63 at the Sabine River Bridge at Burrs Crossing.

INTERSTATE HIGHWAY 27

The FAST Act added the Ports-to-Plains Corridor to the High Priority Corridor System. The Corridor runs through Texas, Oklahoma, New Mexico, and Colorado.

PROJECT DELIVERY AND ENVIRONMENTAL STREAMLINING

The FAST Act contains several changes to the National Environmental Policy Act (NEPA), including improvements to the Planning and Environmental Linkage process and requirements for approval checklists. The Act changed the National Environmental Policy Act assignment audit requirements from six audits over four years to one audit per year for the first four years, for a total of four audits.

Categorical exclusions, projects that are excluded from the requirement to prepare an environmental assessment or environmental impact statement under the Federal Highway Administration’s rules, including projects within operational right-of-way, and projects with less than $5 million in federal funding, were expanded to include multimodal projects and emergency repair projects. In addition, the categorical exclusion for projects with limited federal assistance is now tied to annual inflation.
RAILROADS

In addition to highway provisions, the FAST Act included provisions to improve the nation’s rail infrastructure and its intercity passenger rail service while ensuring sound use of taxpayer investments in passenger rail projects. The rail section authorized a new Consolidated Rail Infrastructure and Safety Improvements grant program to support a broad array of rail projects and activities, uses cost-benefit analysis principles for project selection and repeals duplicative grant programs. It authorized a Federal-State Partnership for State of Good Repair grant program designed to improve critical rail assets with a backlog of deferred maintenance needs. It also authorized a Restoration and Enhancement Grants Program to assist with, on a competitive basis, the initiation or restoration of routes formerly operated by Amtrak.

The FAST Act included several provisions to improve the safety of railroad-highway grade crossings, including grade crossing safety action plans, a private grade crossing study and an evaluation on the use of locomotive horns at grade crossings. In addition, the FAST Act includes requirements to strengthen the safety of passenger rail.

The railroad title included several changes to the Railroad Rehabilitation and Improvement Financing Program and streamlines the United States Department of Transportation’s Railroad Rehabilitation and Improvement Financing approval process, which will include programmatic features of the successful Transportation Infrastructure Finance and Innovation Act. The provisions were designed to make Railroad Rehabilitation and Improvement Financing a more flexible lender to assist partnerships that combine Railroad Rehabilitation and Improvement Financing loans with other types of financing, including private financing. The provisions also require the transportation secretary to pay back the credit risk premium with interest to a borrower that has repaid its Railroad Rehabilitation and Improvement Financing loan, regardless of whether the loan is or was included in a group. Finally, the FAST Act included language that modifies general authority to provide direct loans under Railroad Rehabilitation and Improvement Financing to include at least one of the eligible applicants in a joint venture.

TRANSIT

The FAST Act also contains language related to the nation’s transit programs. TxDOT provides financial, technical and coordination assistance to the state’s rural and urban public transit providers, as well as to TxDOT’s Bicycle/Pedestrian and State Safety Oversight programs. The metropolitan transit authorities in the state receive their funding directly from the Federal Transit Administration without coordination from TxDOT. The FAST Act introduces an expedited project delivery for capital investment grants pilot program, which aims to streamline the project delivery process for up to eight grants for new fixed guideway capital projects, core capacity improvement projects or small start projects. This pilot program specifically aims to expedite projects with less than 25 percent federal funding that is supported by public-private partnerships.

The FAST Act also amended the Federal Transit Administration’s Buses and Bus Facilities grant program to allow recipients in a specific state to pool their formula funds to allow for the accommodation of larger scale procurements. In addition, it reinstates a competitive grant bus program (which will receive between $268 and $344 million per year). The grant program included a 10 percent rural set-aside and a cap of not more than 10 percent of all grant amounts that can be awarded to a single grantee. It also allows states to submit statewide applications for bus needs, which would allow the state to distribute competitively-awarded funds.

In March 2020, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to aid in economic stability and recovery during the COVID-19 Pandemic. The CARES Act included funding for transit providers across the country in the form of grants. CARES funding will be disbursed through FTA apportionments to its Urbanized Area (Section 5307) and Rural Formula (Section 5311) programs. TxDOT administers the Rural Formula programs for the rural transit districts throughout the state. On May 28, 2020, the Texas Transportation Commission approved CARES Act transit grants for distribution to Texas’ eligible urban, rural, and rural area intercity bus service providers. The Commission approved transit grants for the remaining balance of CARES Act intercity bus funding on September 24, 2020.

CARES ACT TRANSIT GRANTS

More information on the CARES Act transit grants, can be found here.

https://www.transit.dot.gov/cares-act
FEDERAL DISCRETIONARY GRANTS

Congress has also directed funding for federal discretionary competitive grant programs on a regular basis since 2010. These programs provide discretion to United States Department of Transportation to solicit applications and award funds to public entities that demonstrate alignment with the overarching goals of a given program.

The current grant programs that TxDOT and other transportation and municipal entities regularly apply for are:

- The Better Utilizing Investments to Leverage Development Transportation Discretionary Grants Program (BUILD) - Administered by the Federal Highway Administration;
- The Infrastructure for Rebuilding America Discretionary Grant Program (INFRA) - Administered by the Federal Highway Administration;
- Advanced Transportation and Congestion Management - Administered by the Federal Highway Administration;
- The Consolidated Rail Infrastructure and Safety Improvement Grants Program - Administered by the Federal Rail Administration;
- Bus and Bus Facilities Infrastructure Investment Program - Administered by the Federal Transit Administration; and
- Capital Investment Grants (5309) - Administered by the Federal Transit Administration.

