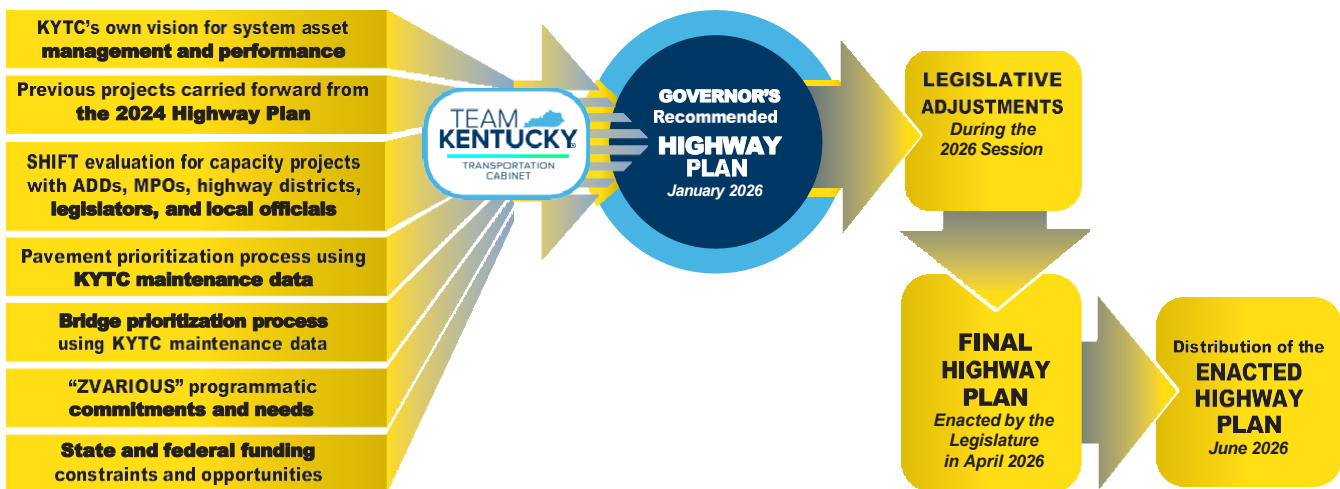


I. Introduction

Factors Affecting the 2026 Enacted Highway Plan

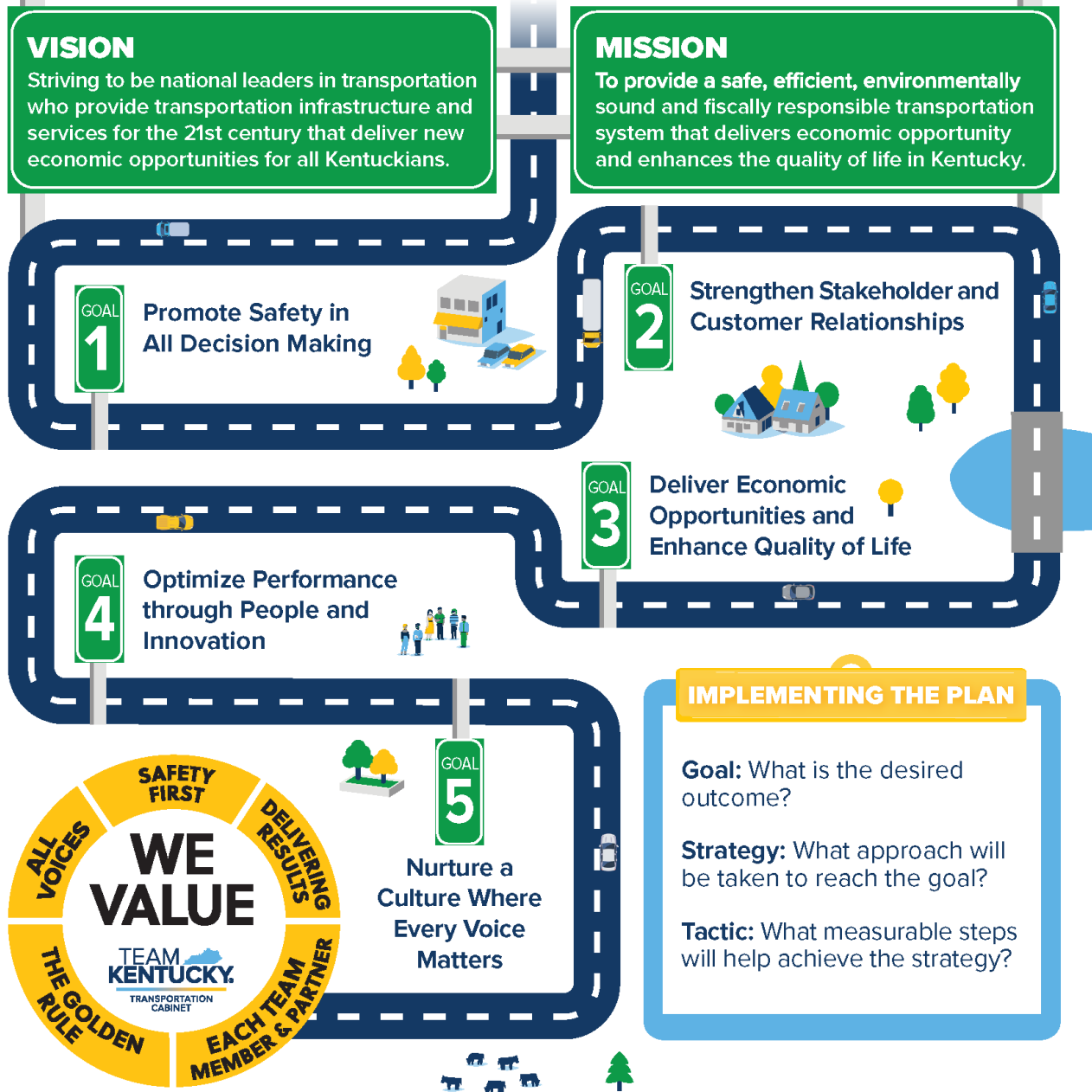
The development of the Biennial Highway Plan and the recommended projects for the four years beyond the upcoming biennium constitute Kentucky’s six-year highway plan. Highway system asset management and performance measures are used to prioritize projects involving pavement, bridge, and guardrail needs, while safety improvements, economic growth, traffic congestion, and new connectivity projects across the Commonwealth are prioritized through other methods, including the Strategic Highway Investment Program for Tomorrow (SHIFT). The costs of these investments are weighed against the anticipated annual state and federal funding, and, in recent years, efforts have concentrated on achieving fiscal balance within federal programs as required by federal law for both the Enacted Biennial Highway Plan and the out-four-years of the Highway Plan. In accordance with KRS 48.110 (6) (f) and 176.430, the Governor submits the Recommended Highway Plan to the General Assembly in January of each even-numbered year, and the General Assembly deliberates over, and enacts, a highway plan on or before April 15 with the final published version of the enacted highway plan made available by KYTC in June of each even-numbered year.



The 2026 Enacted Highway Plan is a practical action guide to support the Commonwealth’s goal of building a better Kentucky through transportation. The journey is the safest when the roadmap is the clearest and this plan proposes effective ways to invest state and federal dollars to maintain and build our transportation system. With all users in mind, Kentucky’s transportation strategy, vision, and mission for its highway system are as follows:

STRATEGIC PLAN: A MISSION-DRIVEN PATH TO SUCCESS

Operational Plan: A Roadmap to Drive Kentucky Forward



Our **Strategic Plan** charts a path to meet and deliver a 21st century transportation system and best-in-class services to improve the quality of life for Kentuckians. Our **Operational Plan** is a roadmap to success that includes goals, strategies and tactics.

Delivering the operational plan is a team effort. Goal and implementation leads will work with KYTC team members to ensure progress.

