



www.saferoutespartnership.org



Making the Match: Considerations for Using Toll Credits to Match Transportation Alternatives Funding

The Transportation Alternatives Program (TAP) is a key source of federal funding local communities can use to support walking, Safe Routes to School, and other projects to promote community environments that support physical activity across the country. To access these funds, communities must provide a local match (non-federal funding), typically 20 percent of the project's total cost. With TAP projects costing on average \$450,000, the local match may be a barrier for many communities, particularly small and rural places. However, there is an innovative approach that states are using to help communities access TAP—it's toll credits, which can be used in place of local match!

This factsheet is intended to help public health practitioners interested in working with their state departments of transportation (DOT) to understand how to use available toll credits to reduce the local match to access TAP funds.

In most states, TAP requires a 20 percent local match to access the other 80 percent of federal funds.¹ This is commonly referred to as the non-federal share or "local match" requirement on federally funded project. While most TAP applicants propose using cash as match, there are several flexibilities for non-cash matches, including toll credits. To use toll credits as a match for TAP, a state must first have toll credits to use , and the state must have a process for using them as match.² Not every state has toll credits. [You can check the latest balance sheet here for whether your state has toll credits.](#)

What are Toll Credits?

Toll credits are essentially coupons that states earn when they use their toll revenues instead of federal funds to build, improve, and maintain highways, bridges, or tunnels that serve the public. States can apply this non-cash, flexible financing tool to offset the local match required for federally-funded transportation projects.

¹States with large proportions of federal lands have lower than 20 percent match required for federal transportation funds. See the states and the sliding scale match requirements here: <https://www.fhwa.dot.gov/legregs/directives/notices/n4540-12a1.cfm>

²"Ending Toll Credit Balance by State – Federal FY 21 – 23," Federal Highway Administration, accessed January 15, 2025, https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/matching_strategies/TCEndBal_FY21_23.pdf.

No Toll Credits Available in Your State? Try These Match Flexibilities Instead

Federal transportation law includes two provisions that give states flexibility to help local governments make the local match for TAP:

1. States may use Highway Safety Improvement Program (HSIP) funds as the local match for TAP projects that improve safety. Using HSIP as match for TAP can also help states comply with the Vulnerable Road User Special Rule, which requires states to obligate 15 percent of their HSIP funds to projects that keep people outside of cars safe. Consider connecting with your state HSIP manager to understand if this opportunity is being used in your state.

2. States are allowed to meet the 20 percent local match requirement by averaging the match across all TAP projects so that across the program federal dollars make up 80 percent of spending. The example below provides an idea of how a 20 percent match may be applied when averaged across the state's TAP instead of individually to each project.

20 Percent Match at Individual Project Level

Project cost	Match Required
Project A. \$650,000	\$130,000 (20% of \$650,000)
Project B. \$250,000	\$50,000 (20% of \$250,000)
Project C. \$100,000	\$20,000 (20% of \$100,000)
Total non-federal share: \$200,000	

This table details the match amounts required if a 20% match is applied to each TAP project in a state.

20 Percent Match at Program Level

Project cost	Match Required
Project A. \$650,000	\$145,000 (22.3% of 650,000)
Project B. \$250,000	\$50,000 (20% of \$250,000)
Project C. \$100,000	\$5,000 (5% of \$100,000)
Total non-federal share: \$200,000 (20% of \$1,000,000)	

This table details how a state may average the 20% local match requirement across all its TAP projects. The three projects can contribute different local match amounts if the total match across all three TAP projects averages out to 20%. In this example, the TAP projects total \$1,000,000, which requires a \$200,000 not-federal share to meet the 20% match requirement.

The Opportunity

Toll credits are a non-cash, flexible financing tool states can use to offset the local match required for federally-funded transportation projects. States can earn toll credits when a state agency, tolling authority, or private entity uses toll revenues to pay for capital transportation projects such as highways instead of using federal funding to make those improvements. Federal law allows states to apply toll credits to the local match requirement for federally-funded projects. When states use toll credits on a project, they can offset or eliminate the match amount required from local project sponsors.³ The most important thing for public health champions to know about toll credits is that they can be used as match for TAP, which can help reduce barriers for small and rural communities that may benefit the most from TAP.

Why Some States Use Toll Credits as Match for TAP

Using toll credits as match can help states in several ways such as meeting priorities like getting kids safely to and from school, addressing issues with fund delivery, or improving application numbers from small, rural communities or program areas. In this section we describe examples of how some states have successfully used toll credits to support the local match for TAP.

