

# Instruction Booklet

Member Designated Projects:

Instructions for submission to the Committee on Transportation and  
Infrastructure

*For consideration in 2021 Surface Transportation Authorization Legislation*

March 2021

## Overview of Surface Transportation Authorization

### Surface Transportation Authorization Acts

Federal highway and public transportation programs are funded through multi-year surface transportation authorization acts. The current surface transportation program authorization expires on September 30, 2021.

Congress enacted the five-year *Fixing America's Surface Transportation (FAST) Act* (P.L. 114-94) on December 4, 2015. In the 116<sup>th</sup> Congress, the *FAST Act* was extended by the *Continuing Appropriations Act, 2021, and other Extensions Act* (P.L. 116-159) for an additional year.

### The Highway Trust Fund (HTF)

Federal highways are user-fee financed through federal excise taxes levied on motor fuels and on various highway-related products such as tires and heavy trucks. Revenues from these taxes are deposited into the HTF and may be used only for eligible transportation projects and activities.

Beginning in fiscal year 2008, and in each subsequent fiscal year to date, HTF outlays have exceeded revenues received. Congress has transferred approximately \$157 billion to the HTF from the general fund of the Treasury and other sources.<sup>1</sup>

### Federal Highway Program Overview

The Federal-Aid Highway Program (FAHP) is an umbrella term for the separate highway programs administered by the Federal Highway Administration (FHWA). These programs are almost entirely focused on construction, and generally do not support operations (such as state DOT salaries or fuel costs) or routine maintenance (such as mowing roadway fringes or filling potholes). The majority of FAHP funds are apportioned through five “core” programs plus the Metropolitan Planning Program. The core programs are the National Highway Performance Program (NHPP), the Surface Transportation Block Grant Program (STBG), the Highway Safety Improvement Program (HSIP), the Congestion Mitigation and Air Quality Improvement Program (CMAQ), and the National Highway Freight Program (NHFP).

The FAHP is different from almost all other federal programs in that it is funded almost entirely through a type of budget authority known as “contract authority.” Using contract authority, the Secretary of Transportation is able to give states advance notice of available amounts at the time an authorization act is signed into law and commit to reimbursing states for eligible costs they incur without having to wait for an annual appropriation of funding.

### State Apportionments of Federal-aid Highway Funding

At the beginning of each fiscal year that the program is authorized, FHWA distributes contract authority to states through an annual apportionment, pursuant to the formula established under 23 U.S.C. 104. Under current law, this apportionment is divided among five “core” highway formula programs, for

<sup>1</sup>See 26 U.S.C. 9503(f).

obligation by the state department of transportation (or suballocation to a local government, in the case of Surface Transportation Block Grant (STBG) program or the transportation alternatives set-aside). Most FHWA contract authority is available for obligation three years after the last day of the fiscal year (FY) for which the funds are authorized, providing the funding certainty necessary for states carry out long-term capital construction projects. This same period of availability will apply to Member Designated Projects included in the surface transportation authorization legislation.

### **Obligation Limitation**

In order to control the year-over-year obligations out of the HTF, the Appropriations Committee includes a limitation on total annual obligations for the federal-aid highway program in each annual appropriations act. This “obligation limitation” ensures that the federal-aid highway program stays within established budget caps for a fiscal year, even though the contract authority is available for multiple years. The obligation authority is distributed to states in a similar manner to the contract authority. While not subject to appropriations, a federal highway project needs contract authority and obligation authority to proceed.

### **Federal Transit Program Overview**

Federal funding for U.S. public transportation systems dates back to 1964 with the enactment of the *Urban Mass Transportation Act* (P.L. 88-365). This law set the stage for the current program of financial assistance for mass transportation administered by the Federal Transit Administration (FTA).

Federal transit programs are primarily funded from revenues in the Mass Transit Account of the HTF, but a portion of the funding – approximately 20 percent – is authorized from the general fund of the U.S. Treasury.

Funds provided under the Mass Transit Account are largely provided through a series of formula programs, including the Urbanized Area Formula Grant program, the Formula Grants for Rural Areas program, the Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities program, the Grants for Buses and Bus Facilities formula program, and the State of Good Repair program. Additional funds are provided from the Mass Transit Account for discretionary grant programs including the Passenger Ferry Grant Program, the Bus and Bus Facilities competitive grant program, and the Low- and No-Emission Vehicle Program.

General funded transit programs include the Capital Investment Grants program and FTA oversight and administrative funds.

### **Transportation Planning**

Funding for metropolitan planning, statewide planning, and other planning programs is authorized from both the Highway Account and Mass Transit Account. These programs provide resources for metropolitan planning organizations (MPO) and state departments of transportation to help meet the planning requirements of sections 134 and 135 of title 23 and sections 5303, 5304, and 5305 of title 49, United States Code. These planning activities are jointly administered by FTA and FHWA.