The 2026 Enacted Highway Plan contains highway projects and programs that align with the Kentucky Transportation Cabinet’s vision and mission. It is critical that the Plan makes every effort to address the existing backlog of pavement and bridge needs while pursuing highway improvement projects that provide enhanced roadway safety for all users, improved regional access, and increased economic opportunity for each geographic region of Kentucky.

The 2026 Enacted Highway Plan is divided into five distinct focus areas to stress the commitment toward **Asset Management** (taking care of the existing roads and bridges), a **High Growth Counties/Construction Ready Projects Program** developed by the 2024 General Assembly and amended by the 2026 General Assembly, **Capacity Improvements** (providing new and improved roads to handle current and future traffic), a **“ZVARIOUS”** category of funds necessary to honor past funding commitments and support various ongoing program activities, and a **County Priority Projects Program**. The following sections outline each of these focus areas.

Accordingly, the 2026 Enacted Highway Plan is divided into five distinct focus areas, enabling the Kentucky General Assembly to appreciate KYTC’s commitment to the following sections outlined in each of these focus areas.

A **Asset Management and Performance:**
KYTC’s Investment in Bridges and Pavements
(taking care of Kentucky’s existing roads and bridges)

B **High Growth Counties/Construction Ready Projects Program:**
Developed by the 2024 General Assembly and amended by the 2026 General Assembly

C **System Improvements:**
KYTC’s Investment in Priority System Upgrades
(providing new and improved roads to handle Kentucky’s current and future traffic)

D **“ZVARIOUS” Funding:**
KYTC’s Investment in Ongoing Program Activities
(a category of funding necessary to honor past funding commitments and support various ongoing program activities)

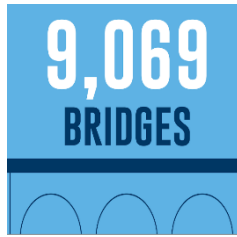
E **County Priority Projects Program:**
KYTC’s Investment in County Priority Projects
(providing state road funds to assist with improvements to county and city roads approved by the General Assembly)



ASSET MANAGEMENT AND PERFORMANCE:

KYTC's Investment in Bridges and Pavements

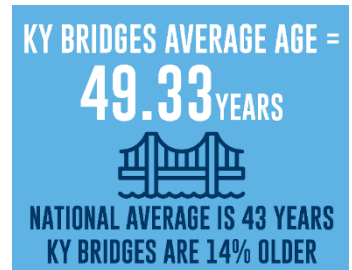
KYTC owns and maintains the 7th largest bridge network and the 8th largest pavement network in the country. These assets are valued at \$96 billion.



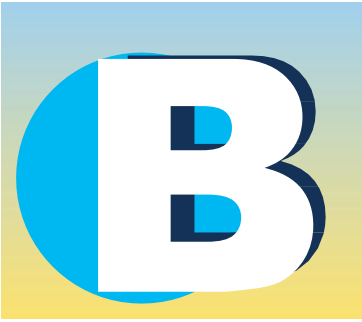
Kentucky's bridges and pavements provide connections to businesses, agriculture, schools, health services and beyond. That responsibility is taken seriously with a strong process to align investments to bridge and pavement performance goals.

The six-year plan approach anticipates funding and represents a strategy to move Kentucky closer to those goals, address the needs of the state, and manage state exposure to unforeseen events. This budget stewardship through strategic plans avoids higher costs while moving the state transportation network closer to a state of good repair. The investment strategies within the plan reduce community interruptions and negative economic impacts while improving the safety of the travelling public and workers.

Kentucky faces bridge challenges. There is a significant shortfall between average annual bridge funding and projected needs for state-owned structures. Unmet timely bridge needs commonly result in posting bridges for lower weights, travel disruptions, unplanned costs that are higher, increased safety risks, and decreased economic benefits. All federal bridge funding is critical to addressing these needs.



Kentucky's poor and fair condition pavements and bridges require active management. The planned investments utilize a combination of fixes to provide better outcomes statewide. The plan honors border bridge commitments, improves structures in smaller communities such as the Singing Bridge in Frankfort, while also focusing on large bridge projects like the I-65 Central Corridor in Jefferson County, the US 42 bridge over the Kentucky River in Carroll County, and the Cairo bridge in Ballard County. The I-65 corridor in Jefferson County is also a large need within the pavement program, along with several other I-65 bridge projects. The projects within the highway plan are complemented by the statewide pavement preservation budget and the maintenance budget. Lower cost preservation treatments will be required to balance rehabilitation and replacement projects. Responsibly maintaining and preserving bridges and pavements throughout their entire life cycle improves safety and mobility for the state.



HIGH GROWTH COUNTIES/ CONSTRUCTION READY PROJECTS:

Developed by the 2024 and 2026 General Assemblies

In the 2024 Enacted Highway Plan, there were 34 projects which were part of a new initiative for High Growth Counties (HGC). Those projects received a total of \$450M in General Funds to deliver projects across the Commonwealth. In this 2026 Enacted Highway Plan, the General Assembly augmented the HGC Program to provide an additional \$230 million of state General Funds for a Construction Ready Projects (CRP) Program. The CRP program provides funding for 36 projects in all 12 highway districts, with district totals ranging from \$2.4M to \$55.6M. The program includes funding for two design phases, eight utility phases, eight right-of-way phases and 35 construction phases.

KYTC is working diligently to deliver all of these projects as identified within the 2024 and 2026 Enacted Highway Plan. When developing and delivering transportation projects, KYTC strives to deliver the best value to the taxpayer in terms of quality, cost and time. KYTC will continue to evaluate each project and utilize the best available tools to deliver projects most efficiently and cost effectively.

The goal of the 2024 program was to provide additional funding to help deliver projects in growing Kentucky communities and the 2026 program was to advance projects that were deemed “construction ready” but funding would not have otherwise been available to deliver. Through the April 2026 letting more than \$298M of HGC funding has been authorized including the construction phase of 21 projects in addition to various design, right of way and utility phases.

These projects are progressing through various stages of right-of-way acquisition, utility relocation, railroad coordination and other similar activities.



SYSTEM IMPROVEMENTS:

KYTC's Investment in Priority System Upgrades



To assist in the prioritization of highway capacity and improvement needs, KYTC developed a prioritization tool entitled the Strategic Highway Investment Formula for Tomorrow (SHIFT). The SHIFT process is a data-driven, objective, and collaborative approach to developing a geographically sensitive, data-informed highway plan. SHIFT was developed by KYTC through concerted interaction with the Cabinet's planning partners. During each highway plan cycle, KYTC continually seeks to improve SHIFT and its associated processes, always working to ensure that it employs the most current and effective technical methodologies.

An effective highway program must support all areas of system performance in a strategic way. Effective performance management requires an understanding of the interconnection between performance areas. Maximizing asset conditions at the expense of needed investments in the other performance areas would not lead to the best overall system performance. The SHIFT process is designed to address the connection between multiple performance areas. This system is a needs-based approach used to rank potential highway improvement projects by KYTC highway district for inclusion in the Highway Plan. The SHIFT formula is an objective process that uses data on safety, congestion, asset management, economic growth, and benefit-cost ratios to rank potential projects relative to others.

KYTC starts with a list of projects previously identified by state and local transportation leaders, Area Development Districts (ADDs), Metropolitan Planning Organizations (MPOs), and KYTC Districts. To move forward, projects must either be sponsored by local transportation leaders or be projects of statewide significance. KYTC districts coordinate with MPOs, ADDs, and state and local officials to ensure their priorities are considered.