Small, rural communities

Within TAP, there is funding that can only be used for communities under 5,000 people. Texas was not receiving enough applications of sufficient quality to award TAP in communities with less than 5,000 people. One reason for the lack of applications was that small communities, typically with small tax bases, often do not have cash available to meet the 20 percent local match requirement.

For example, a \$100,000 local match may be more than a small town's entire annual budget, making

Boost Your State Report Card Score

Applying toll credits to TAP projects can help improve your state's score on [the Safe Routes Partnership's State Report Cards on Support for Walking, Bicycling, and Active Kids and Communities](#). Toll credits can help the state earn points under the following two indicators:

1. provide matching funds for high-need communities and
2. other federal (non-TAP) funding set aside for active transportation.

Learn more about these indicators in the Federal and State Active Transportation Funding and Use of Federal Funding for Active Transportation sections of the Report Card.

³"Federal-Aid Matching Strategies," Center for Innovative Finance Support, accessed January 10, 2025, https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/matching_strategies/toll_credits.aspx.

⁴"Exhibit A Transportation Alternatives Set-Aside (TA) Program Awards for Nonurban, Small Urban, Medium Urban, and Any Area Funds," Minute Order, Texas Transportation Commission, October 26, 2023, <https://www.txdot.gov/content/dam/docs/commission/2023/october/minutes.pdf>.

it cost-prohibitive to successfully access the TAP grant even if awarded. For context, the median award for TAP projects in Texas in 2023 was about \$2 million, meaning a median 20 percent local match would be \$400,000.⁴

Using toll credits as the match can help remove a large barrier for small or rural communities when applying for TAP. At TxDOT, staff used an existing metric that the DOT had developed, the Economically Disadvantaged Counties program, for determining eligibility for a reduced match. Economic Disadvantaged Counties are identified through data analyzed annually, which includes below-average per capita taxable property value, per capita income, and unemployment. Counties also qualify if they have had five federally-deemed disasters in the last six years. About half of Texas communities qualify. On the TAP website, TxDOT shows a map of the places that qualify for this program to ensure applicants do not miss it. Because using toll credits as match was new for TxDOT, connecting it to an existing metric helped make the case internally and meant that communities were already familiar with the metric. Communities are automatically eligible for toll credits as match if they are in an Economically Disadvantaged County. If a small or rural community applying for TAP is in a county that does not qualify as economically disadvantaged, TxDOT uses other data to help determine if the community is eligible to use toll credits. The TAP manager shared that there has been a significant increase in the number of applications since they began using of toll credits.

Safe Routes to School

Safe Routes to School programs across the country faced a challenge when the federal program was changed to require a 20 percent

local match in 2012 from no local match required. After the change, Florida DOT used toll credits to eliminate the local match requirement for communities, reflecting the state's commitment to Safe Routes to School. The decision was largely made at the executive leadership level within the DOT. According to the Safe Routes to School coordinator at the time, keeping projects fully funded had a significant positive impact on communities of families with children that would not otherwise have been able to apply.

Short-term support

Colorado DOT used toll credits to support community partners when COVID-19 was an emergency in 2020 to 2021. Toll credits covered the local match for Safe Routes to School grants in communities experiencing hardships. CDOT no longer uses toll credits to support local match for Safe Routes to School, but offers state funding to communities that need local match support using its [Multimodal Transportation and Mitigation Options Fund](#). Using toll credits as a temporary supportive tool could be relevant if your state is no longer collecting toll credits but has a balance available. The balance can be used in the short term to boost implementation or build momentum for certain programs.

How States Started Using Toll Credits as Match

State DOTs often recognize the demand for TAP and the challenges many communities have accessing these funds across their state. TAP staff are often the first to raise these challenges and may identify ideas to overcome challenges accessing the funds such as using toll credits. These ideas are then shared with decision-makers across the agency. The person or entity that has the final say on this decision depends on the state. In the case of toll credits, finance departments are ultimately responsible for initiating and managing toll credit requests. The DOT chief financial officer and budget office can help determine the funding strategy and ensure that there are controls in place to manage and monitor usage.

Internal agreement and reporting:

In one state DOT, the process to formalize the use of toll credits to cover Safe Routes to School grants at 100 percent federal funds began by building consensus between the TAP planning department and finance department. Finance was already familiar with using toll credits for projects on the state highway system such as X. The only change requested was to use them for projects not on the state highway system too, for Safe Routes to Schools grants. The TAP administrator presented the idea to the finance bureau with a spreadsheet to show the anticipated level of toll credit use, and asked for any reasons why they could not be used to support Safe Routes to School. Finance approved the change and over the following two years, the TAP program delivered a quarterly report on toll credit use. After that initial period, finance reduced the report frequency and have successfully continued to use toll credits for over a decade.

