

# 04 | FUNDING THE UTP



For TxDOT to plan future transportation projects, the department must have an idea of how much future funding will be available for project development and delivery. Therefore, financial forecasting is one of TxDOT's critical functions when developing the Unified Transportation Program (UTP). The department's Financial Management Division is responsible for producing a forecast of potential cash flow over the next 10 years that becomes the foundation for the UTP.

The UTP is fiscally constrained by the planning cash forecast, which means TxDOT can only develop projects that it can afford to execute within potential funding limits. For TxDOT to have the right volume of projects ready for construction in the years ahead, the UTP must be based on a reasonable estimate of future cash flow.

TxDOT's transportation revenues are comprised of a combination of state funds appropriated by the Texas Legislature and federal highway funds appropriated by Congress. In addition, local governments contribute resources to certain projects to help offset project funding needs.

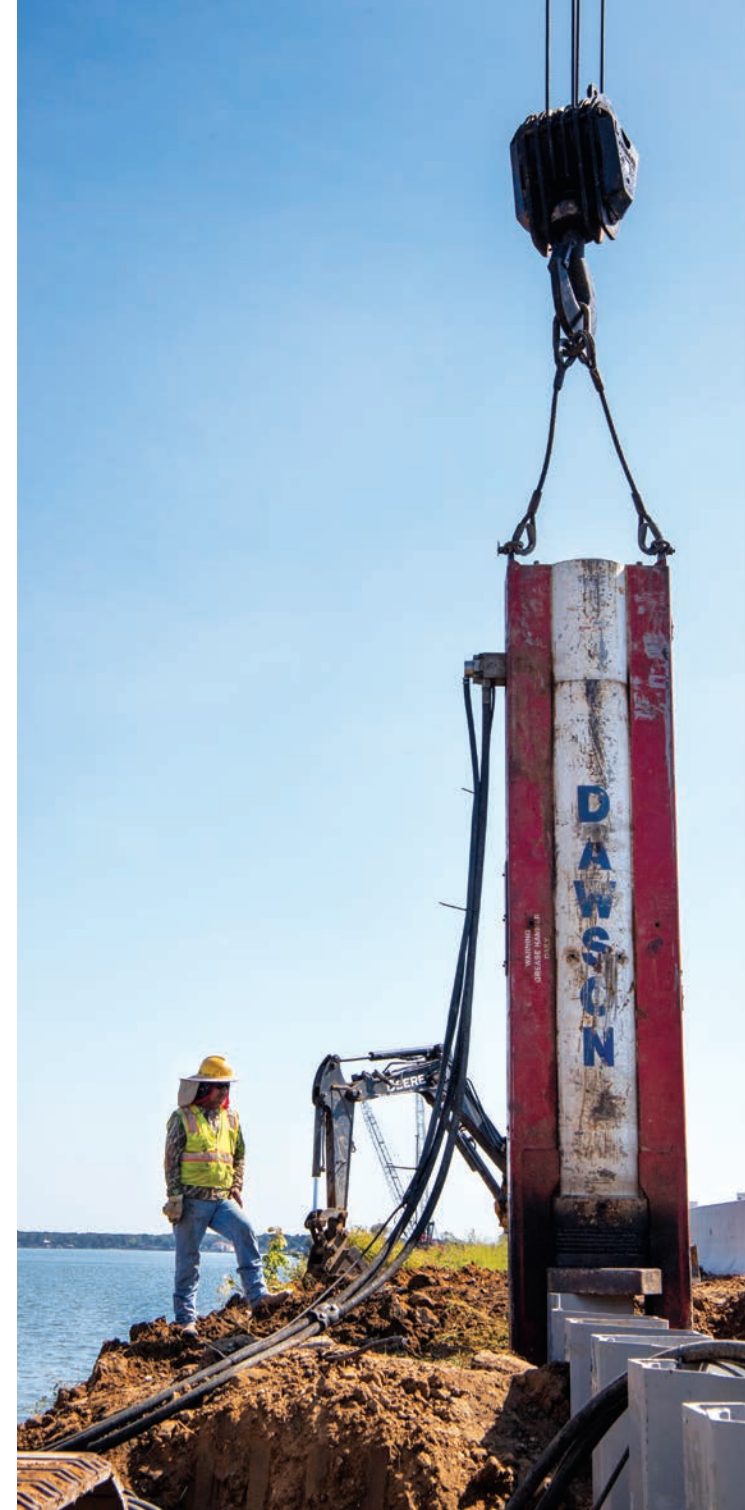
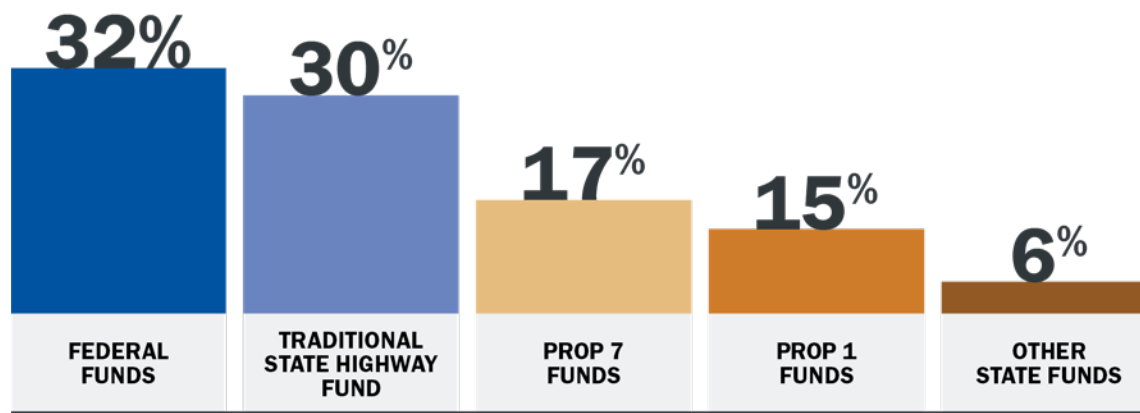
## The Complexity of Transportation Funding

Funding for transportation projects has become more varied and complex over the past 20 years as new funding sources have been introduced to supplement conventional gasoline and diesel taxes. Consequently, this evolution has added layers to TxDOT's cash forecasting and project planning.