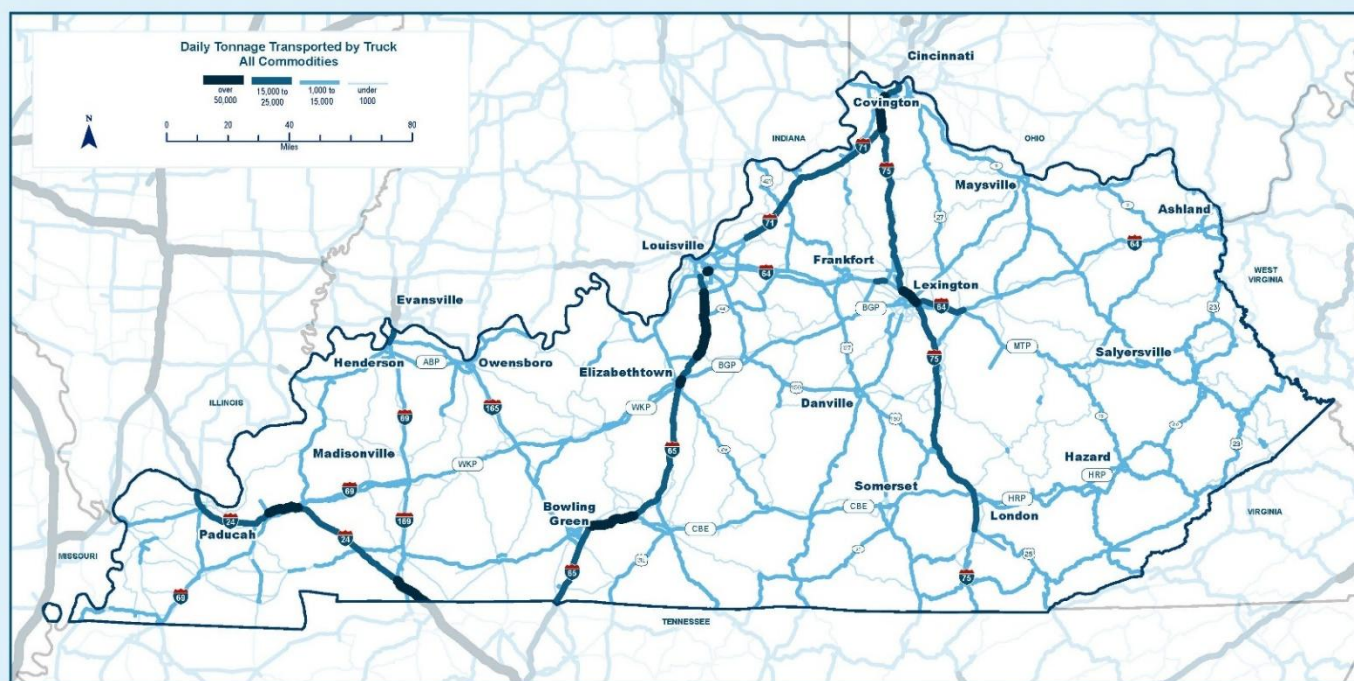
KYTC Highway Plan projects are scored by SHIFT based on seven key attributes:



SHIFT key attributes are scored based on the following: **Safety scores** are calculated using the project location crash history and current roadway characteristics. **Congestion scores** are based on vehicle hours of delay. The **economic growth score** considers increased accessibility to jobs by decreasing travel times as a result of the project. The **benefit-cost ratio** represents the calculated benefits derived from anticipated travel-time and crash reduction savings divided by the project cost. The **asset management component** considers bridge and pavement needs within the project limits addressed by the proposed project. The **resilience measure** prioritizes critical roadways to ensure the continued flow of people and goods. The **non-motorized mobility component** considers proposed project improvements that include dedicated facilities for pedestrians, bicyclists and other non-motorized modes of travel.

Inherent in the use of SHIFT techniques is the appreciation of freight traffic and the significant burden that heavy freight volumes place on Kentucky's interstate highway system. The map shown below illustrates that I-24 in Western Kentucky, I-65 between Nashville and Louisville, I-71 from Louisville to Northern Kentucky, I-75 north of London, and the I-71/I-75 Corridor in Northern Kentucky are the major freight arteries in Kentucky. The 2026 Enacted Highway Plan is emphasizing investments along these routes to ensure Kentucky roadways can adequately support regional and national freight traffic.

Estimated Average FAF Daily Tonnage Transported by Truck on National Highway System 2022



Note: Major flows include domestic and international freight moving by truck on highway segments with more than 100 FAF tons per day and between places typically more than fifty miles apart.
Source: U.S. Department of Transportation, Federal Highway Administration, Freight Analysis Framework (FAF)

The SHIFT prioritization process acknowledges current highway funding resource constraints, and offers a reliable, balanced approach to project prioritization, selection, and scheduling to use when applying state and federal highway funding across Kentucky's highway system. It is important to acknowledge, as KYTC continues to transition to institutionalized data-driven processes, that other information is necessary to consider alongside SHIFT scoring to develop a highway plan. These considerations include investments-to-date and associated impacts to communities, fulfillment of previous Highway Plan commitments, the recognition of new transportation priorities designated by Congress through the Infrastructure Investment and Jobs Act (IIJA) and succeeding legislation, and completion of significant highway and transportation corridors across Kentucky.



“ZVARIOUS” FUNDING:

KYTC’s Investment in Ongoing Program Activities

The “ZVARIOUS” section of the 2026 Enacted Highway Plan is a long-standing element of KYTC’s biennial presentation of highway needs. In the early days of the Highway Plan, technology was limited and the way that these various program commitments were listed at the end of the alphabetical county-by-county listing of projects was to add a “Z” to the “Various County” identification for these programs. Over time, the “ZVARIOUS” heading has become accepted Highway Plan nomenclature.

Found under its own tab in this booklet, the **ZVARIOUS section of this Highway Plan** addresses programmatic needs and commitments, all designed to provide essential flexibility in implementing the upcoming biennial highway program.

Each of these activities are a critical part of KYTC’s annual highway construction program. The funds represented give KYTC the flexibility to react immediately to unanticipated bridge and pavement needs, as well as be in position to utilize federal and state funding as it becomes available for the indicated actions.

- » Emergency bridge repair and replacement funding
- » Anticipated federal funding for Intelligent Transportation Systems (ITS) activities
- » Anticipated annual Transportation Alternatives Program (TAP) funding
- » Anticipated annual Congestion Mitigation and Air Quality (CM) funding
- » Emergency pavement repair and rehabilitation funding
- » Statewide federal bridge inspection funding
- » Statewide federal Railroad Protective Devices (RRP) funding
- » Statewide highway project design funding to support the state and federal highway programs
- » Statewide replacement of bridge navigational lighting for safety purposes
- » Border State commitments to major river bridge repairs
- » Statewide rockfall and landslide mitigation and repair projects
- » Statewide rest area maintenance
- » Statewide safety needs for state highway dams
- » Statewide initiatives to enhance truck parking at rest areas, welcome centers, and weigh stations
- » Statewide federal Highway Safety Improvement Program (HSIP) funding
- » Statewide federal and state funding for HSIP projects for highway safety near schools
- » Statewide funding for bridge scour mitigation activities
- » Statewide funding for the Kentucky-specific Americans with Disabilities Act (ADA) transportation plan implementation activities
- » Statewide funding for federal Carbon Reduction Program
- » Statewide funding for federal Protect Formula Program
- » Statewide funding for Electric Vehicles Charging Infrastructure Program
- » Annual federal payback commitments for GARVEE Bonds used to support previously authorized and upcoming Highway Plan projects



COUNTY PRIORITY PROJECTS PROGRAM:

KYTC's Investment in County Priority Projects

COUNTY PRIORITY PROJECTS PROGRAM/LOCAL ASSISTANCE ROAD PROGRAM (CPPP/LARP)

The County Priority Projects Program was converted to the “Local Assistance Road Program” (LARP) in House Bill 546, Section 3, (codified in KRS 176.243), as approved by the 2025 Kentucky General Assembly. The 2026 General Assembly appropriated \$70,189,400 of road funds in FY 2027 and another \$20,000,000 in FY 2028 to assist with improvements to county and city roads. The listing of LARP projects scheduled for FY 2027 was approved and itemized by the Kentucky General Assembly during the 2026 Regular Session through House Joint Resolution (HJR) 76. The projects in HJR 76 were pulled from a compendium of projects submitted by the Counties and Cities during the application cycle set out in House Bill 546.”

