



MEMORANDUM

TO: TPB Technical Committee
FROM: Erin Morrow, TPB Transportation Engineer
SUBJECT: Carbon Reduction Program
DATE: March 30, 2023

The Bipartisan Infrastructure Law (BIL) established the Carbon Reduction Program (CRP), which provides funds for projects designed to reduce carbon dioxide emissions from on-road transportation. The Carbon Reduction Program also requires states to develop a Carbon Reduction Strategy (CRS). Both program components require states to coordinate with applicable MPOs. The Federal Highway Administration (FHWA) has developed a Carbon Reduction Program [fact sheet](#), which is attached to this memo, and [Carbon Reduction Program Implementation Guidance](#).

CARBON REDUCTION PROGRAM FUNDING

The Carbon Reduction Program provides a total of \$6.4 billion in formula funding nationally for FY 2022 through FY 2026. Sixty-five percent of each state’s apportionment is to be obligated to areas based on the proportion of the state’s population residing in that area (federally prescribed)¹ and the remaining 35% of the apportionment can be spent anywhere in the state. The BIL “requires each State, over the period of FY22-26, to make available to each urbanized area with a population of at least 50,000 obligation authority for use with the suballocated CRP funding. [§ 11403; 23 U.S.C. 175(e)(6)] States are required to divide the funding to urbanized areas with a population of at least 50,000 based on the relative population of the areas. [23 U.S.C. 175(e)(3)]”

CRP funding allocations for the metropolitan Washington area for FY 2022 and FY 2023 are:

	FY 2022	FY 2023
District of Columbia	\$3,206,817	\$3,270,954
Maryland	\$3,571,327	\$3,642,754
Virginia	\$5,786,618	\$5,902,350
Total - Metropolitan Washington	\$12,564,762	\$12,816,058

Carbon Reduction Program funds are available for obligation for a period of three years after the last day of the fiscal year for which the funds are authorized. The funds can be used on a wide array of eligible projects to reduce carbon dioxide emissions as detailed on page 2 of the attached fact sheet.

TPB staff have initiated discussions with state DOT staff to develop the process for coordination between the state DOTs and the TPB on the projects that will be selected for Carbon Reduction Program funding. The first meeting was held on February 27, 2023, with more meetings to follow.

¹ Urbanized areas: (a) with population greater than 200,000; (b) population between 50,000 and 200,000; (c) population 5,000 to 499,999 and (d) population less than 5,000.

The TPB Technical Committee and the TPB will be briefed about the coordination process between the TPB and the three state DOTs as the process is developed.

CARBON REDUCTION STRATEGY

The Carbon Reduction Program requires states to develop a Carbon Reduction Strategy by November 15, 2023, in consultation with any MPO designated within the State (23 U.S.C. 175(d)(1)). Federal guidance notes that “the State Carbon Reduction Strategy shall support efforts to reduce transportation emissions and identify projects and strategies to reduce these emissions. The Carbon Reduction Strategy must be updated at least once every four years (23 U.S.C. 175(d)(3) and (4)), and States and MPOs are encouraged to obligate CRP funding for projects that support implementation of the State’s Carbon Reduction Strategy.”

The Carbon Reduction Strategy plan should identify projects and strategies to reduce transportation emissions, which could include those that:

- Encourage the use of alternatives to SOV trips (including public transportation facilities, pedestrian facilities, bicycle facilities, and shared or pooled vehicle trips)
- Facilitate the use of vehicles or modes with a lower per person-mile of travel emissions rate
- Utilize practices to construction of transportation assets that result in lower emissions

Federal guidance also notes that “States, in coordination with MPOs, are encouraged to develop their Carbon Reduction Strategies as an integral part of their transportation planning processes, such as by integrating them into ... the MPO’s Metropolitan Transportation Plan (MTP), or by developing a separate document which is incorporated by reference into the Long-Range Statewide Transportation Plan (LRSTP) and MTP.”

The state DOTs will have the opportunity to present their Carbon Reduction Strategies to the TPB Technical Committee and the TPB prior to submission to FHWA in November.

