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## Project Development Required Approvals

# Projects and Statewide Planning Requirements

[www.fhwa.dot.gov/federal-aidessentials](http://www.fhwa.dot.gov/federal-aidessentials)

*The transportation planning process must take into account significant project changes before Federal funds will be authorized for construction*



Regardless of the mode of transportation we choose to use, the transportation systems we use are the result of the planning decisions made long ago. The transportation planning process is used to manage how limited funds available each year are distributed to projects. State departments of transportation, or State DOTs, and local public agencies, or LPAs, have responsibilities for anticipating and taking appropriate action when a project's estimated construction cost changes from what was originally planned.



You can avoid delays by allowing extra time for this process to take place before requesting construction authorization of your project. Let's take a look at these responsibilities, and the actions that may be expected of you.

Transportation planning involves Federal and State government, metropolitan planning organizations, or MPOs, transit agencies, LPAs, and the public. These groups help determine the project and funding priorities for a 3-to-5 year period that are incorporated into something

called the Statewide Transportation Improvement Program, or STIP.



State DOTs are responsible for statewide planning, while MPOs are responsible for transportation planning in any urbanized area over 50,000 in population. Each MPO develops its own Transportation Improvement Program, or TIP, that governs the project list for their area. TIPs are incorporated directly or by reference in each State's approved STIP. All projects that will use Federal-aid funds, including LPA projects, must be listed in the STIP.

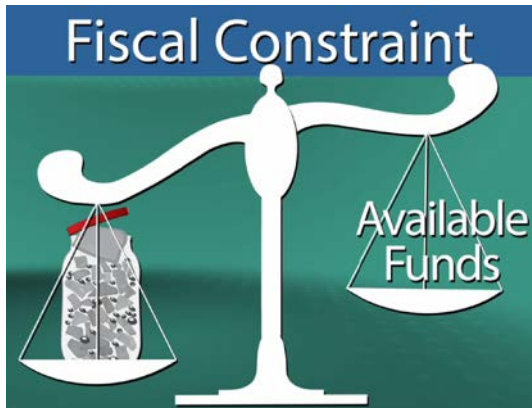
Project-level information listed in the STIP, either directly or by reference, will include:

1. A general project description
2. A listing of Federal funding types for each phase of a project

3. The year funds will be applied
4. Non-Federal funds and sources, including local matching funds
5. Amounts for each funding type and source

Each State DOT is required to maintain the STIP in accordance with the fiscal constraint principle. You can think of fiscal constraint like trying to fit rocks and pebbles in a jar and still being able to put the lid on it.

The list of projects for each year making up the TIPs and STIP in each State are required to be fiscally constrained -- like the jar, a fixed figure. The rocks represent the larger or more expensive projects while the pebbles are the smaller projects. The complete list of projects and estimated costs using Federal funds must fit entirely within the jar to be fiscally constrained. When you modify the STIP by adding a new project or significantly increasing the cost of an existing project, other projects may need to be revised or removed from the STIP to make room for these changes. The State DOT ultimately is responsible for making sure each year's list of project activities making up a STIP won't exceed what can fit in the jar at all times.



This balancing act occurs throughout the year and the process for modifying the STIP takes time. Since an unforeseen delay can impact your commitment to deliver your project, you must understand how this process works.

As you prepare for construction, you should determine whether your anticipated project costs conform to the projections outlined in the STIP. Otherwise, your project cannot be authorized until the necessary modification to the STIP has been approved.

If you determine your estimated project cost significantly varies from the approved STIP

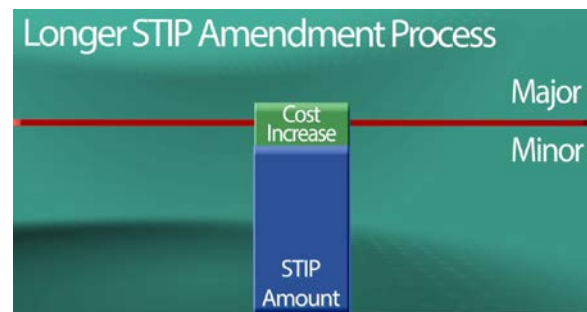
amount, a STIP amendment might be required to resolve the issue before the project can be authorized for construction.

Your level of effort and time involved to amend the STIP depends on the magnitude of the amendment needed. STIP changes are typically referred to as either a major, minor or administrative amendment.



Within the boundaries of Federal regulations, your State defines what constitutes a major or minor amendment and that will determine the administrative process you will be required to follow.

For example, let's say your updated cost to construct a project has grown by \$1 million, which is 20 percent higher than the original amount identified in the STIP. If either the dollar amount or percentage of the original project cost exceeds the threshold between a minor and major STIP amendment, the process may take longer and possibly impact your schedule. If your project is located in an MPO area, the TIP has to be modified before modifying the STIP.



Each STIP also must take into account how projects will affect air quality. In regions identified as air-quality non-attainment and maintenance areas, the planning process uses data from sophisticated computer models that predict how transportation projects collectively affect air quality. Scope changes to projects located in air-quality non-attainment areas and

maintenance areas can take even longer for a STIP amendment to be processed.

If you find yourself in a situation where a STIP amendment is required, you should be prepared to answer questions like:

- Where will the additional funds come from?
- Will my local elected officials approve the additional funds to cover this project?
- Will the time needed to process a STIP modification affect my project's letting schedule?

The answers to these questions can take time to resolve, making it important to start the STIP amendment process early.



Remember, an amendment to the STIP must be approved prior to your project being authorized for construction.

You can minimize delays to your project by checking the following:

- The project's scope remains consistent with the STIP description
- The latest estimated project costs are within the range identified in the STIP
- The project will be authorized in the same fiscal year as shown in the STIP

- The Federal and non-Federal funding share listed in your STIP is consistent with the funding sources that you plan to rely upon

Maintaining fiscal constraint means every project, including yours, must conform to the details listed in your State's STIP. Before you request authorization for construction, review your project against the STIP to ensure conformance.



If you think there could be a problem, contact either your MPO if you are in an urbanized area or your State DOT. They will help you determine whether an amendment will be required to the STIP.

**Doing this as early as possible will help you prevent unnecessary delays to the delivery of your Federal-aid project.**

### Additional Resources

- Information on transportation planning policy and guidance  
<http://www.fhwa.dot.gov/planning/>
- Information guide for transportation decision-makers and officials  
<http://www.planning.dot.gov/documents/briefingbook/bbook.htm>
- Federal regulations that apply to all Federal-aid highway projects prior to authorizing construction  
<http://www.ecfr.gov/cgi/t/text/text-idx?c=ecfr&sid=2aa9ff7d3b3c1b8c415078d3cd51d448&rqn=div5&view=text&node=23:1.0.1.7.23&idno=23>
- Federal regulations on the transportation planning process  
<http://www.ecfr.gov/cgi/t/text/text-idx?c=ecfr;sid=e2662fc63c225d496d1fa6ce22ea6cb8;rqn=div5;view=text;node=23%3A1.0.1.5.11;idno=23;cc=ecfr>

The content of this document is not a substitute for information obtained from State departments of transportation, appropriate FHWA Division Offices, and applicable laws. Scenarios have been simplified for emphasis and do not necessarily reflect the actual range of requirements applicable to the scenario or this topic. This document was created under contract number DTFH63-12-F-00025 by the Federal Highway Administration, U.S. Department of Transportation, and is offered to the public to heighten and focus awareness of Federal-aid requirements within the local public agencies community and reinforces the importance of these necessary policies, procedures, and practices.

This companion resource is the script content for the video production of the same name.