Category 2 Funding Distribution

Formula Revisions

January 2018

# Background & History

In 2002-2003 the Texas Department of Transportation (TxDOT) decided to take an updated approach at allocating roadway construction funds to metropolitan and rural areas. Ultimately work groups formed and began developing formulas for various funding categories, including criteria and weighting. The Category 2 work group divided into the following area types:

* Transportation Management Areas (TMAs) – metropolitan planning organizations (MPOs) that include at least one urbanized area with a population of at least 200,000
* Non-TMAs – MPOs with at least one urbanized area with population between 50,000 and 199,999 (inclusive).

At that time there were eight TMAs in Texas:

* Austin
* Corpus Christi
* Dallas – Fort Worth
* El Paso
* Hidalgo County
* Houston – Galveston
* Lubbock
* San Antonio

The remaining 17 MPOs were non-TMAs. Also at that time the TMAs comprised 87% of the total metropolitan area population in the state and the non-TMAs comprised 13%. Therefore, the TMAs worked together to develop a formula, including criteria and weighting, to distribute 87% of the eligible federal funds among the TMAs. Likewise, the non-TMAs developed their own formula, with criteria and weightings, to distribute 13% of the eligible federal funds among the non-TMAs. The two groups created similar formulas, including criteria and weightings, and the Texas Administrative Code (TAC) was amended to include those formulas.

As a result of the 2010 decennial census, three additional MPOs (Brownsville, Laredo, and Killeen – Temple) became TMAs and they were moved into the TMA group, but the percentages allocated to each group (87% and 13%) were not changed. It is also notable that during that same time period, the Midland – Odessa MPO petitioned the State of Texas and the United States Department of Transportation to be recognized as a TMA, although neither of its two urbanized areas had a population of at least 200,000. Therefore, 11 TMAs began sharing 87% of the eligible federal funds and the 14 non-TMAs began sharing 13% of the eligible federal funds.

In subsequent years additional state and federal funds have become available to the MPOs and TxDOT allocated those funds, along with any of the previously eligible federal funds, through what became known as the “Category 2 Formula”.

# Formula Update Consideration

The Category 2 Formula has not been revisited and updated since 2008. TxDOT, along with the 25 MPOs, determined that with newer types and larger amounts of funding being allocated through the Category 2 Formula it is time to consider updating it. The first major decision in the process was to divide the 25 MPOs into two new groups – “Large” and “Small”. The six large MPOs are those with metropolitan area populations of at least 800,000 and the remaining 19 MPOs are in the small group. The large MPOs include:

* Austin
* Dallas – Fort Worth
* El Paso
* Hidalgo County
* Houston - Galveston
* San Antonio.

At the initial work session with all 25 MPOs, the overall group decided that the large and small groups would work individually to develop their own formulas, including criteria and weightings. This decision was based on the gap in population between the smallest of the 6 largest MPOs and the largest of the 19 smaller MPOs. The greatest population of the small MPOs is under 500,000 and the smallest population of the large MPOs is above 800,000. Furthermore, the challenges of addressing transportation system issues in the six largest metropolitan areas is significantly more complicated than in the smaller regions.

Per the 2015 US Census Bureau estimates, the six large MPOs comprised 83% of the total metropolitan population in the state and the 19 smaller MPOs comprised 17%. Therefore, these percentages of Category 2 funds were allocated to each of the respective MPO groups. The two work groups began meeting, with facilitation by Texas A&M Transportation Institute (TTI) staff. TTI helped coordinate meeting times and locations for both groups and provided objective facilitation of both groups to ensure equal opportunities for participation by all members.

Both groups considered continuing with the previous formulas, criteria, and weightings as they were, as well as numerous other options.