Options for formalizing the change to use toll credits for the local match include internal agreements with reporting to the finance office or a more formal rule change. The more formal approach may take more time and effort upfront but may ensure the strategy's longevity. A more informal internal agreement can streamline the process and be tailored to meet the reporting requirements necessary for all parties to feel comfortable moving forward. In this section, we provide two examples of how state DOTs can formalize the process to use toll credits to support local match on TAP projects.

Formal rule change:

In Texas, the state DOT TAP team recognized TAP applications from small communities were rare because of barriers such as the local match requirement. The team determined one way to elevate using toll credits as a solution was to collect data and information on its application. The team presented a white paper on their findings to the Texas Transportation Commission, communicating how and why to use toll credits. Many states use white papers to outline challenges and proposed solutions when they are doing something that requires approval from their FHWA division office. This ensures everything is documented clearly. This may be a strategic approach in your state, so ask if that is something typical within your DOT. In Texas, they presented the white paper and spoke to the commission to answer questions. To make it official, the commission approved the use of toll credits (referred to in Texas as Transportation

Development Credits) as an addition to the Texas Transportation Administration Code. The director overseeing the TAP program met with the commission to communicate goals and address concerns. TxDOT made formal rule change because they were already making rule changes for other things in the department, and while it may not have been necessary for using toll credits, the TAP manager said this approach was useful because it made the process more official.

Steps Public Health Champions Can Take

- 1. Check for toll credits:** Check that your state has toll credits available by reviewing this [toll credits balance sheet](#).
- 2. Contact the TAP manager:** Identify your TAP Manager's contact information from your [state-specific TAP factsheet](#). In most states using toll credits as match for TAP began with TAP staff, making them a logical starting point. Ask whether they are familiar with the opportunity to use toll credits as match for TAP. For context, reference [this toll-credit resource page](#) from Federal Highway Administration. Pair that with an example from this fact sheet that features a state that is comparable to your state. There is a sample email at the end of this fact sheet
- 3. Gather information:** Seek to understand the challenges that TAP or related staff are identifying with TAP applications and delivery. One of the most common barriers that holds back many communities from applying is that the federal government reimburses 80 percent of a project's cost, with communities responsible for the remaining 20 percent. While states have different project minimums and maximums, the most frequent cost of a TAP project is \$400,000. Many communities do not have twenty percent of that to provide. This is a particularly acute challenge in rural and smaller-sized communities where there is a smaller property tax base to draw upon. Even if there is some local funding available, it may not be prioritized for active transportation projects. Sharing toll credits as a tool to overcome this barrier may help TAP managers to present the idea to their leadership.
- 4. Work with your state's TAP manager:** Help the TAP or related staff gather information that they can share with their department leadership and finance office. Here are some examples of steps that can be used.
 - a. Reference the messaging examples below to help frame the opportunity.
 - b. Share your state's report card from Safe Routes Partnership's [2024 State Report Cards on Support for Walking, Bicycling, and Active Kids and Communities](#). Specifically, look at the scores under "Use of Federal Funding for Active Transportation" for opportunities to use TAP more effectively.
 - c. Collect information on program applications and awards to identify where there may be gaps in population, community type, or program areas. Some states publish this information and even map it on their TAP websites. If it isn't online, ask your state's TAP manager if they have the information available. Alternatively, the Federal Highway Administration publishes annual reports on TAP with detailed Excel files containing each state's projects [on this page](#).
 - d. Talk to both successful and unsuccessful applicants to understand the barriers and opportunities in the TAP application process and meeting the currently required match.

Messaging Examples

State DOT staff shared messages that helped them effectively frame the benefit of using toll credits to reduce local match for TAP. Here we provide some example messages that may be applicable in your state:

Using toll credits as match is an opportunity to maximize federal funds

- **Toll credits can help communities access federal funding:** This can be tailored depending on the state's priorities. Pennsylvania uses the credits to cover the 20 percent match for all provided local sponsors cover the cost of pre-construction activities, Florida uses them to cover the match only for Safe Routes to School projects, and Texas focuses on communities with a population of 5,000 or fewer.
- **Toll credits are a flexible finance tool that is underused:** At the end of fiscal year 2023, the most recent year data are available, states had over \$37 billion in unused toll credits.⁵

Lowering the match requirement can help build a better application pool for TAP

- **Make it easier to find good projects:** In Texas, using toll credits significantly increases participation in the TAP because it removes a leading barrier to applying. Communities with small tax bases, low-income populations, or other barriers to raising revenue for the match can benefit from the program if the match requirement is reduced.
- **Support communities that have already made a significant investment:** Often, Safe Routes to School funding applicants have already gone through a planning process, demonstrated their commitment, and spent time and staff costs before they can apply for a Safe Routes to School grant. Supporting communities that are already far along in the process may mean initial investments are further supported because the community can access funds to successfully make a match.
- **Prioritize the state's programmatic priorities:** Lowering the match for specific types of applications or communities allows the TAP program to provide support in alignment with the state's goals.