Each state is required to develop a Statewide Transportation Improvement Program (STIP) covering a period of at least four years. Each designated metropolitan area is required to develop a Transportation Improvement Program (TIP). The STIP is a fiscally constrained, multi-year, statewide intermodal program of transportation projects, consistent with the statewide transportation plan as well as metropolitan transportation improvement programs. The STIP must be developed in cooperation with MPOs, public transit providers, and any Regional Transportation Planning Organizations in the state. These documents and project lists guide state and MPO obligation of contract authority over the longer-term horizon required for capital construction projects.

### **Puerto Rico and the Territories**

The Commonwealth of Puerto Rico and the governments of the U.S. territories (American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, and the U.S. Virgin Islands) receive allocations of federal-aid funds to facilitate construction of transportation facilities, including systems of arterial and collector highways, public transportation, and necessary inter-island connectors. Project requests under the Territorial and Puerto Rico Highway Program will be eligible for funding consistent with the requirements of 23 U.S.C. 165, as will transit projects consistent with the requirements of chapter 53 of title 49.

### **Tribal Transportation**

The Tribal Transportation Program addresses the transportation needs of Tribal governments. Project requests by or in partnership with a Tribal government will be eligible for funding consistent with the requirements of 23 U.S.C. 202.

### **Project Eligibility**

Capital projects eligible under title 23, United States Code, and chapter 53 of title 49, United States Code, are eligible for funding requests under T&I's project submission process. The best way to ensure project eligibility is to select projects included on the STIP or TIP. Projects included on the STIP or TIP already have been certified as eligible for FHWA or FTA funding and do not require further verification of eligibility.

For projects not on the STIP or TIP, the Committee will require additional documentation, including: verification whether the project can be added to the STIP or TIP in a reasonable timeframe if the funding request is included in the legislation; whether the project is on a long-range transportation plan; and verification of eligibility for the proposed activity under title 23 or chapter 53 of title 49 by the relevant federal agency.

### **FHWA Program Eligibilities**

The FHWA programs focus on construction, reconstruction, and improvement of highways and bridges. Eligibilities under the largest FHWA program, NHPP, include projects that improve the condition and performance of the National Highway System (NHS), which includes Interstate System highways and bridges and other major highways. NHPP funds projects to achieve national performance goals for improving infrastructure condition, safety, mobility, and freight movement. The STBG program provides

for broad eligibility to fund construction and reconstruction of roads and bridges on the federal-aid highway system, as well as for off-system bridges.<sup>1</sup> In addition, the HSIP funds projects that improve the safety of road infrastructure by correcting hazardous road locations, such as dangerous intersections, or making road improvements.

In addition to traditional highway and bridge construction projects, title 23 provides broad eligibility for other capital needs. Funds are also available for planning, environmental review, design, right of way acquisition, or operational improvements. Some examples of eligible capital projects include active transportation and transportation alternatives (pedestrian and bicycle infrastructure) under STBG and other programs, environmental mitigation, truck parking, transportation system management and operations, electric vehicle charging infrastructure, and acquisition of clean vehicle fleets under the Congestion Mitigation and Air Quality (CMAQ) program. In addition, multimodal projects, such as freight and passenger rail, may be narrowly eligible under various FHWA programs, including highway-railway grade crossings (23 U.S.C 130), multimodal freight improvements under Nationally Significant Freight and Highway Projects (INFRA) (23 U.S.C. 117) and the NHFP (23 U.S.C. 167), and certain rail projects with air quality benefits under the CMAQ program (23 U.S.C. 149).

### **FTA Program Eligibilities**

FTA funds a wide range of public transportation projects. Public transportation or transit is defined as regular, continuing shared-ride surface transportation services that are open to the general public or open to a segment of the general public defined by age, disability, or low income, and does not include—

- intercity passenger rail transportation provided by the entity described in chapter 243 of title 49 (or a successor to such entity);
- intercity bus service;
- charter bus service;
- school bus service;
- sightseeing service;
- courtesy shuttle service for patrons of one or more specific establishments; or
- intra-terminal or intra-facility shuttle services.

Some examples of eligible transit capital projects include constructing or rehabilitating a transit station or transit equipment; purchasing rolling stock including rail cars for public transportation purposes; purchasing buses or ferries, including zero-emission vehicles; transit-related intelligent transportation systems; project expenses related to a capital project including design, engineering, location surveys, mapping, and acquiring rights-of-way; associated transit improvements including bus shelters, pedestrian and bicycle access to a transit station, and enhanced access for persons with disabilities; and preventative maintenance.

---

<sup>1</sup> In general, STBG projects may not be on local roads or rural minor collectors. There are a number of exceptions to this requirement, such as the ability to use up to 15% of a State's rural suballocation on minor collectors. See FHWA guidance on the [STBG program](#) for additional information.

## Project Requirements

### FHWA Project Requirements

Unless otherwise specified in law, the federal share allowable under the highway program is typically 80 percent of the project cost, per 23 U.S.C. 120. However, there are many provisions that allow a project sponsor to increase the federal share for a project. See [this FHWA guidance](#) for more information.

