MONTANA TRANSPORTATION COMMISSION

Policy No. 005

Policy Resolution Regarding Congressionally Directed Federal -aid Funding: Including Demonstration Projects, High Priority Projects, and Project Earmarks

BACKGROUND

1. Through both the Congressional authorizing and appropriations processes, Congress may direct Federal-aid funding to specific projects. These directives are generally referred to as “demonstration projects,” “high priority projects,” or “earmarks” depending on where they appear.
2. Since enactment of TEA-21 Congressional directives in the appropriations process have directed more discretionary funding to Montana than the state’s historic share of these programs. This has been due entirely to the efforts of the state’s Congressional delegation.
3. However, directed funding has historically presented problems and many of these remain. Such problems include:
    a. Many types of directed funding require a higher non- federal match rate. For example, “High Priority Projects” require a 20% non-federal match versus the roughly 13% needed to match the majority of the state’s Federal-aid highway program funds.
    b. It has been the department’s experience that directed funds are often insufficient to complete construction of the projects, and other state resources (federal or state) are transferred to these projects to complete funding packages. Such transfers may disrupt the overall highway construction program.
    c. It has also been the department’s experience that some funding awards have gone to projects that have not been prioritized or approved through the typical planning reviews. In consequence, some project awards have resulted in controversy.
4. Since enactment of TEA-21 in 1998, another significant concern has arisen with funds directed to particular projects through the authorization process. This category of projects, known as “High Priority Projects,” directly reduces by an equal amount the funds available to the state through the Minimum Guarantee calculation and consequently reduces funding in the core construction categories.

POLICY: Based on this background, the following is the policy of the Montana Transportation Commission relative to Congressionally directed Federal-aid funding.

General

1. The Congressional delegation is urged to work toward maximizing the core highway program and preserving those funding mechanisms, such as Revenue Aligned Budget Authority and the budgetary firewalls, which have increased funding available within the principal highway program categories.

2. The Congressional delegation is urged to work closely with MDT staff to ensure that any project(s) being considered for directed funding has been thoroughly vetted and technically reviewed within the state's planning and program development processes.

Funding

1. On any project for which directed funds are secured that is not within the Commission's approved future construction program, the sponsoring entity (local government, federal agency, local interest group) must provide the non-federal matching funds.
2. On any project for which directed funds are secured that is currently within the Commission's approved future construction program, the sponsoring entity must provide the non- federal match over and above the normal non- federal match. For example, if a project is in the future construction program and is matched at 13% non- federal from state revenue, a sponsor would be responsible for contributing 7% of the match if the Congressionally directed funding requires 20% in non- federal match.
3. If a project is not in the future construction program and needs additional funds for its completion, all additional funds are solely the responsibility of the project sponsor. The Commission will attempt to phase or segment projects to fit available revenues, but partial funding does not guarantee that a funding package will be completed with state resources. This is necessary to ensure the normal highway construction program is not disrupted.

HISTORY

Effective: 3/20/1997
Updated: 11/22/2002
2/10/2026