COUNTY/CITY BRIDGE IMPROVEMENT PROGRAM (CCBIP)

“The County/City Bridge Improvement Program” (CCBIP) was included within the State Supported Construction Program, with \$25 million in each fiscal year of the FY 2027-FY 2028 Biennium, for a combined total amount of \$50 million of state roads funds for the CCBIP. The CCBIP provides opportunities for the Counties and Cities to apply for funding to make repairs, engage in preservation activities, and/or replace County and/or City owned bridges. The number and type of projects funded through the program are listed below:

FY 2025 & FY 2026 - \$25 million authorized for each year awarded:

A. FY 2025: Phase I, II, and III:

- » 58 Bridges funded: 40 replacement projects and 18 repair/preservation projects
- » Total funding authorized in FY 2025 - \$24,988,014.00

B. FY 2026: Phase IV, V, & VI:

- » 39 Bridges funded: 31 replacement projects and repair/preservation projects
- » Total funding authorized in FY 2026 - \$20,201,692.40

TOTAL FUNDING REMAINING: \$4,810,293.60

The final application cycle of the FY 25-26 Biennium - Phase VII - closed May 1, 2026.

II. Environmental Update

Kentucky's Anti-degradation Policy Implementation Methodology contained in 401 KAR 10:030 requires that all project development activities address the protection of water resources. The regulation recognizes the Kentucky General Assembly's authority for approval of projects in the highway plan. Projects are included in the highway plan only after a measured decision that the project enhances the quality of life, vitality of the Commonwealth and promotes the public good. The provisions of the amended regulation specify that inclusion of a project in the highway plan satisfies the requirements for conducting an anti-degradation socioeconomic benefit demonstration. Inclusion of a project is an indication of the General Assembly's conclusion that the reduction in water quality that may occur as a result of the project is acceptable given the socioeconomic benefits to be derived. Citizens who may be concerned about the potential of a project to affect water quality should provide information to their legislator for consideration when evaluating projects for inclusion in the highway plan.



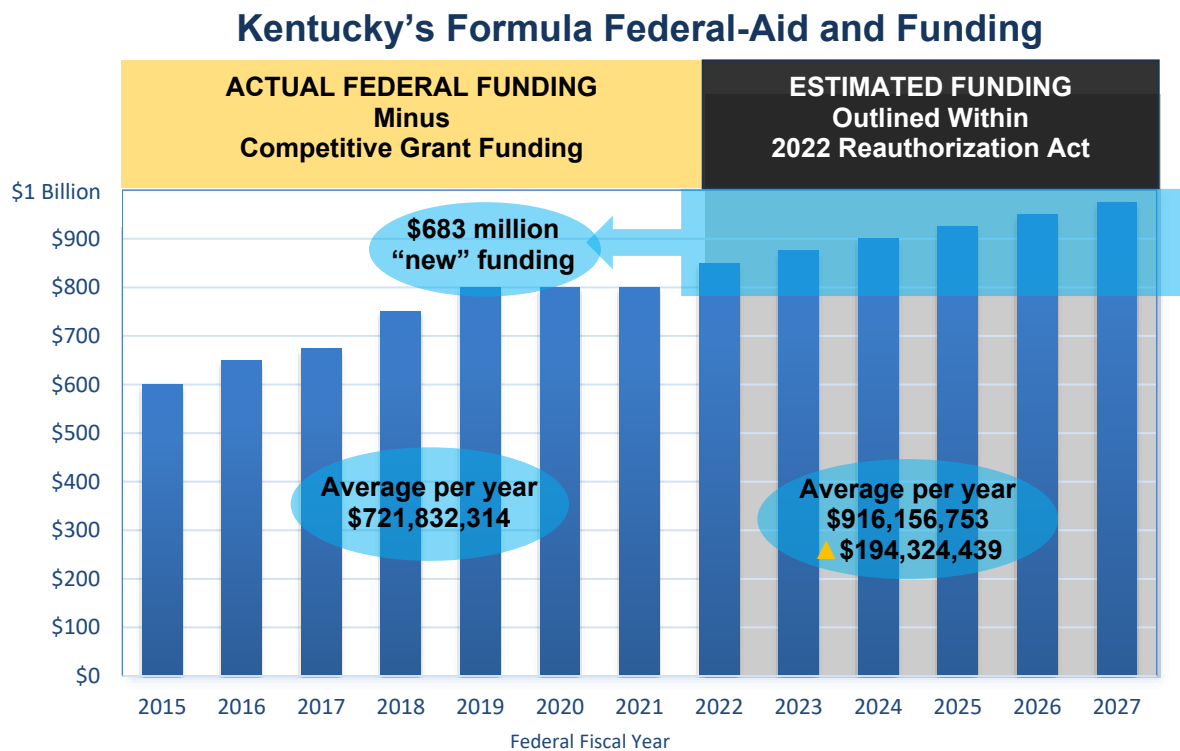
Main Street Reconstruction Project in Downtown Danville, Kentucky

III. Revenue Estimates and Assumptions



The 2026 Enacted Highway Plan is based on the most recent federal and state revenue estimates. Federal revenue estimates have been assumed to be “flat-lined” from FY 2027 through FY-2032. Federal highway programs received a much-needed boost through the Congressional passage of the Infrastructure Investment and Jobs Act (IIJA) of 2021. This federal legislation expires in 2026, and the reauthorization of federal programs is expected to be addressed appropriately by Congress. As the chart below shows, the IIJA reauthorized federal formula highway funding at amounts that

exceeded the previous authorization act by approximately \$683 million over the five-year life of the new act. These additional funds are spread throughout the formula federal-aid highway program with dollars escalating each year. The average five-year formula funding to Kentucky under the IIJA is \$916.2 million per year compared to the previous five-year “FAST Act” average formula funding level of \$721.8 million annually. While the IIJA did increase federal formula program size by \$194.4 million, or about 27%, **the Federal Highway Administration’s (FHWA’s) National Highway Construction Cost Index (NHCCI) shows that highway construction costs rose by 61% from 2020 to 2025.** The IIJA also provided a significant infusion of Federal General Fund dollars targeted toward fixing America’s deficient bridges, including about \$94 million allocated to Kentucky each year. The continuation of General Fund bridge program dollars is critical to Kentucky’s ability to keep pace with state and local bridge needs.



While the increase in formula federal-aid highway funding was certainly welcome, it should be noted that three new formula programs were also added by Congress through the IIJA. The first is a carbon reduction program (“CARB”) to provide funding to states for activities that reduce carbon dioxide emissions from on-road highway sources. The second is a Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (“PROTECT”) program to help states improve the resiliency of transportation infrastructure. The third was a formula allocation to assist each state in developing an Electric Vehicle (EV) charging network that has since been adjusted significantly.