For decades, state and federal fuel tax revenues were sufficient to pay for the state highway system. However, over time, the rates on these taxes remained unchanged while Texas' population continued to boom. In the mid-2000s, as the state's transportation needs began to outpace its financial resources, the Texas Legislature gave TxDOT the authority to finance projects with bond debt. The proceeds from these bonds, referred to as Texas Mobility Fund bonds and Propositions 12 and 14 bonds, have since been completely allocated to transportation projects. The subsequent debt repayment will now be an important factor in TxDOT's financial planning for many years.

After the borrowing capacity was exhausted, the Legislature, with voter approval, provided two new sources of funding known as Propositions 1 and 7 in 2014 and 2015 respectively, with the first deposits beginning several years later. These measures, for the first time, directed portions of the state's oil and gas production taxes and sales taxes to the State Highway Fund. These initiatives significantly increased the expected revenues in TxDOT's planning cash forecast and, in turn, the UTP. At the same time, the dissipation of other funding sources, such as bond proceeds, have partially offset these gains.

**FIGURE 8**  
TxDOT FUNDING SOURCES FY 2022-2023



## Cash Forecast

### FORECAST FOUNDATIONS

TxDOT's Financial Management Division (FIN) produces a series of short and long-term cash forecasts, which provide an analysis of how much money TxDOT has expended and may potentially be available in the future.

On a monthly basis, FIN tracks the department's revenues and expenditures, both past and future, as well as the monthly ending balances for TxDOT's various funding sources, such as the State Highway Fund. Based on changes in cash flow, the department may adjust planned outlays as needed. This cash management process helps TxDOT maximize available funds to cover ongoing operational and construction expenses.

The monthly cash forecast also shapes the development of the two-year letting schedule and establishes fiscal constraint for TxDOT's monthly letting, when contractor bids are accepted for construction projects.

Future revenue projections are based on an analysis of historical trends, recent legislative changes, the Texas Comptroller's estimate of state revenues, evolving

economic conditions, and other factors. Additionally, estimates consider developments in Washington, D.C., regarding federal transportation funding.

The monthly cash forecast also accounts for changes in cash flow based on construction project cost fluctuations, like underruns and overruns from actual highway contract bids, or change orders on active construction projects.

### PLANNING CASH FORECAST

At the beginning of each fiscal year, FIN produces the Planning Cash Forecast, which estimates cash flow over the next 10 years. The projected revenue forms the foundation of the UTP by setting the funding limits for the plan. Given that many factors could change over the course of a decade, TxDOT must make assumptions about the future performance of its funding sources when generating this forecast.

Some transportation revenue streams are more steady and predictable than others. Traditional funding sources, like the state's motor fuels tax, generally follow a stable trend from year to year. Some newer sources, however,

such as oil and gas production taxes from Texas' Proposition 1, are more susceptible to fluctuations in the economy or the state budget. Some sources also have preset expiration dates in state law, and would need legislative action to continue.

The forecast process balances the risk of unpredictable cash flow with the need to prepare for potential future funding. While a more conservative baseline cash forecast is prepared using current law and assumptions with historically lower variability, the Planning Cash Forecast incorporates additional assumptions that allow TxDOT to plan for less predictable funding sources, and to be prepared if eventual funding levels exceed the baseline projections. However, the forecast, like the UTP, does not guarantee funding will ultimately be available for any specific project.

### FORECAST ASSUMPTIONS

**Traditional State Highway Fund.** Developed in fall 2020, the Planning Cash Forecast for the 2022 UTP incorporates recent historical trends and anticipated future growth rates to project revenues from the state motor fuels tax, vehicle registration fees, and other traditional State Highway Fund sources. The state motor fuels tax, which is the largest state revenue source for the State Highway Fund, has historically been more predictable than other funding streams, as it tracks closely with state population and economic growth.

However, economic conditions are one of the primary factors potentially affecting future State Highway Fund levels. Fluctuations in the broader economy can impact purchases of gasoline and diesel as well as passenger and commercial vehicles, which can in turn impact related tax collections.

**Proposition 1**, passed by Texas voters in 2014, is a constitutional amendment that directs a portion of the state's oil and gas production tax revenue to the State



Highway Fund for non-tolled highway construction, maintenance, and rehabilitation projects. The first transfer took place in FY 2015.

For the Planning Cash Forecast, Proposition 1 transfer projections for FY 2022 and FY 2023 were based on the Texas Comptroller's latest Biennial Revenue Estimate. Transfer projections for later years were based on a hypothetical 10-year historical average assuming Proposition 1 had been in place for all the previous 10 years. The last transfer of Proposition 1 is set to occur in FY 2035, when the law will expire, if the legislature does not extend it.

Factors potentially affecting future Proposition 1 funding levels include annual fluctuations in oil and gas production activity and the requirement that a joint House and Senate committee sets a minimum balance for the state's Economic Stabilization Fund each legislative session. A higher minimum balance could mean less Proposition 1 funding available for the State Highway Fund, since Proposition 1 transfers are dependent upon the Economic Stabilization Fund minimum balance being maintained.

**Proposition 7** is a constitutional amendment passed by Texas voters in 2015 that dedicates a portion of the state's general sales tax and motor vehicle sales tax revenues to the State Highway Fund for non-tolled highway construction, maintenance, and rehabilitation projects. Since FY 2018, once statewide collections exceed \$28 billion, up to \$2.5 billion from the general sales tax is transferred to the State Highway Fund each year. Since FY 2020, a portion of the motor vehicle sales tax is transferred to the State Highway Fund once statewide collections from that tax exceed \$5 billion.

Factors potentially affecting future Proposition 7 funding levels include the possibility of state sales tax and motor vehicles tax collections falling short of expectations, as well as provisions in state law allowing the Texas Legislature to reduce Proposition 7 appropriations by

up to 50 percent in any given year, or to appropriate Proposition 7 funds to repay debt on past transportation bonds. In 2021, the Legislature exercised the latter option and appropriated approximately \$546 million from Proposition 7 to pay bond debt service in FY 2022–2023. That amount would otherwise have been allocated to highway project development and construction.

**Federal Funds.** In TxDOT's latest Planning Cash Forecast, federal reimbursement estimates were based on provisions of the federal transportation authorization bill, known as the Fixing America's Surface Transportation (FAST) Act, as well as updated projections for federal motor fuels tax collections. The FAST Act expires in September 2021, but for planning purposes the forecast assumes that federal funding will continue through FY 2030 at similar levels.

In addition to FAST Act federal funding, TxDOT received an apportionment of highway infrastructure program funds from the federal Coronavirus Response and Relief supplemental appropriations act, 2021. These funds have also been included in the Planning Cash Forecast for the 2022 UTP.

