SURFACE TRANSPORTATION BLOCK GRANT (STBG) PROGRAM

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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*Calculated (sum of estimated individual State STBG apportionments)

Program purpose
The FAST Act converts the long-standing Surface Transportation Program into the Surface Transportation Block Grant Program acknowledging that this program has the most flexible eligibilities among all Federal-aid highway programs and aligning the program's name with how FHWA has historically administered it. [FAST Act § 1109(a)]. The STBG promotes flexibility in State and local transportation decisions and provides flexible funding to best address State and local transportation needs.

Statutory citation: FAST Act § 1109; 23 U.S.C. 133

Funding features
Type of budget authority
Contract authority from the Highway Account of the Highway Trust Fund, subject to the overall Federal-aid obligation limitation.

Apportionment of funds
As under MAP-21, the FAST Act directs FHWA to apportion funding as a lump sum for each State then divide that total among apportioned programs. Each State’s STBG apportionment is calculated based on a percentage specified in law. (See “Apportionment” fact sheet for a description of this calculation)

Set-asides
The following are to be set aside from a State’s STBG apportionment:

- Funding for Transportation Alternatives (See the “Transportation Alternatives” fact sheet for additional information). [23 U.S.C. 133(h)]
- 2% for State Planning and Research (SPR). [23 U.S.C. 505]
- Funding for bridges not on Federal-aid highways (see “Off-system bridges” below). [23 U.S.C. 133(f)]

Additionally, from the portion of a State’s STBG apportionment available for use in any area of the State, the Governor of a border State may designate up to 5% for border infrastructure projects eligible under the SAFETEA-LU Coordinated Border Infrastructure Program. [FAST Act § 1437]
Suballocation
A percentage of a State’s STBG apportionment (after set-asides for Transportation Alternatives) is to be obligated in the following areas in proportion to their relative shares of the State’s population:

- **Urbanized areas with population greater than 200,000** – This portion is to be divided among those areas based on their relative share of population, unless the Secretary approves a joint request from the State and relevant MPO(s) to use other factors.
- **Areas with population greater than 5,000 but no more than 200,000**—The State is to identify projects in these areas for funding, in consultation with regional planning organizations, if any.
- **Areas with population of 5,000 or less.** [23 U.S.C. 133(d)]

The percentage to be suballocated grows over the period of the FAST Act (51% in FY 2016; 52% in FY 2017; 53% in FY 2018; 54% in FY 2019; 55% in FY 2020). The remainder net of suballocated amounts may be used in any area of the State. [23 U.S.C. 133(d)(6)]

The FAST Act also extends the requirement for States to make available obligation authority to urbanized areas over 200,000 population, but changes the period of time to which that requirement attaches (now over the period of FY 2016-2020). [23 U.S.C. 133(g)(1)]

Transferability to other Federal-aid apportioned programs
A State may transfer to the National Highway Performance Program, National Highway Freight Program, Highway Safety Improvement Program, and Congestion Mitigation and Air Quality Improvement Program up to 50% of STBG funds made available each fiscal year. STBG funds suballocated under 23 U.S.C. 133(d)(1)(A) may not be transferred. [23 U.S.C. 126]

**Federal share:** As a general rule, in accordance with 23 U.S.C. 120. (See the “Federal Share” fact sheet for additional detail.)

Eligible activities
The FAST Act’s STBG Program continues all prior STP eligibilities (see in particular 23 U.S.C. 133(b)(15), as amended). It also adds the following new eligibilities:

- A State may use STBG funds to create and operate a State office to help design, implement, and oversee public-private partnerships (P3) eligible to receive Federal highway or transit funding, and to pay a stipend to unsuccessful P3 bidders in certain circumstances [23 U.S.C. 133(b)(14)]; and
- At a State’s request, the U.S. DOT may use the State’s STBG funding to pay the subsidy and administrative costs for TIFIA credit assistance for an eligible STBG project or group of projects. [23 U.S.C. 133(b)(13)].

The FAST Act also adds specific mention of the eligibility of installation of vehicle-to-infrastructure communication equipment. [FAST Act §1407, 23 U.S.C. 133(b)(1)(D)]

Program features

Location of Projects
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. Other exceptions include: bridge and tunnel projects; safety projects; fringe and corridor parking facilities/programs; recreational trails, pedestrian and bicycle projects, and safe routes to school projects; boulevard/roadway projects largely in the right-of-way of divided highways; inspection/evaluation of bridges, tunnels, and other highway assets; port terminal modifications; and projects within the pre-FAST Act title 23 definition of “transportation alternatives.” [23 U.S.C. 133(c)]]
Off-system bridges
The FAST Act continues (without change) the MAP-21 set-aside of a share of each State’s STBG apportionment for use on bridges not on Federal-aid highways (“off-system bridges”). The amount is to be not less than 15% of the State’s FY 2009 Highway Bridge Program apportionment. The Secretary, after consultation with State and local officials, may reduce a State’s set-aside requirement if the State has insufficient off-system bridge needs.

For wholly State/locally funded projects to replace or rehabilitate deficient off-system bridges, any amounts spent that are in excess of 20% of project costs may be credited to the non-Federal share of eligible bridge projects in the State. [23 U.S.C. 133(f)]

Bridge and tunnel inspection standards
If a State is not compliant with national bridge and tunnel inspection standards established by the Secretary, a portion of STBG funds must be used to correct the problem. [23 U.S.C. 144(h)(5)]

Treatment of projects
Each STBG project—including a project located outside of a Federal-aid highway right-of-way, but excluding a project funded by the recreational trails set-aside—is treated as a project on a Federal-aid highway. [23 U.S.C. 133(i)]

Bundling of Bridge Projects
The FAST Act encourages States to save costs and time by bundling multiple bridge projects using NHPP funds as one project under one project agreement and it places requirements on how that bundling is to be conducted. [23 U.S.C 144(j)]