

Schedule A -- Work Program Fund Allocation Process

An Appendix to Work Program Instructions

PURPOSE

This appendix and accompanying exhibits document the allocation requirements, processes and methodology for the work program of the department. It is designed to reflect changes in the fund allocation methods or distributions within the statutory timeframes for the required work program modifications.

BACKGROUND

The Legislature has established a series of allocation requirements in the statutes. The most significant is Section 339.135(4), Florida Statutes.

Section 339.135(5), Florida Statutes, addresses the adoption of the work program. This section specifies that the adopted work program may include only those projects submitted as part of the tentative work program developed plus any projects which are separately identified by specific appropriation in the General Appropriations Act and any roll forwards.

PROCEDURE

The department's instructions for building a five-year project work program to the specifications of the Program and Resource Plan contain a *Schedule A* for fund allocations and a *Schedule B* for program performance targets. *Schedule A* allocates product and product-support funds to conform with the Program and Resource Plan and the Finance Plan. Funds under the budgetary control of other agencies are not included. Fund amounts are based upon (a) the Federal Aid Forecast, (b) the Transportation Revenue Estimating Conferences (REC) projection of State Funds, and (c) Bond, Toll, and Local Funds.

(1) **State Funds**

(A) ***Summary of the State Fund Allocation Process.*** The use and allocation of state funds can be summarized as follows:

1. ***Federal Aid Matching Requirements.*** Section 120 of Title 23, U.S.C., permits a state to use certain toll revenue expenditures (toll credits) as a credit toward the non-federal matching share of all programs authorized by Title 23, (with the exception of Emergency Relief Programs) and for transit programs authorized by Chapter 53 of Title 49, U.S.C. This is in essence a "soft-match" provision that allows the federal share to be increased up to 100% to the extent toll credits are available.

Effective July 1, 2011, all Federal Highway Administration (FHWA) funded highway and transit programs except for the emergency relief program will be "soft-matched."

2. ***District Dedicated Revenue (DDR).*** Those state revenues which are collected pursuant to Section 206.608, Florida Statutes, are allocated directly to the districts, and to the maximum extent feasible, in the

county where the proceeds were collected, without being reduced by any other requirements. DDR, statutorily known as the "State Comprehensive Enhanced Transportation Systems Tax", in addition to highway uses, may also be used for district public transportation projects to meet the required statewide minimum distribution of 15% of state funds for public transportation.

3. **Non-Product Funding.** State funds are set aside to fund the "non-product" needs of the department; those matters having to do with the administration, operations and maintenance of the department and the transportation system which do not appear in the product sections of the department's Program and Resource Plan.
4. **In-House Product Support.** In-house product support is calculated. The manpower and related program components which directly support the product needs of the Program and Resource Plan are analyzed on a direct cost basis to ensure the product levels can be supported. The resultant state funds needed for support by department forces are formed into a District In-House (DIH) fund allocation. DIH is comprised of preliminary engineering, R/W support, construction engineering inspection, materials testing, and traffic operations estimated *direct* costs which are not funded with federal aid or other funds.
5. **Needs-based Program Funding.** The state funds for the needs-based state programs are allocated at the levels consistent with the objectives and assessments (program weights) apparent in the Program and Resource Plan. Maintenance, State Planning, and the FLPO component percentage required by statute are also deducted as "needs based" requirements.
6. **Public Transportation.** Funds must be set aside pursuant to Section 206.46(3), Florida Statutes, which requires a minimum of 15% of all state revenues deposited into the State Transportation Trust Fund be committed to Public Transportation programs. Only DPTO, DDR, and PORT funds will be included in the 15% calculation. Beginning in fiscal year 2009, the DS funded portion of statutorily allocated Public Transportation was transferred to fund code DPTO. DPTO funds allocated for Public Transportation in Schedules A and B must be fully programmed. The deduction calculation is performed by the Office of Work Program and Budget, Allocation Section and itemized by year. The allocation to districts is needs based as provided by the Office of Freight Logistics and Passenger Operations.