**Expenditures.** Because many highway construction projects require incremental reimbursements to contractors over multiple years, the payout schedules of individual projects directly affect the forecast's estimate of future expenditures. For the 2022 UTP Planning Cash Forecast, expenditure projections were updated for future and active projects, including pass-through finance, existing design-build, comprehensive development agreement, and other non-traditional projects.

### TRANSPORTATION DEVELOPMENT CREDITS (TDCs)

Transportation development credits, or toll credits, allow states to use federal transportation funds without providing state or local matching dollars. Credits are earned when a state or toll entity funds a capital transportation investment with toll revenues from existing toll facilities. In Texas, 75 percent of credits are allocated to the MPO in whose region they were earned and 25 percent are allocated on a competitive statewide basis. TDCs give TxDOT flexibility in determining which projects use state and local share and which will be 100 percent federally funded, but the credits do not increase the total potential funding in the UTP.

**TABLE 4**  
**TRANSPORTATION DEVELOPMENT CREDITS (TDCs)**

#### BALANCES AS OF MAY 6, 2021

ACCOUNT	ACCOUNT BALANCE (\$)
Capital Area Metropolitan Planning Organization	789,936,151
Houston-Galveston Area Council of Governments	1,007,990,050
North Central Texas Council of Governments	780,277,164
Statewide	543,769,672
Public Transit	15,000,000
<b>Total</b>	<b>3,136,973,037</b>

#### AUTHORIZATIONS FOR STATEWIDE TDCs

The Texas Transportation Commission has authorized certain amounts of statewide TDCs to TxDOT for the following uses.

TDC AUTHORIZED USES	ANNUAL LIMIT (\$)
Projects eligible for Surface Transportation Program or National Highway Performance Program	150,000,000
Projects eligible for Highway Safety Improvement Program	15,500,000
Projects eligible for Public Transportation Program	15,000,000
<b>Total</b>	<b>180,500,000</b>

# TxDOT Funding Sources

## FEDERAL FUNDS

Revenues collected from federal motor fuels taxes are deposited in the federal Highway Trust Fund. These funds are appropriated by Congress through the Federal-Aid Highway Programs and distributed to each state. Most TxDOT projects are funded with both federal and state funds, with the most common share being 80 percent federal, 20 percent state. The Federal Highway Administration (FHWA) reimburses TxDOT for qualified project expenditures as they are paid out.

## STATE FUNDS

The State Highway Fund is TxDOT’s principal fund. Most of the taxes and fees deposited in the State Highway Fund are dedicated by the Texas Constitution to support state highways. The primary sources of State Highway Fund revenues are the state motor fuels tax, vehicle registration fees, sales taxes (Proposition 7), and the oil and gas production tax (Proposition 1). Revenues from Propositions 1 and 7 are held in special subaccounts of the State Highway Fund.

## OTHER STATE AND LOCAL FUNDS

Other types of less common state funds also held in State Highway Fund subaccounts include State Infrastructure Bank loan repayments and project-specific surplus toll and comprehensive development agreement (CDA) revenues. Local participation may come from cities or counties in the form of funding agreements with TxDOT to expedite certain projects. Texas Mobility Fund taxes and fees are held in a fund separate from the State Highway Fund.

## FUNDING SOURCES IN UTP CATEGORIES

The UTP is organized into 12 funding categories, each one addressing a specific type of project or range of eligible activities. The funding within most categories comes from a mixture of state and federal sources (Table 5). The UTP does not separate state funding sources into distinct categories. Rather, traditional State Highway Fund revenues and Proposition 1 and 7 funds are spread across all state-funded categories. Some

federal programs, like the Surface Transportation Block Grant (STBG), flow through nearly all categories, while other narrower programs, like Congestion Mitigation and Air Quality Improvement (CMAQ), can only be used toward certain UTP categories. This determination is made based on the requirements of each federal program and the types of projects that are eligible under each UTP funding category. For more information, see [Table 14, pg. 164](#).

**TABLE 5**  
**TxDOT FUNDING SOURCES BY UTP CATEGORY**

12 FUNDING CATEGORIES	FEDERAL FUNDS	STATE FUNDS	OTHER STATE AND LOCAL FUNDS
1. Preventive Maintenance and Rehabilitation	Yes	Yes	No
2. Metro and Urban Area Corridors	Yes	Yes	No
3. Non-Traditionally Funded Projects	No	Yes	Yes
4. Statewide Connectivity Corridors	Yes	Yes	No
5. Congestion Mitigation and Air Quality*	Yes	No	No
6. Structures Replacement (Bridges)	Yes	Yes	No
7. Metropolitan Mobility and Rehabilitation*	Yes	No	No
8. Safety	Yes	Yes	No
9. Transportation Alternatives*	Yes	No	No
10. Supplemental Transportation Projects	Yes	Yes	No
11. District Discretionary	Yes	Yes	No
12. Strategic Priority	Yes	Yes	No

\* While funding in these categories is primarily from federal sources, state funding may also be used.

**Fund Definitions:** Federal funds are appropriated by Congress through the Federal Highway Trust Fund

State funds are appropriated by the Texas Legislature through the State Highway Fund

Other state & local funds include the Texas Mobility Fund, bond revenue, concessions and regional toll revenue, and local funds

### FROM FORECAST TO UTP

In the Planning Cash Forecast, TxDOT estimates that approximately \$68.7 billion will be available for construction projects over the next 10 years (see Table 6). That dollar amount has been distributed among the funding categories in the 2022 UTP – excluding Category 3. While the combined total of Categories 1, 2, 4, 5, 6, 7, 8, 9, 10, 11, and 12 equals the forecast \$68.7 billion, an additional \$5.8 billion of non-traditional funds are included in the UTP through Category 3. These funds are not part of the forecast, because they come from sources outside the regular scope of TxDOT funding, such as one-time contributions from local governments. As a result, the total dollar amount in the 2022 UTP is approximately \$74.4 billion when Category 3 is included.

For more information about UTP funding categories, see [pg. 30](#).