In addition to non-federal cost share, all FHWA projects are subject to other requirements under title 23, including: statewide and metropolitan planning, environmental review under the *National Environmental Policy Act (NEPA)*, payment of prevailing wages under the *Davis-Bacon Act*, Buy America, compliance with FHWA or state design standards, competitive bidding, and more. The project sponsor is responsible for ensuring compliance with all applicable federal requirements. In selecting projects for designated funding, the Committee will seek to ensure that project sponsors are prepared to carry out a project in line with federal requirements.

### FTA Project Requirements

Unless otherwise specified in law, the federal share allowable under the transit program is typically 80 percent of the project cost. However, there are many provisions that allow a project sponsor to increase the federal share for a project. See [this FTA guidance](#) for more information.

In addition to non-federal cost share, all FTA projects are subject to other requirements under chapter 53 of title 49 including: statewide and metropolitan planning, environmental review under *NEPA*, transit employee protective arrangements under 49 U.S.C. 5333, payment of prevailing wages under the *Davis-Bacon Act*, Buy America, compliance with FTA project and construction management guidance, competitive bidding, and more. The project sponsor is responsible for ensuring compliance with all applicable federal requirements. In selecting projects for designated funding, the Committee will seek to ensure that project sponsors are prepared to carry out a project in line with federal requirements.

## Committee on Transportation and Infrastructure (T&I) Authorization vs. Appropriations

The T&I Committee process for member projects for consideration in this year's surface transportation authorization legislation is separate and distinct from the House Committee on Appropriations' process.

Projects funded through the surface transportation authorization will be funded directly from the Highway Trust Fund, and do not require a separate or subsequent appropriation.

Projects included in the Committee's surface transportation authorization legislation are provided dedicated contract authority. These projects will receive dedicated obligation limitation under the overall provision of obligation limitation provided through the appropriations process, and will not require further congressional action. How obligation limitation will flow to designated projects versus formula funding will be laid out in the T&I legislative text. Therefore, it is not necessary for a project to seek funding under both the T&I and Appropriations project processes. The Committee discourages offices from requesting projects under both processes.

## Transparency and Accountability

To ensure oversight, transparency, and accountability throughout the process, Members who submit a Member Designated Project request must also post the request online to their official House.gov website, and will be asked to self-certify the project has been posted accordingly when they submit their request to the Committee. Members must include the project name, location of the project (including address and ZIP code to extent applicable), project sponsor, and the requested amount for each request posted online. Project requests that are not publicly posted upon submission will not be considered by the Committee. The Committee will also publicly post all submitted Member requests on the committee website following the closure of the database.

## Definitions

**Allocation:** For purposes of this publication as it relates to funding federal-aid highways, an administrative distribution of funds for programs that are not distributed to states by a statutory formula.

**Apportionment:** For the purposes of this publication as it relates to funding federal-aid highways, the distribution of funds to states as prescribed by a statutory formula.

**Authorization:** The term “authorization” is typically used in the context of an authorization bill or act (law): substantive legislation that establishes or continues federal programs or agencies and establishes an upper limit on the amount of funds for the program or programs. Within such a bill or act, the term may also refer to the program-specific upper limit.

**Fiscal Constraint:** For the purposes of transportation planning, fiscal constraint means demonstration that a project can be implemented using committed, available, or reasonably available revenue sources. Projects included in the STIP or TIP financial plan must be fiscally constrained under federal regulations at 23 CFR part 450, subparts B and C. Project requests must similarly show that funding necessary to complete the project is, at a minimum, reasonably expected to be available in combination with the requested amount. Please see [this FHWA guidance](#) for examples of future revenue sources that are “reasonably expected to be available.”

**MPO:** A Metropolitan Planning Organization is the policy board of an organization created and designated to carry out the metropolitan transportation planning process.

**NEPA:** National Environmental Policy Act.

**Obligation:** The federal government’s legal commitment (promise) to pay or reimburse a state or other entity for the federal share of a project’s eligible costs.

**Outlays:** Actual cash (or electronic transfer) payments made to the state or other entity to pay the entity for eligible costs incurred. Outlays generally are provided as work progresses for the federal share for approved highway program activities.

**State Transportation Improvement Program (STIP):** Each state is required under 49 U.S.C. 5304(g) to develop a statewide transportation improvement program covering a period of at least four years. The

STIP is a staged, multi-year, statewide intermodal program of transportation projects, consistent with the statewide transportation plan and planning processes as well as metropolitan plans, transportation improvement programs (TIP), and planning processes.

**Transportation Improvement Program (TIP):** The TIP is a federally required short-range plan that MPOs must develop listing upcoming transportation projects—covering a period of at least four years. The TIP must be developed in cooperation with the state and public transit providers. The TIP should include capital and non-capital surface transportation projects, bicycle and pedestrian facilities and other transportation enhancements, Federal Lands Highway projects, and safety projects included in the State’s Strategic Highway Safety Plan. The TIP should include all regionally significant projects receiving FHWA or FTA funds, or for which FHWA or FTA approval is required, in addition to non-federally funded projects that are consistent with the Metropolitan Transportation Plan (MTP). Furthermore, the TIP must be fiscally constrained.