7. **Allocate Residual to Non-resurfacing DS.** Finally, the residual state funds, i.e., the amounts available for "new construction" are allocated in such a manner that the total of each district's allocation of DIHT (state 100% in-house product support and indirect costs) and non-resurfacing DS is in accordance with the district allocation formula, when compared to the statewide total for DIHT and non-resurfacing DS.
- (B) **State Fund Designations.** The state fund designations are explained in the current year's Work Program Instructions.
- (C) **State Bridge Needs Assessments.** The assessment process for the state bridge programs is set forth below.
1. BRP (State Bridge Replacement) funds are allocated statewide and managed by the Statewide Programs Manager in the Office of Work Program and Budget. Projects are programmed based on statewide bridge replacement priorities. The State Maintenance Office uses district data in the Bridge Management System (PONTIS) Bridge Work Plan to develop statewide bridge replacement priorities.
 2. BRRP (State Bridge Repair and Rehabilitation) funds are first distributed to the districts based on painting (tons of steel), fenders and number of movables. Afterward, the remainder is distributed based on the condition of the deck inventory. Large or unusual costs will be presented to the Executive Board for approval to fund.
 3. RBRP (Reimbursable Bridge Repair Program, also known as the Emergency Structures Repair) funds are used to repair impact damage from marine and vehicular traffic. These funds are partially reimbursed by insurance companies. Funds are allocated to the districts by the State Maintenance Office after notification of accident damage and cost of repairs. All projects are coordinated by the State Maintenance Office.
 4. Resurfacing targets are based on each district's percentage of deficient lane miles as determined by the Florida Analysis System for Targets (FAST). One-half SA and one-half DDR funds are used to meet the resurfacing needs in areas greater than 200,000 population whereas non-urban resurfacing needs are funded by a combination of NHRE, SA, and DS funds.
- (D) **The DS Allocation.** The DS Allocation shown on *Schedule A* is the result of the Combined DS total **less** the resurfacing component, rental car fees, non-formula, and DIHT. A special allocation formula compensates for direct product support costs and associated overhead (DIHT). This technique ensures the total district product and product support components are subjected to the district formula distribution.
- (E) **State Bond Funds and Local Funds.** The levels for state bond funds, subject to Chapters 75 (Bond Validation) and 215.605 (State Bonds for right-

of-way and bridge construction), Florida Statutes, are provided by the Office of Work Program and Budget, Allocation Section. Currently active are the Right of Way Acquisition and Bridge Construction Trust Fund bond categories and the various bond related funds of the Florida Turnpike Enterprise. DSBx contains allocations based upon actual or proposed reimbursements from toll revenues or bond funds, as determined by the Comptroller. DSBx resurfacing is charged against the respective district's DS allocation; and, DSBx bridge against BRRP levels.

(2) **Federal Funds**

Federal funds must be spent for the purposes and programs authorized by Congress and as interpreted by the U.S. Department of Transportation. These regulations often designate the projects or specify a needs based inventory or formula for funds distribution. For example, under the FAST Act (Fixing America's Surface Transportation), prescribed percentages of Surface Transportation Block Grant and Transportation Alternative funds are allocated by population relationships based upon 2010 US Census data and cannot be loaned or transferred by the department.

- (A) ***Federal Aid Apportionments versus Obligating Authority.*** Formula-based Federal Apportionments are constrained by Obligating Authority, i.e., the amount of the Authorizations that the Federal Highway Administration will allow the department to program and thus legally commit for expenditure. Federal Fund Allocations are issued in *Schedule A* based upon the Apportionments. Once Obligating Authority levels are received from the FHWA the reductions are selectively applied to the programs to protect the program production previously authorized by the Legislature in the Adopted Work Program.

The resulting document is the department's Obligating Authority Plan. In the department's *Program Accomplishment Report (PAR)* a separate line is used to subtract the Obligating Authority constraint from the allocation of the apportioned federal authorizations thus providing a net available for programming. Both federal Apportionments and Obligating Authority constraint values are stated in terms of federal dollars. Records are kept for cumulative Apportionments and cumulative Obligating Authority constraints; and, Apportionments which are not obligated and used are carried forward into the following year's allocations.

- (B) ***Federal Aid Fund Transfers.*** Transfers between certain Federal Fund categories are permitted by federal law in 23 U.S.C 104.
- (C) ***Federal Fund Distributions.*** The department distributes federal funds to its districts in one of three ways:
1. In accord with a specific method dictated by federal law.
 2. By using the formula required by federal law for FHWA's distributions among the various states for each program type. For example, Surface Transportation funds for rural areas (population less than five thousand) are distributed based upon rural road centerline miles.

3. Those federal funds which are *not* distributed by needs or formula are distributed using the district statutory formula. When the needs defined by resurfacing targets are met, the remainder is distributed using the district statutory formula.
- (D) ***Federal Aid Direct Needs Assessments.*** The following federal funds are allocated based upon needs assessments:
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|---------|--|
| NHPP | - National Highway Performance Program |
| HSIP | - Highway Safety Improvement Program |
| PL, HPR | - Planning and Research |
| NFP | - National Highway Freight Program |
| BRTZ | - Off System Bridges |
- (E) ***Federal Aid Needs Based Formulas.*** Either needs-based allocation Formulas or specific stipulations in federal law form the basis for distributing the following funds:
1. Rail Crossings: Federal Rail-Highway Crossing/Protective Devices (RHP) and Federal Rail-Highway Crossing/Hazard Elimination (RHH) are statewide funds which are programmed by the Safety Office using FHWA approved methods. Projects are prioritized by the Safety Index Model using average daily traffic, train speed and train count.
 2. Rural Funds: Surface Transportation Block Grant and Transportation Alternative funds, in areas of less than 5,000 population, have been suballocated by FHWA as SN and TALN funds. In order to fulfill the apparent replacement intent, the department allocated these funds to districts based upon each district's share of centerline miles of Rural-Other State roads as published annually by the department's Office of Planning and Statistics. The percentage is used for all five years of the Work Program. The FAST Act continued the program.
 3. Congestion Mitigation: Since all areas within Florida are now determined to be in attainment of the specified air quality standards, beginning in FY 2010, funding received for this program will be allocated to all districts based on statutory formula.