*Note: The amount of funding in Category 3 is subject to change without Commission action. The UTP document reflects the Category 3 amount at the time of the annual UTP adoption.*

**TABLE 6**  
**TxDOT PLANNING CASH FORECAST – 2022 UTP**

FISCAL YEAR	TRADITIONAL STATE HIGHWAY FUND <sup>1</sup>	PROPOSITION 1 <sup>2</sup>	PROPOSITION 7 <sup>3</sup>	TOTAL AVAILABLE
FY 2022	3,699,944,674	587,326,049	3,202,511,627	7,489,782,350
FY 2023	3,527,873,550	960,533,600	2,299,452,830	6,787,859,980
FY 2024	3,658,870,227	1,011,595,200	2,081,046,490	6,751,511,917
FY 2025	3,721,270,699	628,640,000	1,626,434,535	5,976,345,234
FY 2026	3,791,762,771	968,640,000	2,698,021,475	7,458,424,246
FY 2027	3,581,177,914	968,640,000	2,506,237,885	7,056,055,799
FY 2028	3,632,958,921	968,640,000	2,145,611,982	6,747,210,903
FY 2029	3,681,249,254	968,640,000	2,250,697,722	6,900,586,976
FY 2030	3,732,573,461	968,640,000	2,104,778,530	6,805,991,991
FY 2031	3,785,261,432	968,640,000	1,926,502,562	6,680,403,994
<b>Total</b>	<b>36,812,942,903</b>	<b>8,999,934,849</b>	<b>22,841,295,638</b>	<b>68,654,173,390</b>

- 1 Traditional State Highway Fund:** Forecast includes \$250 million of federal redistribution and FAST Act extension in FY2022. Forecast also includes estimated federal redistribution of \$500 million in FY2022 and \$250 million in FY 2023–FY2026 and estimated FAST Act obligation authority levels are maintained through FY2031 with 77.5% of those levels going toward project awards (lettings). Additionally, forecast includes an estimated \$914 million of federal COVID relief funds approved by Congress in December 2020. Of that amount, \$731.2 million (80%) was allocated to project awards (lettings) in FY2022.
- 2 Proposition 1:** Proposition 1 transfers are contingent on future oil and gas production tax revenue levels as well as possible future legislative action. Baseline funding estimates for FY 2022 and FY 2023 come from the State of Texas 2022–2023 Biennial Revenue Estimate (BRE). The FY 2024 transfer was projected based on the FY 2023 oil and natural gas production revenue levels in the BRE. For planning purposes, Proposition 1 transfers are shown through FY 2031 and were estimated based on a ten-year average of actual and potential transfers (FY 2014–FY 2023) had Proposition 1 been in place for all of those years and excluding the highest/lowest transfers within that ten-year period. Eighty percent of those transfers are shown as available for letting. Proposition 1 transfers are set to expire in FY 2035 pursuant to SB 962, 86th Legislature.
- 3 Proposition 7:** Forecast assumes no reductions for annual debt service due on outstanding Proposition 12 general obligation bonds, since future legislatures may, at their discretion, appropriate general revenue to pay for the debt service. Estimated Proposition 7 transfer projections for Sales & Use taxes and Motor Vehicle Sales (MVST) taxes are per the 2022–2023 BRE. The last transfer of Proposition 7-MVST will be in FY2029 without further legislative action, but estimated transfers are continued for planning purposes.

# WORKING FOR TEXANS

## TEXAS CLEAR LANES

Through the Texas Clear Lanes initiative, TxDOT aims to address roadway gridlock facing Texas drivers. The department puts Texans and dollars to work to deliver on this commitment. In November of 2014 and 2015, Texas voters approved extra funding in the form of two amendments:

- ✓ **Proposition 1** directs a portion of oil and gas tax revenues into the State Highway Fund.
- ✓ **Proposition 7** directs a portion of the state's general sales and use tax, motor vehicle sales, and rental taxes to the State Highway Fund.

With this additional funding and collaboration with local transportation leaders across the state, TxDOT is developing critical projects in the state's largest metro areas to address traffic congestion. These projects have now been approved and included in the UTP. Visit the [Texas Clear Lanes website](#) to learn more about major projects currently underway in these areas.

### CONGESTION IN THE UTP

As one of TxDOT's three strategic goals for the highway system, improved system performance is a major driver of funding distribution and project selection. For more information about the UTP's congestion-related performance targets, see [pg. 14](#). For details about congestion-related project selection, see [pg. 18–20](#).



# 05 | UTP FUNDING CATEGORIES



As required by Texas Administrative Code, TxDOT organizes the Unified Transportation Program (UTP) into 12 prescribed funding categories that address specific project types or ranges of eligible activities. The UTP must also list certain projects TxDOT intends to develop or begin constructing during the 10-year UTP period and identify the categories through which each project is funded.

The Texas Transportation Commission sets broad investment levels for the UTP by determining how much funding goes into each category. Once the available funding is distributed across the categories, selected projects are matched to eligible funds. A single project may be funded from multiple categories, based on the type of project and its characteristics. Projects are selected by metropolitan planning organizations (MPOs), TxDOT districts, certain TxDOT divisions, or the Texas Transportation Commission, depending on the category. In addition, categories may be either project-specific or based on allocations. Funding in project-specific categories is awarded to individual projects around the state, while allocation categories are distributed by formula to TxDOT districts or divisions, which subsequently manage the project selection and programming. The following pages outline the rules for each category.

Funding for other programs, including the Public Transportation, Maritime, Aviation, Rail, and Freight Programs, are organized at the program level and are not distributed through the UTP's funding categories.



**TABLE 7**  
**COMMON PROJECT TYPES IN THE UTP FUNDING CATEGORIES**

*These tables list the most common project types funded through each category in the 2022 UTP, as well as the statewide strategic goals that each project type addresses. All 12 UTP funding categories address all three strategic goals to varying degrees.*

	% OF PROGRAMMED FUNDS	STRATEGIC GOALS	
		PROMOTE SAFETY	PRESERVE OUR ASSETS
<b>CATEGORY 1: PREVENTIVE MAINTENANCE AND REHAB</b>			
Road surface treatment	43%	⊕	☆
Road rehab and restoration	41%	⊕	☆
Rural passing lanes (Super 2)	5%	☆	⊕
Traffic signals, lighting, signs	3%	⊕	☆
All other project types	8%		
<b>CATEGORY 2: METROPOLITAN AND URBAN CORRIDORS</b>			
Widening (freeway or non-freeway)	74%	☆	⊕
Freeway interchanges	16%	☆	⊕
Roadway operational improvements	5%	☆	⊕
All other project types	5%		
<b>CATEGORY 4: CONNECTIVITY CORRIDORS</b>			
Widening (freeway or non-freeway)	67%	☆	⊕
Freeway interchanges	8%	☆	⊕
New-location rural highway	9%		⊕
Roadway operational improvements	9%	☆	⊕
All other project types	7%		
<b>CATEGORY 5: CONGESTION MITIGATION AND AIR QUALITY</b>			
Intersection improvements	38%	☆	⊕
Freeway interchanges	26%	☆	⊕
Bike and pedestrian infrastructure	16%	⊕	☆
Traffic mgmt. technology and signals	11%	☆	⊕
Public transit, commute alternatives	8%		⊕
All other project types	1%		