The IIJA also provided competitive transportation grant programs to be administered by the United States Department of Transportation (USDOT). These grant programs require the states to formally apply for the funds with USDOT determining the grant winners. The following are some of the key grant programs through which KYTC has applied for project assistance:

- » The Multimodal Project Discretionary Grant (MPDG) Program which includes the National Infrastructure Project Assistance grants program (Mega*), the Nationally Significant Multimodal Freight and Highways Projects grants program (INFRA*) and the Rural Surface Transportation Grant program (Rural)
- » The Better Utilizing Investments to Leverage Development (BUILD)/formerly called RAISE Program *
- » The Bridge Investment Grant Program (BIP) *
- » The PROTECT Grant Program (supplements the formula PROTECT Program) *
- » The Wildlife Crossings Pilot Grant Program *
- » The Reconnecting Communities and Neighborhoods Grant Program *

**Denotes grant program from which Kentucky has received funding.*

While KYTC cannot predict with certainty that it will receive USDOT federal competitive grant funding, it will actively seek federal grant funding at every opportunity. Some of the larger projects for which grant funding has, or will likely, play a major role are the I-71/75 Brent Spence Bridge Corridor Project in Northern Kentucky, the I-69 Ohio River Crossing (ORX) at Henderson-Evansville, and the construction of the 4-lane Mountain Parkway Extension along a new alignment from Salyersville to Prestonsburg. Kentucky and Ohio received \$1.6 billion in BIP and Mega Grant funding for the Brent Spence Bridge project in 2022, BIP and MPDG applications have been submitted for the I-69 Ohio River Crossing, and a \$116.3 million MPDG grant was received for the Mountain Parkway Extension project.

The 2026 Recommended Highway Plan is based on using the IIJA authorized formula federal-aid funding projections for Kentucky as provided by FHWA. These authorized funding levels were used to develop the funding chart in Figure 1 and are subject to the annual federal appropriations process. Congressional appropriators could change these numbers slightly but, at the time of this writing, FHWA's formula funding calculations represent the best estimate of annual federal funding through Federal FY 2026. For the purposes of this highway plan, the Federal FY 2026 funding levels have been extended through Federal FY 2032.

In preparing the 2026 Enacted Highway Plan, both federal and state revenue sources have been considered and the projected state and federal-aid highway funds made available to KYTC for major highway projects are displayed in Figure 1. Consistent with past trends and current forecasts, this edition of the Enacted Highway Plan was developed on the basis of the most recent federal transportation authorization, the IIJA, and state revenue estimates consistent with projections made by Kentucky's Consensus Forecasting Group (CFG). The CFG is a committee of specially designated experts whose revenue forecasts are used by the Executive Branch and the General Assembly to craft the biennial state budget.

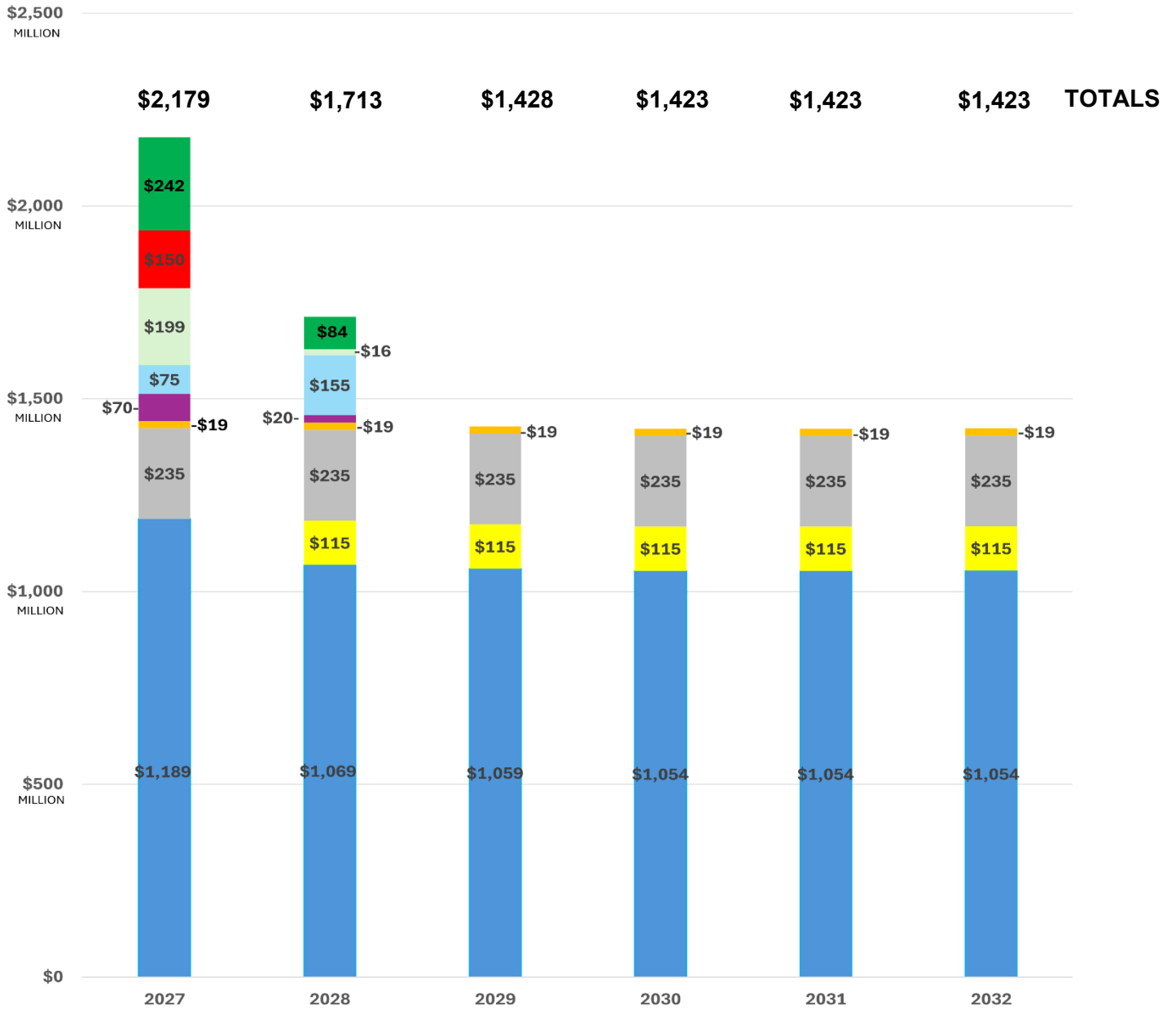
For the 2026 Enacted Highway Plan, FY 2027 through FY 2032 funding estimates total nearly \$9.5 billion, including \$6.5 billion in federal funds, \$1.4 billion in required state matching funds, \$114 million in local matching funds, \$625 million in state construction funding expected to be available for state priority "SPP" projects, \$215 million in remaining General Fund money (from the \$450 million budgeted in the 2024 2026 Budget) identified for "High Growth Counties" projects, \$230 million of General Fund money to support the new Construction Ready Program (CRP), \$150 million of conditional General Fund money for the I-69 Ohio River Crossing (ORX), and \$90 million of state road funds for HJR 92/PPP projects. Kentucky and Indiana are also planning to toll the I-69 ORX which is expected to generate another \$175 million of I-69 ORX toll revenue bond funding for each state. An additional \$125 million of state General Fund dollars has been included in the Highway Plan for the Brent Spence Bridge Corridor Project, but those dollars were not appropriated by the 2026 General Assembly in the 2026 Transportation Budget.

It is important to note that the ability of KYTC to provide the federally required, regular state matching funds and to undertake major state-funded projects is a function of available State Road Fund cash and requires the careful management of State Road Fund expenses. The Cabinet is committed to maintaining cash to a "floor" of \$100 million. The cash management process (as described in "Section II, Part B") currently yields daily cash balances for internal use and provides information for monthly meetings where estimated future cash outlays, including state matching funds for the federal-aid program, can be updated and project funding decisions can be refreshed. As KYTC has gained experience with this process, confidence has grown in both the methodology and the resulting cash flow decisions.