DEFINITIONS

- (1) **Allocation** - As used in this section, the cumulative federal authorizations or state fund distributions. Allocations are recorded and maintained by fund, district and fiscal year.
- (2) **Bond Funds** - Those transportation funds planned to be supported from the proceeds of State bond sales and utilized as provided by law to supplement other transportation resources of the department.
- (3) **Bridge Inventory** - A data file which contains the findings of the bridge inspection program. Maintenance of this file is required by the Code of Federal Regulations

and Florida Statutes. The file is used to identify and prioritize bridge maintenance, repair and replacement needs; and, to project future bridge needs.

- (4) **Department** - The Florida Department of Transportation.
- (5) **Distribution** - The allocation of funds to program, district, or project subsets.
- (6) **Effective Matching Ratio** - The percent used to match Federal Aid Funds to develop the Schedule A.
- (7) **Executive Board** - The senior management policy-making committee of the department. It is comprised of the Secretary, the three Assistant Secretaries, the seven District Secretaries, and the Executive Directors of the Turnpike Enterprise and the Rail Enterprise.
- (8) **FS** - Florida Statutes.
- (9) **FY** - State Fiscal Year, July 1 to June 30.
- (10) **Forecast of Federal Aid** - The documentation, prepared by the Office of Work Program and Budget, which provides the department with anticipated levels of federal funds for the current and five succeeding years. The Forecast is developed by analyzing likely congressional appropriation actions related to the latest federal transportation acts. Current (or likely) distribution factors are applied to estimate the apportionment to Florida.
- (11) **Funds** - As used in this document, funds are estimated state revenues or federal apportionments available for contractual commitment during the respective fiscal years. Funds are available in categories established by federal and state laws or regulations. A list of funds current at the date of writing is shown as Exhibit 1, Schedule A -- Federal Funds Distribution Matrix and Exhibit 2, Schedule A -- State Funds Distribution Matrix.
- (12) **In-House** - Refers to the use of department personnel rather than consultants or contractors.
- (13) **Needs Based Formula** - A fund distribution method in which needs have been determined (or estimated) using a mathematical statement of logical relationships. These types of formulae will vary by program and fund category and should be distinguished from distribution based strictly upon quantified needs inventory, i.e., prioritized or ranked listings.
- (14) **Nominal Ratio** - The federal government's program matching percentage as authorized by law for reimbursement of eligible costs.
- (15) **Program and Resource Plan** - The ten year comprehensive plan which is input to the 36-Month Cash Forecast and the 5-Year Finance Plan to insure the Work Program is financed. The plan allocates all transportation resources to department programs over the current and succeeding five years and forms the basis for department work programming, the PAR and the Schedule A.

- (16) **Program Targets** - Program dollar level requirements, by district and program area, that establish specific programming objectives to be attained in developing the Tentative and Adopted 5-Year Work Program. Targets are derived from the objectives developed pursuant to Section 334.046, FS, through needs assessments and related statutory criteria, and are implemented using individual allocations, or by requiring mandatory use of specific levels of other allocations.
- (17) **Safety Index (Rail/Highway Crossing)** - A data index designed to show the degree of safety at crossings. Higher values indicate higher levels of safety.
- (18) **Schedule A** - A schedule of the Work Program Instructions which shows, by district and fiscal year, the allocation of each type of state and federal fund. The document does not attempt to predict or propose projects which will be 'line-item' specified in future appropriation acts; however, adjustments are made to district shares as directed in Section 339.135(4), FS, for any appropriated project line-items.
- (19) **District Statutory Formula** - This fund distribution method for "new construction", is based on 50% population and 50% motor fuel tax collections as specified in Section 339.135(4) (a), FS. Motor fuel tax collections include gasoline, gasohol and special fuels. Motor fuels purchased, multiplied by the applicable tax rates, gives the district motor fuel tax collections. This is divided by the total statewide motor fuel tax collections to give the district percentage of motor fuel tax collections.

The formula is applied to funds after they are reduced for system needs other than "new construction", such as resurfacing, bridge repair and replacement, etc. The formula may be stated as follows:

District Statutory Formula: when
 district population/statewide population = x; and
 district collections/statewide collections = y; then
 district distribution factor = $(x + y)/2$.

Each district factor is multiplied by the total funds available for distribution to give each district's share of those funds. The most recently available official population and collections data is used. The current factor is used for all five years of the work program.

- (20) **SCETS** - State Comprehensive Enhanced Transportation Systems.
- (21) **Schedule B** - A schedule that shows the allocation of program targets by district and fiscal year. The Schedule B is published in the annual Work Program Instructions.
- (22) **Tentative Work Program** - The listing of all transportation projects planned for each of the ensuing five fiscal years. It is compiled by the central office based on the district and relevant central office Work Programs.