	% OF PROGRAMMED FUNDS	STRATEGIC GOALS	
		PROMOTE SAFETY	PRESERVE OUR ASSETS
<b>CATEGORY 6: STRUCTURES (BRIDGE)</b>			
Bridge replacement	84%	☆	⊕
Bridge rehab or widening	8%	☆	⊕
Bridge maintenance	5%		⊕
All other project types	3%		
<b>CATEGORY 7: METROPOLITAN MOBILITY AND REHAB</b>			
Widening (freeway or non-freeway)	57%	☆	⊕
New-location urban roadway	14%		⊕
Roadway operational improvements	7%	☆	⊕
Traffic studies, transit programs, etc.	7%		⊕
Freeway interchanges	7%	☆	⊕
All other project types	8%		
<b>CATEGORY 8: SAFETY</b>			
Medians and safety barriers	29%	⊕	
Intersections and rail crossings	27%	⊕	☆
Turn lanes, passing lanes, shoulders	26%	⊕	☆
Traffic signals, lighting, signs	9%	⊕	☆
Rumble strips	4%	⊕	
All other project types	5%		
<b>CATEGORY 9: TRANSPORTATION ALTERNATIVES</b>			
Bike and pedestrian infrastructure	77%	⊕	☆
Border crossing facilities	16%		⊕
Public transit	4%		⊕
All other project types	3%		

	% OF PROGRAMMED FUNDS	STRATEGIC GOALS	
		PROMOTE SAFETY	PRESERVE OUR ASSETS
<b>CATEGORY 10: SUPPLEMENTAL TRANSPORTATION PROGRAMS</b>			
Coastal ferry facilities	32%		⊕
Border region infrastructure	26%		⊕
Culverts and storm drainage	16%	☆	⊕
State park roads and parking lots	16%		⊕
Sidewalks and curb ramps	4%	⊕	
All other project types	15%		
<b>CATEGORY 11: DISTRICT DISCRETIONARY</b>			
Road rehab and restoration	33%		⊕
Rural passing lanes (Super 2)	18%	☆	⊕
Roadway operational improvements	16%	☆	⊕
Widening (freeway or non-freeway)	14%	☆	⊕
Road surface treatment	6%		⊕
All other project types	13%		
<b>CATEGORY 12: STRATEGIC PRIORITY</b>			
Widening (freeway or non-freeway)	84%	☆	⊕
Freeway interchanges	10%	☆	⊕
New-location highway	4%		⊕
All other project types	2%		

⊕ = Primary goal addressed  
 ☆ = Secondary goal addressed

# 2022 UTP FUNDING CATEGORY DETAILS

## FUNDING CATEGORY

# 1

## Preventive Maintenance and Rehabilitation

Table note: The Texas Transportation Commission may supplement the funds allocated to individual districts in response to special initiatives, safety issues, or unforeseen environmental factors. Supplemental funding is not required to be allocated proportionately among the districts and is not required to be allocated according to the formulas specified above. In determining whether to allocate supplemental funds to a particular district, the Commission may consider safety issues, traffic volumes, pavement widths, pavement conditions, oil and gas production, well completion, or any other relevant factors.

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 1 addresses preventive maintenance and rehabilitation of the existing state highway system, including pavement, signs, traffic signals, and other infrastructure assets.</p> <p><b>Preventive Maintenance</b> Defined as work to preserve, rather than improve, the structural integrity of a pavement or structure. Examples of preventive maintenance activities include asphalt concrete pavement (ACP) overlays (two-inch thick maximum), seal coats, cleaning and sealing joints and cracks, patching concrete pavement, milling or bituminous level-up, shoulder repair, micro-surfacing, scour countermeasures, restoring drainage systems, cleaning and painting steel members to include application of other coatings, cleaning and sealing bridge joints, bridge deck protection, cleaning and resetting bearings, cleaning rebar/strand, and patching structural concrete.</p> <p><b>Rehabilitation</b> Funds are intended for the repair of existing main lanes, structures, and frontage roads. Rehabilitation of an existing two-lane highway to a Super 2 highway (with passing lanes) may be funded within this category. The installation, replacement, and/or rehabilitation of signs and their appurtenances, pavement markings, thermoplastic striping, traffic signals, and illumination systems, including minor roadway modifications to improve operations, are also allowed under this category. Funds can be used to install new traffic signals as well as modernize existing signals.</p>	<p>Funding is allocated to each TxDOT district based on the following formulas:</p> <p><b>Preventive Maintenance</b> A total allocation is calculated per district using the weighted criteria below. 98% is directed toward roadway preventive maintenance and 2% is directed toward bridge preventive maintenance.</p> <ul style="list-style-type: none"> <li>65% On-system lane miles</li> <li>33% Pavement distress score factor</li> <li>2% Square footage of on-system bridge deck area</li> </ul> <p><b>Rehabilitation</b></p> <ul style="list-style-type: none"> <li>32.5% Three-year average lane miles of pavement with distress scores &lt;70</li> <li>20% Vehicle miles traveled per lane mile (on system)</li> <li>32.5% Equivalent single-axle load miles (on and off system and interstate)</li> <li>15% Pavement distress scores pace factor</li> </ul> <p>See note at end of section</p>	<p>TxDOT districts select projects using a performance-based prioritization process that assesses district-wide maintenance and rehabilitation needs. The Texas Transportation Commission allocates Category 1 funds to each district using an allocation formula.</p>

