



FY 2020 EDCP

Economically Disadvantaged Counties Program

District Handbook

Transportation Planning and Programming Division

Commission Approval - September 26, 2019 M0# 115595

ABOUT THIS GUIDEBOOK

In an effort to assist the districts in the implementation of the Economically Disadvantaged Counties Program (EDCP) and provide other interested parties with program information, the Transportation Planning and Programming (TPP) division has compiled this handbook. The handbook contains pertinent program information and documents.

HOW DID THE EDCP COME ABOUT?

During the 75th Legislative session, Texas passed Senate Bill 370, better known as the Texas Department of Transportation's (TxDOT's) Sunset Bill. The bill amended the Transportation Code by adding Section 222.053 entitled *Relief From Local Matching Funds Requirements*. This section reads in part:

...the [Texas Transportation] commission, when evaluating a proposal for a highway improvement project in a local government that consists of all or a portion of an economically disadvantaged county, to adjust the minimum local matching funds requirement after evaluating the local government's effort and ability to meet the requirement.

Senate Bill 2168, 86th Legislature, Regular Session, amended Transportation Code §222.053 to expand the criteria used to determine a county's eligibility to be classified as economically disadvantaged. The bill was signed on June 10, 2019 and became effective immediately. Transportation Code, §222.053(a-1), provides that, notwithstanding Transportation Code §222.053(a), a county is considered to be an "economically disadvantaged county" if it meets the criteria as laid out in subsection (a) within the past six years and has been included in no less than five federally declared disasters within the same time period. Transportation Code, §222.053(a-2), provides that the adjustment to the local matching funds requirement shall be equivalent to the highest adjustment rate set in the last year the county was considered to meet the criteria.

Administrative rules pertaining to the program were incorporated into Title 43, Texas Administrative Code (TAC), Sections 15.50-15.56, which describe federal, state, and local responsibilities for cost participation in highway improvement projects. Section 15.55(b) specifically addresses the EDCP.

WHAT IS AN ECONOMICALLY DISADVANTAGED COUNTY?

An economically disadvantaged county is a county that, in comparison to other counties in the state, has:

- **below** average per capita taxable property value,
- **below** average per capita income, **and**,
- **above** average unemployment, **or**
- Met the standard criteria within the last six years and has been included in no less than five federally declared disasters within the same time period.

TxDOT identifies the counties that meet **all three** of the above criteria derived from data obtained from the Texas Comptroller of Public Accounts on an annual basis or, a county that has met the 3 criteria within the past six years and has been included in no less than five federally declared disasters within the same time period obtained by the Federal Emergency Management Agency. These counties are eligible for the program during the fiscal year in which they are determined eligible. Since the list is updated every fiscal year, a county may be eligible one year and not the other, or vice versa.

The most current data available for each of the criteria precedes the current fiscal year by three years. For example, data used to compile the list of eligible counties for Fiscal Year (FY) 2018 is from Calendar Year 2015.

WHICH PROJECTS ARE ELIGIBLE FOR EDCP?

Both on-system and off-system highway improvement projects in a county are eligible for some relief of the local match requirement. However, on-system projects are required to be both commission-authorized (i.e. the project must be in the Unified Transportation Program) and not let to contract. Off-system projects must have a Federal/Local required participation, be commission-authorized or approved within a district bank balance program and not let to contract. If a project meets the requirements, the second factor to consider is the project components.

Most highway projects involve four project components that carry a particular cost and participation ratio. The four common components are:

- preliminary engineering,
- construction engineering and construction,
- right of way, and,
- eligible utility adjustments.

The local match requirements for each of the above components vary based on the project's funding category. Most components that require a local match are eligible for some relief with a few **notable exceptions**:

- 1) Right of way and utility costs on **off-system projects** are **not eligible** for an adjustment.

Non-roadway items on off-system projects funded under any category are **not** eligible for an adjustment. These include items such as storm sewers, curb and gutter, driveways. In addition, activities which do not involve or lead directly to construction, such as feasibility studies, planning and research, engineering to define elements of a proposed action or alternatives so that social, economic, and environmental effects can be assessed, are not eligible.

- 2) **Off-roadway projects** such as recreation trails and hike and bike paths not adjacent to a roadway (typically eligible for federal Transportation Alternatives funding) **are not eligible**.

Additionally, the local participation requirements for some projects are project specific as detailed in the project's minute order.

The table entitled Economically Disadvantaged Counties (EDC) Eligibility Criteria summarizes the local participation ratios for each project component and their eligibility by funding category for on-system and off-system projects. The table should be used as a general guide of what might be eligible for the program and what might not be eligible. **When in doubt, please contact Transportation Planning and Programming Division.**

HOW MUCH RELIEF IS GRANTED TO ELIGIBLE PROJECTS?

While the amount of relief granted is at the Texas Transportation Commission’s discretion, the commission has not deviated from the adjustments recommended by TPP. TPP recommends adjustments based on a percentage formula developed by the Finance Division. The formula serves as a measure of a local government’s “effort” and “ability” to provide their local match for projects.

Cities within an Economically Disadvantaged County may receive higher percentage adjustments beyond their respective county’s adjustment under two conditions: if they have a local economic development sales tax and their population is less than 5000. A city within an economically disadvantaged county receives an adjustment equal to the adjustment for the county in which it is located, with the possibility of up to 10 additional percentage points based on its population and the existence of an economic development sales tax. **An adjustment cannot exceed 95 percent in total (including percentage points for economic development sales tax) or be less than 15 percent.** The two following tables depict the additional percentage points that cities may be granted.

Economic Development Sales Tax?

ADDITIONAL PERCENTAGE

Yes	5%
No	0%

Population:

ADDITIONAL PERCENTAGE

$x \leq 1,000$	5%
$1,000 < x \leq 2,000$	4%
$2,000 < x \leq 3,000$	3%
$3,000 < x \leq 4,000$	2%
$4,000 < x \leq 5,000$	1%
$> 5,000$	0%

HOW DO LOCAL GOVERNMENTS APPLY?

Local governments apply for the EDCP by completing two forms for each eligible project: a **project information** sheet and **an affidavit**. The forms are included in this handbook along with instructions.

As the name implies, the **Project Information Sheet** solicits information pertaining to the project for which relief from the local match requirement is being requested. The project's location and limits, scope, costs and adjustment rationale, among other items, must be provided. The **Affidavit** certifies that the information provided on the project information sheet is true and correct; it must be notarized.

Local governments must submit their applications to their local TxDOT district office. The district engineer will determine whether to make an adjustment at the time the local government submits a proposal for a highway project.

QUESTIONS?

For additional information regarding the EDCP, please contact TPP at (512)486-5038. The project information sheet and affidavit can be found on TxDOT's internet at:

<http://www.txdot.gov/government/programs/disadvantaged.html>