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FACT SHEETS

Carbon Reduction Program (CRP)

	FAST Act (extension)	Bipartisan Infrastructure Law (BIL)				
Fiscal year (FY)	2021	2022	2023	2024	2025	2026
Contract authority	---	\$1.234 B*	\$1.258 B*	\$1.283 B*	\$1.309 B*	\$1.335 B*

*Calculated (sum of estimated individual State Carbon Reduction Program apportionments)

Note: Except as indicated, all references in this document are to the Bipartisan Infrastructure Law (BIL), enacted as the Infrastructure Investment and Jobs Act, Pub. L. 117-58 (Nov. 15, 2021).

Program Purpose

The BIL establishes the Carbon Reduction Program (CRP), which provides funds for projects designed to reduce transportation emissions, defined as carbon dioxide (CO₂) emissions from on-road highway sources.

Statutory Citations

- § 11403; 23 U.S.C. 175

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 the FAST Act, the BIL directs FHWA to apportion funding as a lump sum for each State then divide that total among apportioned programs.
- Each State's CRP apportionment is calculated based on a percentage specified in law. [23 U.S.C. 104(b)(7)] (See "Apportionment" fact sheet for a description of this calculation)

Transferability to Other Federal-aid Apportioned Programs

- A State may transfer up to 50% of CRP funds made available each fiscal year to any other apportionment of the State, including the National Highway Performance Program, Surface Transportation Block Grant Program, Highway Safety Improvement Program, Congestion Mitigation and Air Quality Improvement (CMAQ) Program, National Highway Freight Program, and [NEW] Promoting Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT) Formula Program. Conversely, subject to certain limitations, a State may transfer up to 50% of funds made available each fiscal year from each other apportionment of the State to CRP. [23 U.S.C. 126(a)] (See other program-specific fact sheets for additional details.)

Suballocation

- 65% of a State's CRP apportionment is to be obligated in the following areas in proportion to their relative shares of the State's population. [§ 11403; 23 U.S.C. 175(e)(1)(A)] Funds attributed to an urbanized area may be obligated in the metropolitan area established under 23 U.S.C. 134 that encompassed the urbanized area [23 U.S.C. 175(e)(2)]:
 - *Urbanized areas with an urbanized area 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. [§ 11403; 23 U.S.C. 175(e)(1)(A)(i) and (e)(3)]
 - *Urbanized areas with an urbanized area population of at least 50,000 but no more 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. [§ 11403; 23 U.S.C. 175(e)(1)(A)(ii) and (e)(3)]
 - *Urban areas with population at least 5,000 and no more than 49,999*. [§ 11403; 23 U.S.C. 175(e)(1)(A)(iii)]
 - *Areas with population of less than 5,000*. [§ 11403; 23 U.S.C. 175(e)(1)(A)(iv)]
- The remaining 35% of the State's CRP apportionment be obligated in any area of the State. [§ 11403; 23 U.S.C. 175(e)(1)(B)]
- Requires each State, over the period of FY22-26, to make available to each urbanized area with a population of at least 50,000 obligation authority for use with the suballocated CRP funding. [§ 11403; 23 U.S.C. 175(e)(6)] States are required to divide the funding to urbanized areas with a population of at least 50,000 based on the relative population of the areas. [23 U.S.C. 175(e)(3)]

Federal Share

- In accordance with 23 U.S.C. 120. (See the "Federal Share" fact sheet for additional detail.) [§ 11403; 23 U.S.C. 120 and 175(f)]