FUNDING CATEGORY

2

Metropolitan and Urban Area Corridor Projects

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 2 addresses mobility and added capacity projects on urban corridors to mitigate traffic congestion, as well as traffic safety and roadway maintenance or rehabilitation. Projects must be located on the state highway system.</p> <p>The Texas Transportation Commission allocates funds to each metropolitan planning organization (MPO) in the state, by formula. MPOs select and score projects for this category.</p> <p>Common project types include roadway widening (both freeway and non-freeway), interchange improvements, and roadway operational improvements.</p>	<p>Each MPO shall receive an allocation of Category 2 based on the following formula:</p> <p><b>Category 2 Metropolitan (2M)</b> Using the following formula, 87% of Category 2 funding is allocated to MPOs with populations of 200,000 or greater – known as transportation management areas (TMAs).</p> <ul style="list-style-type: none"> <li>30% Total vehicle miles traveled (on and off system)</li> <li>17% Population</li> <li>10% Lane miles (on system)</li> <li>14% Truck vehicle miles traveled (on system)</li> <li>7% Percentage of census population below the federal poverty level</li> <li>15% Based on congestion</li> <li>7% Fatal and incapacitating crashes</li> </ul> <p><b>Category 2 Urban (2U)</b> Using the following formula, 13% of Category 2 funding is allocated to non-TMA MPOs (population less than 200,000).</p> <p>Distribution Formula:</p> <ul style="list-style-type: none"> <li>20% Total vehicle miles traveled (on and off system)</li> <li>25% Population</li> <li>8% Lane miles (on system)</li> <li>15% Truck vehicle miles traveled (on system)</li> <li>4% Percentage of census population below the federal poverty level</li> <li>8% Centerline miles (on system)</li> <li>10% Congestion</li> <li>10% Fatal and incapacitating crashes</li> </ul>	<p>MPOs select projects in consultation with TxDOT districts using a performance-based prioritization process that assesses mobility needs within the MPO boundaries. Project funding must be authorized by the Texas Transportation Commission.</p>
<p>Category 3 is for transportation projects that qualify for funding from sources not traditionally part of the State Highway Fund, including state bond financing (such as Proposition 12 and Proposition 14), the Texas Mobility Fund, pass-through financing, regional revenue and concession funds, and local funding. Category 3 also contains funding for the development costs of design-build projects. (Design-build construction costs are covered by other UTP categories)</p> <p>Common project types include new-location roadways, roadway widening (both freeway and non-freeway), and interchange improvements.</p>	<p>Funding is determined by state legislation, Texas Transportation Commission-approved minute order, or local government commitments. Unlike other categories, the amount of funding in Category 3 is subject to change without Commission action. These funds are not part of the Planning Cash Forecast (see <a href="#">pg. 28</a>), because they come from sources outside the regular scope of TxDOT funding. The UTP document reflects the Category 3 amount at the time of the annual UTP adoption.</p>	<p>Projects are determined by state legislation, Texas Transportation Commission-approved minute order, or local government commitments.</p>

FUNDING CATEGORY

3

Non-Traditionally Funded Transportation Projects

FUNDING CATEGORY

4

Statewide  
Connectivity  
Corridor  
Projects

FUNDING CATEGORY

5

Congestion  
Mitigation  
and Air Quality  
Improvement

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 4 addresses mobility on major state highway system corridors, which provide connectivity between urban areas and other statewide corridors. Projects must be located on the designated highway connectivity network that includes:</p> <ul style="list-style-type: none"> <li>- Texas Highway Trunk System</li> <li>- National Highway System (NHS)</li> <li>- Connections to major sea ports or border crossings</li> <li>- National Freight Network</li> <li>- Hurricane evacuation routes</li> </ul> <p>The designated connectivity network was selected by the Texas Transportation Commission and includes three corridor types:</p> <ul style="list-style-type: none"> <li>- Mobility corridors: High-traffic routes with potential need for additional roadway capacity</li> <li>- Connectivity corridors: Two-lane roadways requiring upgrade to four-lane divided</li> <li>- Strategic corridors: Routes that provide unique statewide connectivity, such as Ports-to-Plains</li> </ul>	<p><b>Category 4 Regional Connectivity</b> Funds distributed to specific projects based on performance scoring thresholds and qualitative analysis.</p> <p><b>Category 4 Urban Connectivity</b> Funds distributed using the same formula as Category 2</p>	<p>TxDOT districts select Category 4 Regional projects in consultation with TxDOT’s Transportation Planning and Programming Division using a performance-based prioritization process that assesses mobility needs on designated connectivity corridors in the district. TxDOT districts select Category 4 Urban projects in consultation with MPOs using a similar prioritization process. All Category 4 funding must be authorized by the Texas Transportation Commission.</p>
<p>Category 5 addresses attainment of National Ambient Air Quality Standard in non-attainment areas (currently the Dallas-Fort Worth, Houston, San Antonio, and El Paso metro areas). Each project is evaluated to quantify its air quality improvement benefits. Funds cannot be used to add capacity for single-occupancy vehicles.</p> <p>Common project types include interchange improvements, local transit operations, and bike and pedestrian infrastructure.</p>	<p>TxDOT distributes funding from the federal Congestion Mitigation and Air Quality Improvement (CMAQ) program to non-attainment areas by population and weighted by air quality severity. Non-attainment areas are designated by the federal Environmental Protection Agency (EPA).</p>	<p>MPOs select projects in consultation with TxDOT districts using a performance-based prioritization process that assesses mobility and air quality needs within the MPO boundaries.</p>

FUNDING CATEGORY

6

Structures  
Replacement  
and  
Rehabilitation  
(Bridge)

FUNDING CATEGORY

7

Metropolitan  
Mobility and  
Rehabilitation

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 6 addresses bridge improvements through the following sub-programs.</p> <p><b>Highway Bridge Program</b> For replacement or rehabilitation of eligible bridges on and off the state highway system that are considered functionally obsolete or structurally deficient. Bridges with a sufficiency rating below 50 are eligible for replacement. Bridges with a sufficiency rating of 80 or less are eligible for rehabilitation. A minimum of 15% of the funding must go toward replacement and rehabilitation of off-system bridges.</p> <p><b>Bridge Maintenance and Improvement Program</b> For rehabilitation of eligible bridges on the state highway system.</p> <p><b>Bridge System Safety Program</b> For elimination of at-grade highway-railroad crossings through the construction of highway overpasses or railroad underpasses, and rehabilitation or replacement of deficient railroad underpasses on the state highway system.</p> <p>For the elimination of higher risks on bridges such as deficient rails, documented scour, and narrow bridge decks.</p>	<p>Category 6 funding is allocated to TxDOT's Bridge Division, which selects projects statewide.</p>	<p><b>TxDOT's Bridge Division</b> selects projects using a performance-based prioritization process.</p> <p><b>Highway Bridge</b> projects are ranked first by condition categorization (e.g., Poor, Fair, Good) and then by sufficiency ratings.</p> <p><b>Bridge Maintenance and Improvement</b> projects are selected statewide based on identified bridge maintenance/improvement needs.</p> <p><b>Bridge System Safety</b> projects involving railroad grade separations are selected based on a cost-benefit analysis of factors such as vehicle and train traffic, accident rates, casualty costs, and delay costs for at-grade railroad crossings. Other system safety projects are selected on a cost-benefit analysis of the work needed to address the safety concern at bridges identified with higher risk features.</p>
<p>Category 7 addresses transportation needs within the boundaries of MPOs with populations of 200,000 or greater – known as transportation management areas (TMAs). This funding can be used on any roadway with a functional classification greater than a local road or rural minor collector.</p> <p>Common project types include roadway widening (both freeway and non-freeway), new-location roadways, and interchange improvements.</p>	<p>TxDOT distributes federal funds through Category 7 to each TMA in the state. Distribution is based on the population of each TMA.</p>	<p>MPOs operating in TMAs select projects in consultation with TxDOT districts. The MPOs use a performance-based prioritization process that assesses mobility needs within the MPO boundaries.</p>