FIGURE 1

FEDERAL AND STATE HIGHWAY FUNDING LEVELS AVAILABLE FOR OBLIGATION FROM 2027 THROUGH 2032

(\$9.6 Billion estimated by Kentucky Transportation Cabinet)



- IF Funds for Federal Discretionary Projects and I-69 ORX Project
- State General Funds for I-69 ORX MPDG Matching Funds
- State General Funds for High Growth Counties (HGC) Projects
- State General Funds for Construction Ready Projects (CRP)
- HB501 Local Assistance Road Program (LARP)
- Local Match
- State Match
- State Priority Projects (SPP)
- Federal

A. Federal Revenue Projections

The FY 2027 - 2032 federal revenue forecasts are based on expected formula federal-aid allocations from the IIJA through FY 2026 and straight-line projections for FY 2027 - FY 2032. The use of straight-line projections for FY 2027 through FY 2032 is a FHWA approved methodology for estimating revenue in years beyond the period covered by the current federal authorization act. Expected state-by-state levels of federal-aid highway funding under the IIJA were calculated by FHWA and the resulting category-by-category formula funding amounts were provided through “apportionment tables” for each federal fiscal year.

Figure 2 shows the anticipated federal funding category target amounts used to fiscally balance the 2026 Enacted Highway Plan. The anticipated total formula federal-aid dollars and matching funds available to fund projects scheduled for FY 2027 through FY 2032 is expected to be about \$7.9 billion. While the recommended 2026-2028 budget and out-year assumptions include sufficient state highway funding to match formula federal-aid dollars through FY 2032, the opportunity to apply for IIJA competitive grant programs that have state matching fund requirements, will be limited by state funding availability. The Brent Spence Bridge Corridor project federal competitive grant award benefitted from the devotion of \$250 million in additional state monies through the General Fund in the 2022-2024 budget and the Mountain Parkway Extension project benefitted from the devotion of \$150 million in additional state General Fund commitment in the 2024-2026 budget. The Enacted 2026-2028 budget includes language to free-up the previously appropriated \$150 million from the General Fund for the I-69 Ohio River Crossing at Henderson-Evansville. Kentucky and Indiana are also planning to toll the I-69 ORX which is expected to generate another \$175 million of I-69 ORX toll revenue bond funding for each state.

Another federal program concern is the FHWA’s requirement of “fiscal constraint” for the federal-aid highway element of the highway plan. The federal portion of the Highway Plan is required by federal law (23CFR 450) to be fiscally balanced. Immediately upon completion of the state legislative process, KYTC begins preparing the update to the federally required Statewide Transportation Improvement Program (STIP). To the extent fiscally possible, the new STIP will incorporate the federal projects from the 2026 Enacted Highway Plan and will be submitted to FHWA for approval in mid-Calendar Year 2026.

Fiscal constraint for federal-aid highway funding is an important consideration for federal agencies, and the STIP is the document through which fiscal constraint is measured. Any state efforts that result in over-programming of the federal element of the highway plan cannot be accommodated by the federal rules governing the STIP process. Failure to gain FHWA approval of the STIP would result in the suspension of the annual federal-aid program and its approximate \$1.06 billion annual funding for Kentucky. As the STIP is prepared, KYTC will work to achieve federal program fiscal balance while recognizing the expectation that more projects will be accomplished than there will be dollars available to accommodate.

FIGURE 2

FUND CODE	BIPARTISAN INFRASTRUCTURE LAW FEDERAL-AID HIGHWAY TYPE OF FUNDING	PERCENT OF REQUIRED MATCHING FUNDS	FEDERAL FUNDS FY 2027	FEDERAL FUNDS FY 2028	FEDERAL FUNDS FY 2029	FEDERAL FUNDS FY 2030	FEDERAL FUNDS FY 2031	FEDERAL FUNDS FY 2032	COMBINED TOTALS FY 27 THRU FY 32
GARVEE	GARVEE BOND DEBT SERVICE	20%	\$ 32.8	\$ 30.9	\$ 30.9	\$ 30.9	\$ 30.9	\$ 30.9	\$ 187.2
APD	FEDERAL APPALACHIAN DEVELOPEMENT HIGHWAYS	20%	\$ 99.1	0	0	0	0	0	\$ 99.1
BRO2	BRO (FUNDING FOR CARIO BRIDGE)	20%	\$ 24.7	\$ 2.4	\$ 65.6	\$ 64.8	\$ 64.8	\$ 64.8	\$ 287.0
BRO	BRO (BRIDGES ON SYSTEM)	20%	\$ 83.2	\$ 88.0	\$ 55.2	\$ 59.2	\$ 59.2	\$ 64.0	\$ 408.8
BRX	BRX (BRIDGES ON/OFF SYSTEM)	20%	\$ 70.4	\$ 80.0	\$ 60.8	\$ 60.9	\$ 60.8	\$ 56.6	\$ 389.5
BRZ	BRZ (BRIDGES OFF SYSTEM)	20%	\$ 15.4	\$ 15.6	\$ 15.3	\$ 15.4	\$ 15.2	\$ 14.9	\$ 91.8
FBP	FEDERAL BRIDGE PROGRAM	20%	\$ 80.0	\$ 80.0	\$ 80.0	\$ 80.0	\$ 80.0	\$ 80.0	\$ 480.0
FBP2	FEDERAL BRIDGE PROGRAM (15% OFF SYSTEM BRIDGES)	20%	\$ 10.5	\$ 15.2	\$ 15.2	\$ 12.4	\$ 12.5	\$ 13.6	\$ 79.4
CM	CONGESTION MITIGATION/AIR QUALITY (20% Local Match Required)	20%	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 8.1	\$ 48.6
IF	INNOVATIVE FINANCING	20%	\$ 242.0	\$ 84.0	0	0	0	0	\$ 326.0
KYD	FEDERAL DEMONSTRATION FUNDS ALLOCATED TO KENTUCKY	20%	\$ 21.8	0	0	0	0	0	\$ 21.8
NH	FEDERAL NATIONAL HIGHWAY SYSTEM FUNDS	20%	\$ 299.6	\$ 322.8	\$ 292.4	\$ 290.8	\$ 286.8	\$ 309.2	\$ 1,801.4
NHPM	FEDERAL NATIONAL HIGHWAY SYSTEM FUNDS FOR PAVEMENTS	20%	\$ 146.2	\$ 160.9	\$ 130.4	\$ 129.7	\$ 129.6	\$ 124.8	\$ 821.6
PROT	PROTECT FORMULA PROGRAM	20%	\$ 26.5	\$ 5.7	\$ 26.5	\$ 22.5	\$ 26.5	\$ 4.0	\$ 111.7
CARB	CARBON REDUCTION PROGRAM	20%	\$ 11.7	\$ 11.7	\$ 11.7	\$ 11.7	\$ 11.7	\$ 11.7	\$ 69.9
RRS/RRP	SAFETY-RAILROAD SEPARATION/PROTECTION	10%	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 3.4	\$ 20.3
SAF	FEDERAL HIGHWAY SAFETY IMPROVEMENT PROGRAM (HSIP)	10%	\$ 56.9	\$ 56.9	\$ 56.9	\$ 56.9	\$ 56.9	\$ 56.9	\$ 341.4
SAH	FEDERAL STP FUNDS DEDICATED TO HUNTINGTON/ASHLAND (20% Local Match Required)	20%	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.4	\$ 8.6
SLO	FEDERAL STP FUNDS DEDICATED TO LOUISVILLE (20% Local Match Required)	20%	\$ 21.4	\$ 21.4	\$ 21.4	\$ 21.4	\$ 21.4	\$ 21.4	\$ 128.6
SLX	FEDERAL STP FUNDS DEDICATED TO LEXINGTON (20% Local Match Required)	20%	\$ 6.2	\$ 6.2	\$ 6.2	\$ 6.2	\$ 6.2	\$ 6.2	\$ 37.4
SNK	FEDERAL STP FUNDS DEDICATED TO NORTHERN KENTUCKY (20% Local Match Required)	20%	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 6.9	\$ 41.3
STP1	STP (5-200K Pop)	20%	\$ 22.1	\$ 22.1	\$ 22.1	\$ 22.1	\$ 22.1	\$ 22.1	\$ 132.6
STP2	STP (<5K Pop)	20%	\$ 37.8	\$ 37.8	\$ 37.8	\$ 37.8	\$ 37.8	\$ 37.8	\$ 226.8
STP3 FOR PAVEMENTS	STP (5-200K Pop) for Pavements	20%	\$ 6.8	\$ 4.8	\$ 6.2	\$ 9.6	\$ 7.6	0	\$ 35.0
STP4 FOR PAVEMENTS	STP (<5K Pop) for Pavements	20%	\$ 6.1	\$ 3.8	\$ 8.2	\$ 13.0	\$ 11.2	\$ 6.0	\$ 48.4
STP5 FOR PAVEMENTS	STP Flex Funding for Pavements	20%	\$ 11.3	\$ 4.8	\$ 18.6	\$ 10.6	\$ 14.6	\$ 31.6	\$ 91.5
STPF	STP Flex Funding	20%	\$ 68.3	\$ 68.3	\$ 68.3	\$ 68.3	\$ 68.3	\$ 68.3	\$ 409.8
TAP	FEDERAL TRANSPORTATION ALTERNATIVES PROGRAM (20% Local Match Required)	20%	\$ 9.8	\$ 9.8	\$ 9.8	\$ 9.8	\$ 9.8	\$ 9.8	\$ 59.0
COMBINED TOTALS			\$ 1,430.5	\$ 1,152.9	\$ 1,059.4	\$ 1,053.7	\$ 1,053.7	\$ 1,054.4	\$ 6,804.6