Other states are already doing this

- Many states look to their peers to understand what works, preferring to avoid being the "first." Successful examples from other states can help leadership. Have questions about this? Reach out to Safe Routes Partnership for help.

⁵ "Ending Toll Credit Balance by State – Federal FY 21 – 23," Federal Highway Administration, accessed January 15, 2025, https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_aid/matching_strategies/TCEndBal_FY21_23.pdf.

Addressing Potential Challenges

The following section outlines potential challenges to using toll credits as a local match and opportunities that may help overcome them.

- **Toll credits are a confusing concept:** Toll credits are not real money earned on a one-to-one basis. They are like coupons, but that can be confusing to people. The important thing for public health and TAP staff to know is that this opportunity exists. Consider sharing the FHWA toll credit resources on match and examples of other states doing this work to show that it is possible.
- **Without a match, locals may not be bought into implementation:** Some states shared that they are hesitant to cover the entire cost of a project with federal funds for fear that local agencies may not be bought into implementing projects they did not pay for. While this may be the case for some communities, there are also many communities that simply do not have the funding to move these projects forward without the reduced match. Communities also have to invest their own funds to pay for cost estimates and preliminary engineering to even apply for TAP, so they have already demonstrated their investment. If having that demonstration of buy-in through matching funds is essential, states could use toll credits to cover all but 5% (or a similarly low percentage). Focus the conversation on goals for reaching the communities that need this funding the most and finding ways to ensure that they have the support they need to be successful even after they are awarded.
- **Applicants who need help with match may need other support:** TAP managers that were interviewed urged their fellow TAP managers at other DOTs to be flexible and help project sponsors as much as possible. For example, some states have found that the applicants who need assistance meeting the 20 percent match requirement will have challenges if there are any changes in project costs. TAP staff can work with communities to reduce or change the scope or move funding around as scopes shift and change.
- **Increased federal share may mean fewer awarded projects:** Whether or not they use toll credits as match, states are still subject to obligation limits on their overall state apportionments of federal transportation funds. Plainly, that means they can only promise a certain amount of federal money to projects each year. Using toll credits as match counts towards a state's obligation limit, which may marginally reduce the number of projects that get funded. However, this is an opportunity to focus on and support the state's goals with a more focused use of funds rather than looking only at the total number of projects awarded.

Conclusion

Using toll credits as match is ultimately intended to help address the challenge of accessing TAP funding when the required 20 percent local match is a barrier. This is a common barrier that keeps communities from applying for this funding. Using toll credits is one helpful tool to address this barrier if your state has a toll credit balance. With this context, examples from other states, and step-by-step guidance, public health practitioners can help reduce barriers for communities that may benefit the most from TAP.

Sample Email to State TAP Manager or Related Staff

SUBJ: Increasing Access to Transportation Alternatives Program

Dear [Name],

I am working on promoting community environments to support physical activity in [STATE] and recently learned about an innovative approach to help reduce the local match required for TAP projects by using toll credits. I am curious if you are familiar with the approach. As of the end of FY23, our state had a [\$XX] toll credit balance (check out the table [here](#)). FHWA allows toll credits to offset local match for federally-funded transportation projects, including TAP, which means projects could feasibly be paid for with 100 percent federal funding (you can read more about that [here](#)). Other states have been doing this for years with great success.

For example, [insert an example from compelling state i.e. Florida requires no match for Safe Routes to School projects. Texas covers the match for successful applicants that have a population of under 5,000.]

Would you be open to having a conversation on the phone or in person to discuss this opportunity?

Looking forward to speaking with you!

[NAME]

This publication was made possible by the Centers for Disease Control and Prevention (CDC) (Cooperative Agreement CDC-RFA-PW-24-0080). Its contents are solely the responsibility of the authors and do not necessarily represent the official views of CDC. These efforts are part of the CDC's Active People, Healthy NationSM Initiative that is working to help 27 million Americans become more physically active by 2027.



Safe Routes PARTNERSHIP

The Safe Routes Partnership is a national nonprofit organization working to advance safe walking and rolling to and from schools and in everyday life, improving the health and well-being of people of all races, income levels, and abilities, and building healthy, thriving communities for everyone.