While application requirements differ between grant programs, common criteria include:

- Strong financial leverage;
- Inclusion in state planning documents;
- Significant completion of design elements, engineering and the environmental approval process; and
- Strong support from project stakeholders.

MARITIME

In 2014 Congress passed the Water Resources Reform and Development Act of 2014 (WRRDA). It included reforms to the United States Army Corps of Engineers (Corps) programs and instituted streamlining provisions to certain Corps processes. Most significant of these changes for Texas ports and waterways are a mandated increase in expenditures from the Harbor Maintenance Trust Fund for the coming years. Eventual full utilization of the fund should increase maintenance dredging of Texas’ channels and waterways. Water resource bills in 2016 and 2018 built upon and amended the reforms undertaken in WRRDA 2014. In addition to Congress’ focus in recent years on the Harbor Maintenance Trust Fund, the water resources bills of 2014, 2016, and 2018 authorize the Corps to carry out several projects of interest to Texas, including the authorization for new dredging projects for the following:

- Sabine Neches Waterway Channel (2014);
- Freeport Harbor (2014);
- Port of Brownsville Brazos Island Harbor (2016); and

WRRDA 2014 also provided for an increase in the authorized funding level for dredging the Corpus Christi Ship Channel. The 2018 Water Resources Development Act includes several positive measures meant to inform Congress for future water resources bills, including:

- National Academy of Sciences study on the future of the United States Army Corps of Engineers;
- Additional requirements for transparency and the involvement of non-federal interests;
- General Accountability Office study on the differing benefit-cost calculation procedures of the United States Army Corps of Engineers and the Office of Management and Budget; and
- United States Army Corps of Engineers report on the Harbor Maintenance Trust Fund, which must include on a project-by-project basis the most recent fiscal year for which operations and maintenance activities have been carried out and the cost of those activities.
As part of the CARES Act in March of 2020, Congress passed a provision removing the Harbor Maintenance Trust Fund from the Congressional budget process, referred to as taking the fund off-budget. In practical terms, this means that Harbor Maintenance Trust Fund receipts can no longer be diverted for other purposes.

Most recently, the House and Senate reached agreement on a 2020 Water Resources Development Act, which authorizes the Corps to carry out the following new projects in Texas:

- Gulf Intracoastal Waterway, Brazos River Floodgates and Colorado River Locks Improvements;
- Houston Ship Channel Expansion Channel Improvement Project; and
- Matagorda Ship Channel Improvement Project, Port Lavaca.

Because Texas is a block grant state, TxDOT prepares and the Texas Transportation Commission reviews and approves federal grant funds for more than 180 eligible Texas airports. In the Federal Aviation Administration Reauthorization Act of 2018, block grant states were provided with additional authority that allows them to keep funds that non-primary airports receive in their respective states upon their expiration (previously these funds were returned to the Federal Aviation Administration).

Another Federal Aviation Administration program important to the Texas aviation community is the Federal Contract Tower Program. Since its inception more than 30 years ago, the Federal Contract Tower Program has been successful in providing low-cost air traffic control services at airports that otherwise would not have received these services and increased the level of safety at these airports for pilots and the surrounding local communities. The Federal Aviation Administration Reauthorization Act of 2018 includes several reforms to the Federal Contract Tower Program, including defining the parameters for determining a tower’s cost-benefit analysis and lifting the cap on the amount of federal grant funds that can be used for the construction and maintenance of contract towers.

There are currently 254 contract towers nationwide, 23 of which are in Texas. The most recent United States Department of Transportation Inspector General’s report on the Federal Contract Tower Program found that a contract tower costs, on average, about $1.5 million less to operate than a similar Federal Aviation Administration tower. This difference is mainly due to lower staffing and salary levels at contract towers versus similar Federal Aviation Administration towers. Contract towers also have a significantly lower number and rate of safety incidents compared to similar Federal Aviation Administration towers.

In March 2020, Congress passed the CARES Act to aid in economic stability and recovery during the COVID-19 Pandemic. The CARES Act included funding for airports across the country in the form of grants based on a predetermined formula included in the Act. On May 28, 2020, the Texas Transportation Commission approved CARES Act general aviation grants for distribution to Texas’ eligible general aviation airports.

A list of these grants can be found here:

**CONNECTING YOU WITH TEXAS**

**Drive Texas**

TxDOT is committed to your safety and to the reliability of the information contained on this site. While road conditions can change rapidly, DriveTexas.org is an industry leader in providing some of the most accurate and up-to-date travel-related information currently available to drivers in Texas. Information presented here is as close to real time as possible. For those who use our roads, please do not use this site while operating a motor vehicle.

**Be Safe. Drive Smart. Thank you!**

**Texas Department of Transportation**

**Government Affairs**

TxDOT’s Government Affairs Division works closely with government on both the state and federal levels though the State Legislative Affairs and Federal Affairs sections.

**Texas Department of Transportation**

**Project Tracker**

Project Tracker is the gateway to up-to-date information about TxDOT highway improvement projects, providing 24/7-access to the public, employees, and elected officials.

**Texas Department of Transportation**

**2021-2022 Educational Series**

TxDOT’s complete 2021-2022 Educational Series that focuses on a range of transportation issues affecting TxDOT and the state of Texas.