NOTES:

NOTE 1: Years FY-31 and FY-32 were straight-lined from FY-30. "SPP" Funding is estimated by KYTC Budget staff.

NOTE 2: BIL and IF Funding will be determined/accounted for as the 2026 Recommended Highway Plan evolves.

NOTE 3: The above amounts for "Pavements" do not include \$150M/year in FD05 for FYs 26-32.

This planned FD05 investment provides an additional \$900 Million of Asset Management funding over the next 6 years.

NOTE 4: Current GARVEE Debt Service will be funded from "NH". New GARVEEs will be added for BSB in 2028 at \$150M, and for the ORX in 2029 at \$150M (annual debt service amounts entered above).

NOTE 5: Funding for the "BRO (Bridges on System) Cairo Bridge" category was redirected from the NHPM fund source in each year as indicated.

B. State Project Funding Projections

A forecast of \$1.99 billion in state road fund cash is expected to be available to support new state-funded highway plan project obligations between FY 2027 and FY 2032. This amount is based on the projected state road fund revenue minus the non-federal state funded fixed budgetary costs and remaining expenditures of currently authorized projects not yet completed. The projected available state road fund cash is based upon a number of assumptions about project cost payouts, revenues accruing to the Road Fund, non-Six-Year Plan costs, state bond debt service payments, unexpected cost increases, and project change orders. Actual decisions about when to obligate state project dollars and how much state project work can be afforded at any point will be made by the Secretary of Transportation and based on monthly cash management evaluations received from KYTC’s Authorization Review Team (ART).

The ART consists of the Cabinet’s Secretary, Deputy Secretary, the State Highway Engineer and deputies, and the KYTC Budget Director. These individuals work closely together to monitor the state funding cash balance, meeting monthly to carefully evaluate actual expenditures for the prior month and planned expenditures for upcoming months relative to future fiscal capacity calculated from ongoing project and program cost projections. Every planned, state-funded project funding decision undergoes a rigorous two-part assessment in which the following questions are asked: (1) Is the project ready to move forward from the project development standpoint? (2) Can KYTC afford to move the project forward considering the cash flow implications of doing so? Only a satisfactory response to both questions will permit a project to move forward in the funding process.

The ART provides approval for authorization of state and federal funding for preconstruction phases of projects, for awards of construction phases, system preservation activities, and other highway program activities. The ART takes the necessary steps to assess all planned program outlays and manage cash flow.

In summary, KYTC’s current projection of state road fund revenues available for state project obligations for the Highway Plan’s SPP projects and the **critically essential** state matching funds for the federal-aid highway funding program **(the state match enables us to participate in the federal program)** are as follows:

State Road Fund Availability FY 2027 through FY 2032

FISCAL YEAR	State Matching Requirement	SPP Project Dollars
FY-2027	\$235 million	\$0*
FY-2028	\$235 million	\$115 million
FY-2029	\$235 million	\$115 million
FY-2030	\$235 million	\$115 million
FY-2031	\$235 million	\$115 million
FY-2032	\$235 million	\$115 million
Total	\$1.410 Billion	\$575 Million

*The \$50M originally estimated to be available for SPP projects in FY 2027 has been redirected by the General Assembly to LARP.

As Column 3 (SPP Project Dollars) of the previous table demonstrates, KYTC anticipates very limited road fund capacity to pursue SPP projects from the 2026 Enacted Highway Plan. Both the 2026 Recommended Highway Plan and the 2026 Enacted Highway Plan recognized previously enacted highway plan projects and contained considerably more SPP projects than we expected to have dollars available to implement. The following table shows the extent to which both documents contained more SPP projects than dollars expected:

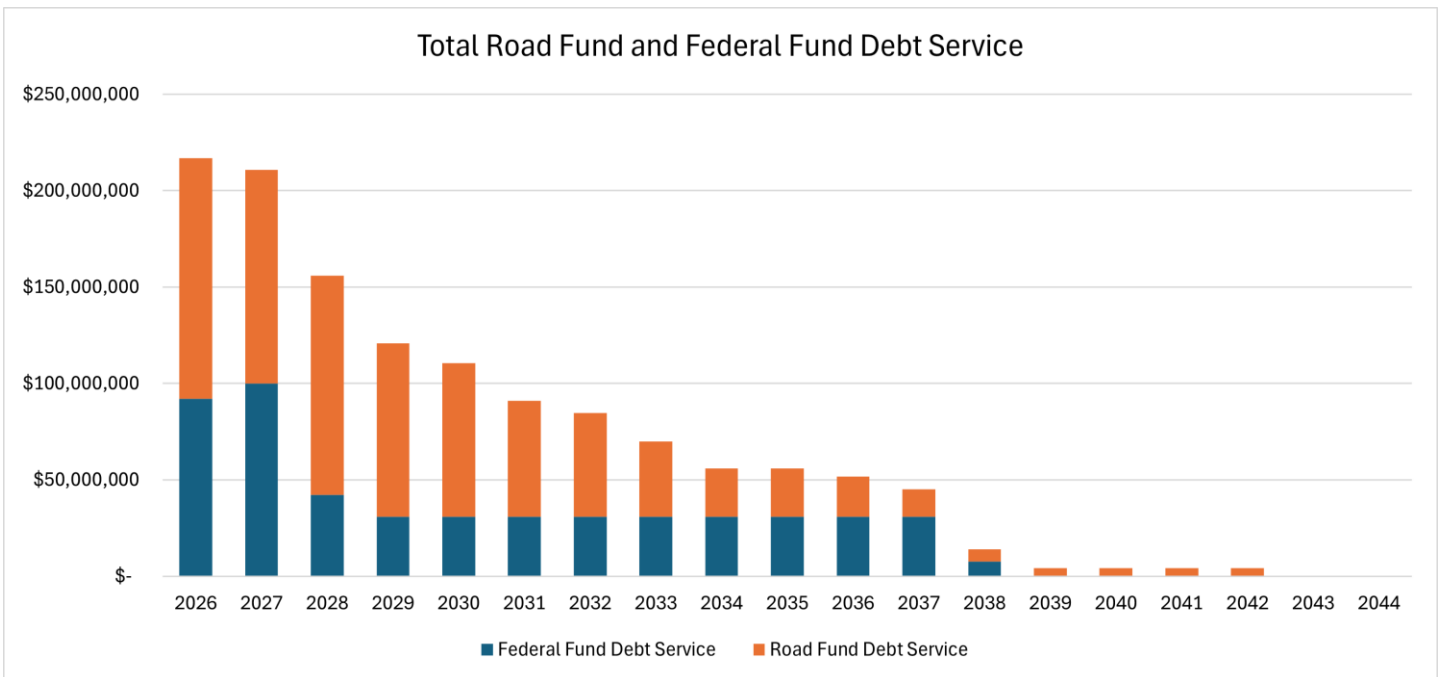
2026 Biennial Highway Plan Total Dollar Amounts for “SPP” Funding			
State Funding Category	2026 Recommended Highway Plan Amount	2026 Enacted Highway Plan Amount	2027-2028 Biennial Dollars Forecasted by KYTC to be Available for SPP Authorization
SPP	\$2.657 Billion	\$455 Million*	\$165 Million