FUNDING CATEGORY

8

Safety

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 8 addresses highway safety improvements through the sub-programs listed below. Common Category 8 project types include medians, turn lanes, intersections, traffic signals, and rumble strips.</p> <p><b>Highway Safety Improvement Program (HSIP)</b> Federal aid program administered by Traffic Safety Division (TRF) to fund safety projects on and off the state highway system, with the purpose to achieve significant reductions in traffic fatalities and serious injuries on all public roads. Traffic projects must align with the emphasis areas in the Texas Strategic Highway Safety Plan (SHSP) such as roadway and lane departures, intersections, older road users, and pedestrian safety. TRF provides districts with funding projections for on-system targeted, on-system systemic, and off-system projects, and districts submit project proposals for review and concurrence by TRF. The funding remains allocated to and supervised by TRF.</p> <p><b>Systemic Widening Program (SSW)</b> Statewide program to fund the widening of high risk narrow highways on the state highway system.</p> <p><b>Road to Zero (RTZ)</b> Program initiated by the Texas Transportation Commission in the 2020 UTP with \$600M commitment for the FY 2020–2021 biennium. Funding on the state highway system dedicated to target and reduce fatalities and suspected serious injuries in the three highest contributing categories: roadway and lane departure, intersection safety, and pedestrian safety.</p>	<p>Category 8 funding is allocated to TxDOT’s Traffic Safety Division, which selects projects statewide.</p>	<p><b>HSIP</b> Projects are evaluated, prioritized, and selected at the district level based on three years of crash data (targeted funds) or systemic approved projects as outlined in the HSIP guidance. SSW Projects are evaluated by roadway safety features for preventable severe crash types using total risk factor weights.</p> <p><b>Road to Zero</b> Projects were evaluated by roadway safety factors, crash reduction factors, the safety improvement index, and time required to complete a candidate project. All evaluation factors were directly tied to the targeted top three contributing categories in fatalities and suspected serious injuries.</p>
<p>Category 9 handles the federal Transportation Alternatives (TA) Set-Aside Program. These funds may be awarded for the following activities:</p> <p>Construction of sidewalks, bicycle infrastructure, pedestrian and bicycle signals, traffic-calming techniques, lighting and other safety-related infrastructure, and transportation projects to achieve compliance with the Americans with Disabilities Act.</p> <p>Construction of infrastructure-related projects that provide safe routes for non-drivers.</p>	<p>TxDOT distributes federal TA funds through Category 9 to MPOs and other areas of the state. 50% of these funds are designated for statewide flexible use, and the other 50% are distributed by population. TA project eligibility is determined by TxDOT and FHWA.</p> <p>Statewide TA Flex funding allocations and distribution are allocated at the discretion of the Texas Transportation Commission. A portion of these funds are used in the 2022 UTP for Safety Rest Area expansion to address truck parking needs.</p>	<p>For urbanized areas with populations over 200,000 (TMAs), MPOs select projects in consultation with TxDOT. Funds allocated to small urban areas and non-urban areas (with populations below 200,000) are administered by TxDOT’s Public Transportation Division through a competitive process.</p>

FUNDING CATEGORY

9

Transportation Alternatives Set-Aside Program

FUNDING CATEGORY  
**10**

**Supplemental  
Transportation  
Programs**

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 10 addresses a variety of transportation improvements through the following sub-programs:</p> <p><b>Coordinated Border Infrastructure (CBI)</b> Addresses improvements to the safe movement of motor vehicles at or across the land border between the United States and Mexico.</p> <p><b>Supplemental Transportation Projects (Federal)</b> Federal discretionary and congressional high-priority projects.</p> <p><b>Federal Lands Access Program (FLAP)</b> Addresses transportation facilities located on, are adjacent to, or provide access to federal lands.</p> <p><b>Texas Parks and Wildlife Department (TPWD)</b> Construction and rehabilitation of roadways within or adjacent to state parks and other TPWD properties. Subject to memorandum of agreement between TxDOT and TPWD.</p> <p><b>Green Ribbon Program</b> Projects to plant trees and other landscaping to help mitigate the effects of air pollution in air quality non-attainment or near non-attainment counties.</p> <p><b>Americans with Disabilities Act (ADA)</b> Addresses construction or replacement of curb ramps at on-system intersections to make the intersections more accessible to pedestrians with disabilities.</p> <p><b>Landscape Incentive Awards</b> Allows TxDOT to execute joint landscape development projects in nine locations based on population categories in association with the Keep Texas Beautiful Governor's Community Achievement Awards Program.</p> <p>The awards recognize participating cities' or communities' efforts in litter control, quality of life issues, and beautification programs and projects.</p> <p><b>Railroad Grade Crossing and Replanking Program</b> Replacement of rough railroad crossing surfaces on the state highway system (approximately 50 installations per year statewide).</p> <p><b>Railroad Signal Maintenance Program</b> Financial contributions to each railroad company in the state for signal maintenance.</p>	<p>Coordinated Border Infrastructure: Allocation to TxDOT districts on the Mexico border using the following formula:</p> <ul style="list-style-type: none"> <li>20% Incoming commercial trucks</li> <li>30% Incoming personal motor vehicles and buses</li> <li>25% Weight of incoming cargo by commercial trucks</li> <li>25% Number of land border ports of entry</li> </ul> <p><b>Supplemental Transportation Projects (Federal)</b> Directed by federal legislation</p> <p><b>Federal Lands Access Program</b> Project applications are scored and ranked by the Programming Decision Committee (PDC), which includes representatives from FHWA, TxDOT, and a political subdivision of the state.</p> <p><b>Green Ribbon Program</b> Allocations based on one-half percent of the estimated letting capacity for the TxDOT districts that contain air quality non-attainment or near non-attainment counties.</p> <p><b>Americans with Disabilities Act (ADA)</b> Projects are selected statewide based on conditions of curb ramps or location of intersections without ramps.</p> <p><b>Landscape Incentive Awards</b> Funding is distributed to 10 locations in the state based on results of the Keep Texas Beautiful Awards Program</p> <p><b>Railroad Grade Crossing and Replanking Program</b> Condition of crossing's riding surface and benefit to cost per vehicle using crossing.</p> <p><b>Railroad Signal Maintenance Program</b> Based on number of crossings and type of automatic devices present at each.</p>	<p><b>CBI</b> projects are selected by districts with FHWA review and approval. Discretionary funds are congressionally designated. All CBI funds have been allocated and projects are currently under development.</p> <p>For <b>FLAP</b>, project applications are scored and ranked by the Programming Decision Committee (PDC). Projects selected under FLAP are managed by TPP.</p> <p>The Texas Parks and Wildlife Department (<b>TPWD</b>) selects State Park Roads projects in coordination with TxDOT districts.</p> <p><b>Green Ribbon</b> allocations are based on one-half percent of the estimated letting capacity for the TxDOT districts that contain air quality non-attainment or near non-attainment counties and managed by the TxDOT Design Division.</p> <p><b>ADA</b> projects are selected based on conditions of curb ramps or the location of intersections without ramps, and are managed by the Design Division.</p> <p><b>Landscape Incentive Awards</b> are managed by the TxDOT Design Division.</p> <p>The TxDOT Rail Division in coordination with TxDOT districts selects <b>Railroad Grade Crossing Replanking and Railroad Signal Maintenance projects</b>.</p> <p>All projects are selected using a performance-based prioritization process.</p>