# Formula Update Process

The major issue that both groups faced during the formula update process was perceived gains and losses of funding amounts and funding percentages. The challenge in analyzing those perceived gains and losses stemmed from not actually being able to compare previous funding amounts and allocations, as well as group compositions, with proposed ones. Following are examples of how those challenges came about:

* The two groups changed composition
  + Currently 11 TMAs and 14 non-TMAs, sharing 87% and 13% of the total funds
  + Proposed 6 large MPOs and 19 small MPOs, sharing 83% and 17% of the total funds
    - Large MPOs include Austin, Dallas-Fort Worth, El Paso, Hidalgo County, Houston-Galveston, and San Antonio
    - Small MPOs include Abilene, Amarillo, Beaumont-Port Arthur, Brownsville, Bryan-College Station, Corpus Christi, Harlingen-San Benito, Killeen-Temple, Laredo, Longview, Lubbock, Midland-Odessa, San Angelo, Sherman-Denison, Texarkana, Tyler, Victoria, Waco, Wichita Falls
* There is far more total funding available through the Category 2 formula than ever before
  + Therefore, all MPOs will receive more total funding than in previous years
* Changing the criteria number and weightings could greatly impact the amounts each MPO would receive

Both groups eventually realized that the perceived gains and losses were not completely realistic changes in funding amounts from previous years, but were indicators of impacts on individual MPOs for future funding. Therefore, both groups agreed to try to develop allocations that would narrow the ranges of percentage gains and losses as much as possible. To address the concern of implied gains or losses, the groups worked to develop a formula that kept gains and losses in the narrowest band possible.

Each group used databases to determine how much each factor and their respective weightings would impact the overall distribution of the Category 2 funds. Through processes of adding and removing categories, and varying the category weights, the groups were able to determine which categories had the greatest impact on the formula and funds distribution.

## Large MPO Group Process

Through a series of meetings, the large group considered approximately 25 various formulas. The final formula, criteria, and weightings are presented below.

* Population – 35% (Using most recent decennial Census count or American Community Survey for the Metropolitan Area Boundary)
* Congestion – 35% (Using TTI Delay-Cost data)
* Safety – 15% (Fatal and incapacitating injury crashes as reported through TxDOT’s Crash Reporting Information System (CRIS))
* Truck VMT – 15% (on state-system roads)

During the numerous work group conversations, there was consensus that congestion was a primary concern and intended purpose for using Category 2 funds. To provide the best sense of equity possible, the group determined that population needs to be included as a primary weighted category in the formula. Because truck traffic can cause additional impacts to congestion and travel delays, the work group decided that truck vehicle miles traveled (VMT) should be included in the formula. Safety is a major factor in selecting and programming projects, therefore the work group decided to include it as a weighted factor as well. The reason for doing so is to help address safety issues, as well as the fact that fatal and incapacitating injury crashes also contribute to congestion and travel delay issues.

## Small MPO Group Process

The group of smaller MPOs met multiple times – with members participating in-person and by conference call. The final formula, criteria, and weightings are presented below:

* Population – 25% (Using most recent decennial Census count or American Community Survey for the Metropolitan Area Boundary)
* Truck VMT – 22%
* Congestion – 16% (Using TTI Delay-Cost data)
* Total VMT – 15%
* Lane-miles – 12% (on state-system)
* Safety – 10% (Fatal and incapacitating injury crashes as reported through TxDOT’s Crash Reporting Information System (CRIS))

The small MPO group recognized that congestion remains an important issue for which Category 2 funds should be programmed. Therefore they included truck VMT and delay-cost congestion information for a combined 38% of the formula weighting. The group also determined that using population, total VMT, and lane-miles would allow them to keep their existing roadway systems functioning and provide overall equity in terms of serving the residents, local traffic, and through-traffic on the roadway networks.

The MPOs listed in the large and small groups is subject to change, based upon any future population or designation updates.

# Formula Update Results and Recommendations

The goal of both groups was to develop a formula and reach consensus on it, including criteria and weightings. While both groups attained their goals of reaching consensus, there were two MPOs that opted to submit “minority reports”, that explain why there were not completely in favor of the exact formula component weightings. Those minority reports are included as appendices in this report.

Both work groups recommend that the formulas and components be reevaluated every five years.