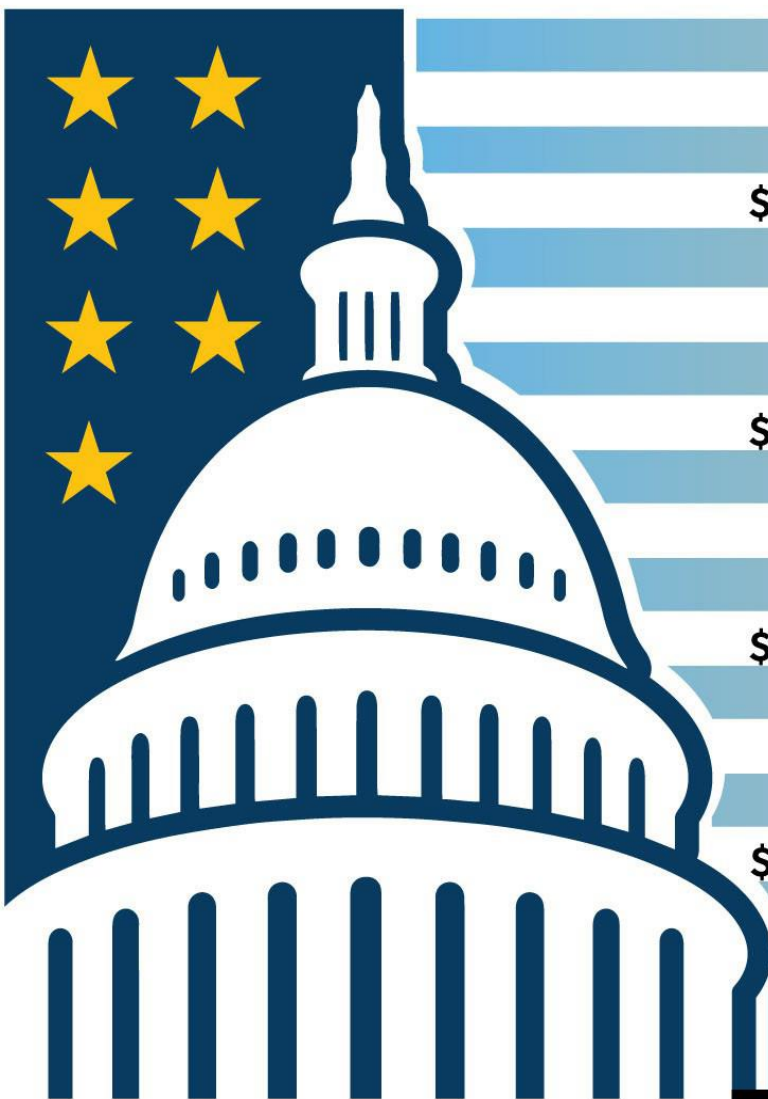


Federal-Aid Highway Program Funding Required Matching Funds

July 17, 2024

Kentucky's Formula Federal-Aid and Funding



\$1 Billion

\$800 Million

\$600 Million

\$400 Million

\$200 Million

ACTUAL FEDERAL FUNDING
Minus
Discretionary Grant Funding

ESTIMATED FUNDING
Outlined Within
2022 Reauthorization Act

\$683 million
"new" funding

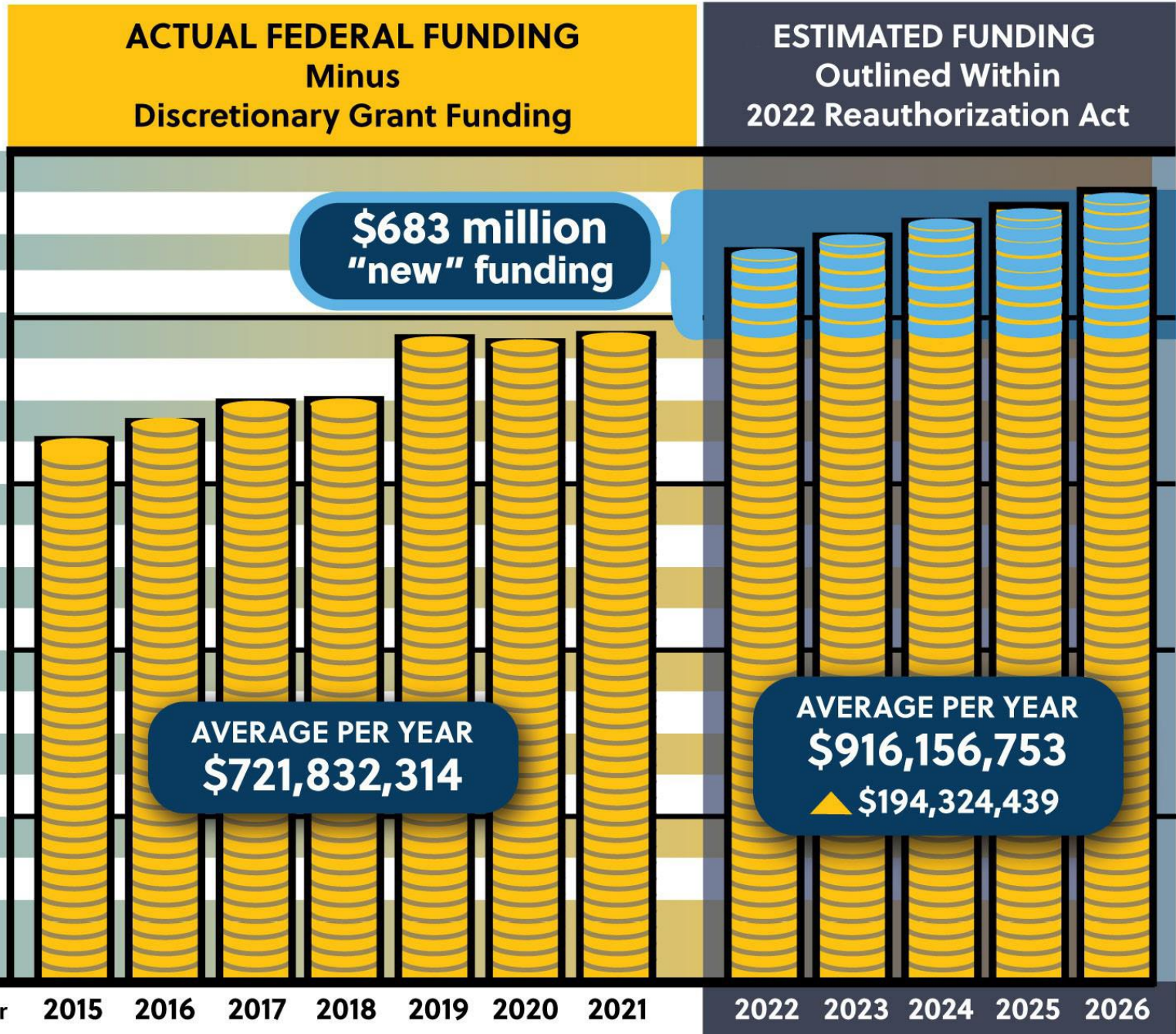
AVERAGE PER YEAR
\$721,832,314

AVERAGE PER YEAR
\$916,156,753
▲ **\$194,324,439**

Federal Fiscal Year

2015 2016 2017 2018 2019 2020 2021

2022 2023 2024 2025 2026



The federal-aid highway program funding is conducted in accordance with the current federal funding formulas and regulations as outlined within the current “Transportation Act” approved by Congress and signed into law by the President.

The current Transportation Act, “Infrastructure Investment and Jobs Act” (IIJA) was signed into law November 15, 2021, by President Joe Biden.

The federal-aid highway program is a reimbursement program, which means project expenditures must be paid upfront, and then the state sends requests to FHWA for reimbursement of eligible costs.

The Federal-Aid Highway Program funding, is allocated each year to each state through Congressional budget authority and is administered through the Federal Highway Administration (FHWA).