FUNDING CATEGORY

11

District Discretionary

FUNDING CATEGORY

12

Strategic Priority

DESCRIPTION	ALLOCATION OR DISTRIBUTION	PROJECT SELECTION GUIDELINES
<p>Category 11 addresses TxDOT district transportation needs through the sub-programs listed below. Common Category 11 project types include roadway maintenance or rehabilitation, added passing lanes (Super 2), and roadway widening (non-freeway).</p> <p><b>District Discretionary</b> Projects selected at the discretion of each TxDOT District. Most projects are on the state highway system. However, some projects may be selected for construction off the state highway system on roadways with a functional classification greater than a local road or rural minor collector. Funds from this program should not be used for right of way acquisition.</p> <p><b>Energy Sector</b> Safety and maintenance work on state highways impacted by the energy sector.</p> <p><b>Border Infrastructure</b> Rider 11(b) funding is distributed to the three TxDOT districts with international ports of entry (Pharr, Laredo, and El Paso Districts) for highway projects within 50 miles of a port of entry. Federal funds designated for border state infrastructure follow project selection guidelines outlined under the CBI program (see Category 10). Selection criteria include improvements that facilitate safe movement of motor vehicles at or across the land border between the United States and Mexico.</p>	<p><b>District Discretionary</b> Minimum \$2.5 million allocation to each TxDOT district per legislative mandate. If additional funds are distributed, the formula below is used:</p> <ul style="list-style-type: none"> <li>70% On-system vehicle miles traveled</li> <li>20% On-system lane miles</li> <li>10% Annual truck vehicle miles traveled</li> </ul> <p>The Texas Transportation Commission may supplement the funds allocated to individual districts on a case-by-case basis to cover project cost overruns.</p> <p><b>Energy Sector</b> Allocation formula based on the following weighted factors:</p> <ul style="list-style-type: none"> <li>40% Three-year average pavement condition score</li> <li>25% Oil and gas production taxes collected</li> <li>25% Number of well completions</li> <li>10% Volume of oil and gas waste injected</li> </ul> <p><b>Border Infrastructure</b> Rider 11(b): Under a provision in the FAST Act, TxDOT may designate 5% of the state’s federal Surface Transportation Block Grant (STBG) funds for border infrastructure projects. This funding is distributed to the three border districts with ports of entry: Pharr, Laredo, and El Paso Districts.</p> <p>See note at end of section.</p>	<p><b>TxDOT Districts</b> select projects using a performance-based prioritization process that assesses district-wide maintenance, safety, or mobility needs.</p> <p><b>The Texas Transportation Commission</b> allocates funds through a formula allocation program. The Commission may supplement the funds allocated to individual districts on a case-by-case basis to cover project cost overruns, as well as energy sector initiatives.</p> <p><b>Rider 11(b):</b> Project selection criteria include, but are not limited to:</p> <ul style="list-style-type: none"> <li>- Number of land border ports of entry</li> <li>- Number of incoming commercial trucks and railcars</li> <li>- Number of incoming personal motor vehicles and buses</li> <li>- Weight of incoming cargo by commercial trucks</li> </ul>
<p>Category 12 addresses projects with specific importance to the state, including those that improve:</p> <ul style="list-style-type: none"> <li>- Congestion and connectivity</li> <li>- Economic opportunity</li> <li>- Energy sector access</li> <li>- Border and port connectivity</li> <li>- Efficiency of military deployment routes or retention of military assets in response to the Federal Military Base Realignment and Closure Report</li> <li>- The ability to respond to both man-made and natural emergencies</li> </ul> <p>Common project types include roadway widening (both freeway and non-freeway), interchange improvements, and new-location roadways.</p>	<p>Funding in Category 12 is awarded to specific projects at the discretion of the Texas Transportation Commission, which selects from candidate projects nominated by TxDOT districts and MPOs.</p> <p><b>Texas Clear Lanes</b> This subset of Category 12 projects is prioritized in collaboration with the MPOs in the state’s five largest metro areas (Dallas, Fort Worth, Houston, San Antonio, and Austin). Projects are intended to address the top 100 most-congested segments in the state (directly and indirectly).</p>	<p>The Texas Transportation Commission selects projects statewide using a performance-based prioritization process.</p> <p>Per state law, the Texas Transportation Commission may make discretionary funding decisions for no more than 10% of TxDOT’s current biennial budget. The amount in Category 12 is calculated as 10% of the average of TxDOT’s total budget for the current fiscal biennium.</p>