Eligible Projects

- CRP funds may be obligated for projects that support the reduction of transportation emissions, including, but not limited to— [except as noted, § 11403; 23 U.S.C. 175(e)(1)]
 - a project described in 23 U.S.C. 149(b)(4) to establish or operate a traffic monitoring, management, and control facility or program, including advanced truck stop electrification systems;
 - a public transportation project eligible under 23 U.S.C. 142;
 - a transportation alternative (as defined under the Moving Ahead for Progress under the 21st Century Act [23 U.S.C. 101(a)(29), as in effect on July 5, 2012]), including, but not limited to, the construction, planning, and design of on-road and off-road trail facilities for pedestrians, bicyclists, and other nonmotorized forms of transportation;
 - a project described in 23 U.S.C. 503(c)(4)(E) for advanced transportation and congestion management technologies;
 - deployment of infrastructure-based intelligent transportation systems capital improvements and the installation of vehicle-to-infrastructure communications equipment;
 - a project to replace street lighting and traffic control devices with energy-efficient alternatives;
 - development of a carbon reduction strategy developed by a State per requirements in 23 U.S.C. 175(d);
 - a project or strategy designed to support congestion pricing, shifting transportation demand to nonpeak hours or other transportation modes, increasing vehicle occupancy rates, or otherwise reducing demand for roads, including electronic toll collection, and travel demand management strategies and programs;
 - efforts to reduce the environmental and community impacts of freight movement;
 - a project that supports deployment of alternative fuel vehicles, including—
 - acquisition, installation, or operation of publicly accessible electric vehicle charging infrastructure or hydrogen, natural gas, or propane vehicle fueling infrastructure; and
 - purchase or lease of zero-emission construction equipment and vehicles, including the acquisition, construction, or leasing of required supporting facilities;
 - a project described in 23 U.S.C. 149(b)(8) for a diesel engine retrofit;
 - certain types of projects to improve traffic flow that are eligible under the CMAQ program, and that do not involve construction of new capacity; [§ 11403; 23 U.S.C. 149(b)(5); and 175(c)(1)(L)]
 - a project that reduces transportation emissions at port facilities, including through the advancement of port electrification; and
 - any other STBG-eligible project, if the Secretary certifies that the State has demonstrated a reduction in transportation emissions, as estimated on a per capita and per unit of economic output basis. (Note: FHWA will issue guidance on how the Secretary will make such certifications.) [§ 11403; 23 U.S.C. 133(b) and 175(e)(2)]

Coordination in Urbanized Areas Other Than Transportation Management Areas

Before obligating CRP funds for an eligible project in an urbanized area that is not a transportation management area, a State shall coordinate with any MPO that represents the urbanized area prior to determining which activities should be carried out under the project. [§ 11403; 23 U.S.C. 175(e)(4)]

Consultation in Rural Areas

Before obligating CRP funds for an eligible project in a rural area, a State shall consult with any regional transportation planning organization or MPO that represents the rural area prior to determining which activities should be carried out under the project. [§ 11403; 23 U.S.C. 175(e)(5)]

Program Features

Carbon Reduction Strategy

- Requires each State, in consultation with any MPO designated within the State, to— [§ 11403; 23 U.S.C. 175(d)]
 - develop a carbon reduction strategy not later than 2 years after enactment; [§ 11403; 23 U.S.C. 175(d)(1)] and
 - update that strategy at least every four years; [§ 11403; 23 U.S.C. 175(d)(3)]
- Requires the carbon reduction strategy to—
 - support efforts—and identify projects and strategies—to support the reduction of transportation emissions;
 - at the State's discretion, quantify the total carbon emissions from production, transport, and use of materials used in the construction of transportation facilities in the State; and
 - be appropriate to the population density and context of the State, including any MPO designated within the State. [§ 11403; 23 U.S.C. 175(d)(2)]
- Allows the carbon reduction strategy to include projects and strategies for safe, reliable, and cost-effective options to—
 - reduce traffic congestion by facilitating the use of alternatives to single-occupant vehicle trips, including public transportation facilities, pedestrian facilities, bicycle facilities, and shared or pooled vehicle trips within the State or an area served by the relevant MPO;
 - facilitate use of vehicles or modes of travel that result in lower transportation emissions per person-mile traveled as compared to existing vehicles and modes; and
 - facilitate approaches to the construction of transportation assets that result in lower transportation emissions as compared to existing approaches. [§ 11403; 23 U.S.C. 175(d)(2)(B)]
- Requires FHWA to—
 - review the State's process for developing its carbon reduction strategy and certify that the strategy meets statutory requirements; and
 - at the request of a State, provide technical assistance in the development of the strategy. [§ 11403; 23 U.S.C. 175(d)(4) and (5)]

Treatment of Projects

- Treats every project funded under the program as if it were located on a Federal-aid highway. This ensures applicability of Davis-Bacon wage requirements. [§ 11403; 23 U.S.C. 175(g)]

Additional Information and Assistance

- FHWA can connect you with your local FHWA office and support you with technical assistance for planning, design, construction, preserving, and improving public roads and in the stewardship of Federal funds. For assistance, visit: https://www.fhwa.dot.gov/bipartisan-infrastructure-law/technical_support.cfm