Approval by Congress is a yearly process, and often times Congress does not approve the entire yearly allocation in one budget bill, and they may approve budget bills through continuing resolutions that only allocates part of the anticipated yearly Federal-Aid Highway Program funding.

These continuing resolutions outline a specified number of days, and the specified number of days determines the allocation amount of Federal-Aid Highway Program funding being made available to the states.

The delay in receiving the entire yearly allocation of Federal-Aid Program funding makes it extremely difficult for states to manage their overall yearly Federal-Aid Highway Program.

Please keep in mind in order to obligate Federal-Aid Highway Program funding, KYTC submits a federal programming document to FHWA outlining the scope of project work, the corresponding phases of the project, the type of federal funds to be used for the project, the amount of federal funding, and the amount of required matching funds, and requests FHWA's approval of the obligation of the requested Federal-Aid Highway Program funding for the corresponding project phase.

FHWA reviews the programming document, and if they concur, they sign the programming document, agreeing that the project is eligible for federal-aid funding.

The federal programming document is the project agreement between KYTC and FHWA that the corresponding project phase activities are eligible for reimbursement of federal funds in accordance with federal funding regulations.

The FHWA approval date on the programming document is the beginning date that project expenditures are eligible for reimbursement, and any project expenditures occurring prior to the approval date are not eligible for reimbursement of federal funds.

As the project activities begin on the federally funded project, and as project expenditures are paid for work associated with the corresponding project phase, KYTC pays for those expenditures upfront.

KYTC submits to FHWA a request for reimbursement of eligible project expenditures on federally funded project phases through an electronic “Federal Billing” process, usually on a weekly basis.

On most federally funded projects, the amount of eligible federal funding for reimbursement is 80%, and the amount of required state matching funds is 20%.

As an example, if the federal funded project has \$100,000 in project expenditures, when KYTC seeks reimbursement from FHWA they can only request \$80,000 of reimbursement, and the \$20,000 difference is the required state matching funds.

Included within the IIJA Transportation Act are numerous competitive USDOT Grant programs.

States, local public agencies (LPAs), and other governmental entities are eligible to apply for these grants to help fund projects that fit the requirements of each grant opportunity.

USDOT issues “Notice of Funding Opportunities (NOFOs)” for each of the competitive grant programs allowing states, LPAs, and other eligible entities to submit applications for grant funding.

The grant funding applications outline the project scope, estimated cost of the project, available non-federal and other federal funding for the project, the amount of grant funding being requested, and the source and amount of required non-federal matching funds.

USDOT has awarded numerous USDOT Grant funds for projects throughout the Commonwealth of Kentucky.

The 2024 General Assembly under House Bill 1, as amended by Senate Bill 91, Section 55, appropriated General Funds from the Budget Reserve Trust Fund Account (KRS 48.705) in the amount of \$150,000,000 for the I-69 ORX project contingent upon award of a federal USDOT Multimodal Project Discretionary Grant (MPDG) for the project.

KYTC and INDOT have jointly applied for \$210 million of federal MPDG funding for the project.

Within the USDOT grant application for the \$210 million MPDG grant funds, KYTC stressed the pledge of the \$150 million of Kentucky General Funds that is over and above the required match to the grant funding.

The USDOT federal MPDG grant selection process is underway, and the results will not be known until late summer to early fall calendar year 2024.

The 2024 General Assembly under House Bill 1, as amended by Senate Bill 91, Section 56, appropriated General Funds from the Budget Reserve Trust Fund Account (KRS 48.705) in the amount of \$150,000,000 for the Mountain Parkway Expansion Project contingent upon award of a federal USDOT Multimodal Project Discretionary Grant (MPDG) for the project.

KYTC has submitted an application requesting \$116 million of federal MPDG grant funding for the project.

Within the USDOT grant application for the \$116 million MPDG grant funds, KYTC stressed the pledge of the \$150 million of Kentucky General Funds that is over and above the required match to the grant funding.

The USDOT federal MPDG grant selection process is underway, and the results will not be known until late summer to early fall calendar year 2024.

*Thank you, and do you have
any questions?*