

TEXAS TRANSPORTATION COMMISSION

ALL Counties

MINUTE ORDER

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ALL Districts

For Fiscal Year 2019, Section 222.053(a), Transportation Code, defined an “economically disadvantaged county” as a county that had, in comparison to other counties in the state: (1) below average per capita taxable property value; (2) below average per capita income; and (3) above average unemployment.

Section 222.053(c) directs the Texas Transportation Commission (commission), when evaluating a proposal for a highway project in a political subdivision that consists of all or a portion of an economically disadvantaged county, to adjust the minimum local matching funds requirement after evaluating the political subdivision's effort and ability to meet the requirement.

Section 222.053(e) further directs the commission to report annually to the governor, the lieutenant governor, and the speaker of the house of representatives on the use of matching funds and local incentives and the ability of the commission to ensure that political subdivisions located in economically disadvantaged counties have equal ability to compete for highway funding with political subdivisions in counties that are not economically disadvantaged.

The Texas Department of Transportation has completed the Fiscal Year 2019 Annual Report on the Economically Disadvantaged Counties Program, which is attached as Exhibit A.

IT IS THEREFORE ORDERED by the commission that the Fiscal Year 2019 Annual Report on the Economically Disadvantaged Counties Program, as shown in Exhibit A, is approved by the commission and shall be presented to the governor, the lieutenant governor, and the speaker of the house of representatives as required by Section 222.053(e), Transportation Code.

Submitted and reviewed by:



Director, Transportation Planning and Programming Division

Recommended by:



Executive Director

115702 Feb 27 '20

Minute Number Date Passed

EXHIBIT A



Economically Disadvantaged Counties Program

Relief from Local Match Requirements

Fiscal Year 2019 Annual Report

Transportation Planning and Programming Division

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Background

The Fiscal Year (FY) 2019 Annual Report is the twenty-first annual report for the Economically Disadvantaged Counties Program (EDCP) administered by the Texas Department of Transportation (TxDOT).

The EDCP was enacted in 1997 by the 75th Texas Legislature (Senate Bill 370; Transportation Code § 222.053). The Texas Transportation Commission (commission) is required to adjust the minimum local matching funds requirement for proposed highway improvement projects in an economically disadvantaged county after evaluating the local government's effort and ability to meet the requirement.

In FY 2019, an economically disadvantaged county was a county that, in comparison to other counties in the state, had:

- **below** average per capita taxable property value,
- **below** average per capita income, **and**
- **above** average unemployment.

TxDOT annually identifies the counties that meet **all three** of the above criteria derived from data obtained from the Texas Comptroller of Public Accounts (comptroller). These counties may participate in the program during the fiscal year in which they are determined eligible. Since the list is updated every fiscal year, a county's eligibility may change from year to year.

The EDCP was revised by the 79th Legislature in 2005 to require the commission to certify a county as economically disadvantaged on an annual basis as soon as possible after the comptroller reports on the economic indicators listed above. In addition, the amendments stipulated that the commission was required to determine whether to make an adjustment at the time the local government submits a proposal for a project. Finally, the commission was permitted to delegate any of its powers under Transportation Code, §222.053, to the department's executive director or the director's designee.

The Executive Director issued a memo dated March 1, 2006, to all TxDOT district engineers granting them the authority to adjust the minimum local matching funds requirements for any eligible projects components on an as needed basis, allowing counties to submit projects at any time during their participation in the program.

The relief to the local match requirement an entity will receive is based on a formula. Through the formula, an adjustment percentage was determined for each county, which is meant to be a surrogate measure of the county's *effort* and *ability* to provide the local match; this was stipulated in the legislation itself.

The county's *effort* was measured by looking at the degree to which the county had already raised revenues either through property taxes or the county road and bridge fee.

The county's *ability* was measured by looking at the county's per capita income and per capita property values. Additional adjustment percentage points were given based on the county's tax debt per capita.

Cities may receive higher percent adjustments beyond their respective county’s adjustment under two conditions: if they have a local economic development sales tax and their population is less than 5,000. At the commission’s direction, the adjustment cannot exceed 95 percent or be less than 15 percent.

During 86th Texas Legislature (2019), Senate Bill (SB) 2168 amended the Transportation Code (Sec. 222.053) to expand the criteria used to determine which counties are defined as “economically disadvantaged” to include counties that have:

- Met the standard criteria for the past six years; and
- Been included in no less than five federally declared disasters within the same timeframe.

Counties that meet this requirement will have their local match adjusted to be equivalent to the highest adjustment rate that was set in the last year that they were eligible for the program. These changes will be implemented during FY2020 and reflected in the next annual report.

2019 Eligible Counties

Based on Calendar Year 2016 data obtained from the comptroller, 65 counties were eligible for the program in FY 2019. The counties (including local entities within these counties) listed in Table 1 were eligible for the program in FY 2019.

Table 1 Fiscal Year 2019 Eligible Counties

Angelina	Hale	Liberty	Polk	Trinity
Atascosa	Hall	Limestone	Presidio	Tyler
Bee	Harrison	Marion	Red River	Upshur
Brooks	Hidalgo	Matagorda	Reeves	Uvalde
Calhoun	Howard	Maverick	Rusk	Val Verde
Cameron	Hudspeth	Milam	Sabine	Walker
Camp	Jasper	Mitchell	San Augustine	Waller
Cass	Jim Hogg	Morris	San Jacinto	Ward
Coleman	Jim Wells	Newton	San Patricio	Willacy
Crane	Jones	Nueces	Shelby	Winkler
Duval	Kleburg	Palo Pinto	Starr	Wood
Freestone	Lamb	Panola	Stephens	Zapata
Grimes	Leon	Pecos	Titus	Zavala

During FY 2019, local governments submitted applications to the district office for approval of adjustment on 23 projects located within economically disadvantaged counties for a total estimated savings to local governments of \$14,103,360.

Outreach

To ensure the accessibility to program information, TxDOT makes the information available through a variety of mediums and formats. In November 2018, the department sent written notices to county judges and state representatives in economically disadvantaged counties regarding the respective county's eligibility status. A program notebook was compiled and distributed to TxDOT's district offices. Additionally, program information was made available to TxDOT districts via the Intranet site *Crossroads*.

FY 2019 Commission and Department Actions

By Minute Order 115363 dated October 25, 2018 the commission certified the FY 2019 list of eligible counties and the local match adjustment for each county. The Appendix contains a list of the projects approved by the district engineers for the FY 2019 program.

Summary

For FY 2019, TxDOT district engineers granted adjustments on 23 projects in 9 counties. These local entities have saved an estimated \$14,103,360. See Table 1-A in Appendix.

Since the program's inception on January 1, 1998, the department has granted adjustments to over 1124 projects in economically disadvantaged counties for an estimated savings to local governments of \$134,057,297.

Table 2. EDCP Year-to-Date Total

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
Savings	\$988,316	\$ 9,946,204	\$5,482,366	\$ 5,558,580	\$ 834,296	\$ 2,194,309
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Savings	\$ 4,556,098	\$3,249,069	\$2,797,536	\$1,743,101	\$6,755,645	\$3,239,132
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Savings	\$2,420,245	\$3,400,304	\$1,671,700	\$6,252,448	\$5,675,934	\$12,741,175
	FY 2016	FY 2017	FY 2018	FY 2019		
Savings	\$5,330,094	\$21,428,781	\$13,710,193	\$14,103,360		
					Total	\$134,057,297

The EDCP enables TxDOT to work with local governments to fulfil the department's mission – “Through collaboration and leadership, we deliver a safe, reliable, and integrated transportation system that enables the movement of people and goods.”

APPENDIX

Table A-1.

County	Applicant	Control Section Job (CSJ)	Project Type	Savings	
Cameron	Cameron County	0921-06-314	Preliminary Construction Engineering	\$	49,700
Cameron	Cameron County RMA	0921-06-291	Preliminary Construction Engineering	\$	42,600
Cameron	Cameron County RMA	0921-06-305	Preliminary Construction Engineering	\$	44,375
Cameron	Cameron County RMA	0921-06-313	Preliminary Construction Engineering	\$	972,670
Cameron	Cameron County RMA	0921-06-315	Preliminary Construction Engineering	\$	83,565
Cameron	City of Brownsville	0684-02-014	Right of Way	\$	20,345

Table A-1 continued

County	Applicant	Control Section Job (CSJ)	Project Type	Savings	
Cameron	City of Brownsville	0921-06-318	Preliminary Construction Engineering	\$	13,896
Freestone	Freestone County	0917-20-046	Preliminary Construction Engineering	\$	14,875
Freestone	Freestone County	0917-20-445	Preliminary Construction Engineering	\$	19,250
Grimes	Grimes County	0917-17-076	Preliminary Construction Engineering	\$	35,840
Grimes	Grimes County	0917-17-077	Preliminary Construction Engineering	\$	21,296
Grimes	Grimes County	0917-17-078	Preliminary Construction Engineering	\$	17,920
Hidalgo	City of Mission	0921-02-395	Preliminary Construction Engineering	\$	4,005,576

Table A-1 continued

County	Applicant	Control Section Job (CSJ)	Project Type	Savings
Hidalgo	City of Pharr	0921-02-375	Preliminary Construction Engineering	\$ 751,239
Hidalgo	Hidalgo County	0921-02-322	Preliminary Construction Engineering	\$ 1,729,815
Hidalgo	Hidalgo County	0921-02-403	Preliminary Construction Engineering	\$ 2,332,835
Hidalgo	Hidalgo County	0921-02-405	Preliminary Construction Engineering	\$ 3,507,452
Marion	Marion County	0919-22-034	Preliminary Construction Engineering	\$ 16,313
Nueces	Nueces County	0326-01-056	Right of Way	\$ 86,960
Panola	Panola County	0919-13-017	Preliminary Construction Engineering	\$ 14,500
Panola	Panola County	0919-13-018	Preliminary Construction Engineering	\$ 14,500

Table A-1 continued

County	Applicant	Control Section Job (CSJ)	Project Type	Savings	
San Patrico	City of Portland	1209-01-030	Right of Way	\$	197,046
San Patrico	San Patrico County	1209-01-030	Right of Way	\$	193
Walker	Walker County	0917-27-046	Preliminary Construction Engineering	\$	110,600
			Savings	\$	14,103,360