*Difference funded through CRP, moved to federal funding, or slipped into the “out years” of the Enacted Highway Plan

In developing the 2026 Recommended Plan, KYTC elected to carry forward all SPP project activity that was not authorized in the current biennium, recognizing that cost increases have rendered the SPP element of the highway plan even more substantially “over-subscribed”. The 2026 General Assembly removed or postponed \$2.2 billion of SPP projects from the Biennial Highway Plan, reducing the amount of over-programming to \$290 Million. This action reduces the competition for available SPP funding but stops short of fully funding all projects.

Debt Service projections for the upcoming biennium and beyond are shown in Figure 3. This chart illustrates that the current federal and state road fund debt service totals approximately \$1.3 billion over the life of the bonds (2026 through 2042). As the note beneath the chart says, this debt profile includes the \$300 million of GARVEE Bonds authorized but not yet sold.

FIGURE 3



*Includes estimated Federal Fund and Road Fund debt service for \$300 million in authorized but unissued debt for GARVEE bonds and Road Fund debt service for \$12.5 million in authorized but unissued debt for the KDLIS driver licensing program.

A. “SPP” Advisory

It is important to recognize that this enacted highway plan is carrying forward many state-funded projects that were identified in past legislatively enacted highway plans, but funding was not available to advance them. Most of those projects are identified by the “SPP” fund code, a funding category with significant competition for very limited funding. As shown in the “State Road Fund Availability” chart above, the 2026 Enacted Highway Plan assumes there will be \$625 million of SPP funding available from FY 2027 through FY 2032. The amount of SPP projects being carried in this highway plan exceeds \$11.6 billion for that same timeframe.

KYTC’s projection of state road fund revenues available for SPP authorizations in the FY 2027 – FY 2028 biennium is \$165M. The availability of SPP funding in the FY 2027-FY 2028 Biennium will be reduced by 2026 legislative action to fund LARP at a level that is \$50 million greater than previous years. That additional \$50 million will be funded from the Road Fund’s state construction account. In addition, the FY 2027 Enacted Transportation Cabinet Budget funded Highway Maintenance at \$459.0 Million, an amount that was \$34.7 million less than the Governor’s Transportation Budget request of \$493.7 million. For FY 2028, the Enacted Budget funded Highway Maintenance at \$474.0 million which was \$40.6 million less than the Governor’s request of \$514.6 million. Any budget transfers that are required to cover highway maintenance costs will also be funded from the state construction account. **All such additional funding requirements will further exacerbate the shortfall of SPP funding and directly impact the amount of state construction funding available for SPP projects.**

There are considerably more projects contained in the Enacted Highway Plan than current funding projections will support. Therefore, the delivery of all highway plan projects is not possible.

IV. Kentucky Mega Projects

Brent Spence Bridge Project

KYTC has worked alongside the Ohio Department of Transportation (ODOT) for many years to pursue funding for a project to provide relief from the traffic congestion that has been a major chokepoint for freight movement in the I-71/75 Corridor that crosses the Ohio River. With the passage of the IIJA, the states were elated to see that Congress determined the Brent Spence Bridge freight chokepoint as a major infrastructure problem that the nation must solve. In 2022, KYTC and ODOT were provided \$1.6 billion in federal grant funding under the IIJA to offset a large portion of the project's cost.

The project will provide a companion bridge for the Brent Spence Bridge and rework the bridge approaches on both sides of the river to achieve the freight capacity so desperately needed at this location. Kentucky's share of the recently awarded \$4 billion Brent Spence Bridge Project construction contract is \$1.7 billion, an amount that will be covered by federal grant funding, regular matched federal NH funds, state matching funds, and GARVEE bonds.

Construction of this massive project is expected to begin in early 2026 when the construction of the new companion structure gets underway.



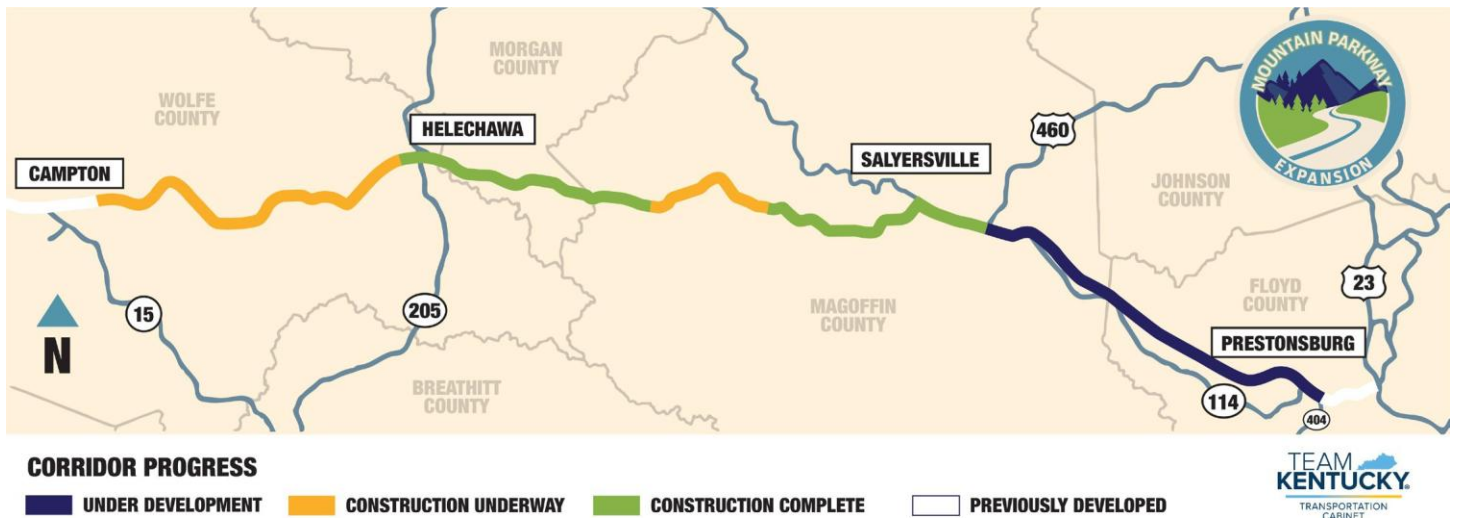


I-69 Ohio River Crossing Project

KYTC is working closely with Indiana to fund the remainder of the new I-69 bridge and approaches at the Ohio River between Henderson and Evansville. Each state is currently engaged in building approach work on its respective side of the Ohio River with KYTC having recently completed “Section 1” from the Henderson Bypass to US 60, and the Indiana Department of Transportation (INDOT) having under construction “Section 3” of the project which ties into existing I-69 at Evansville. It is anticipated that the Ohio River crossing (“Section 2”) will be ready to move to construction during the Year 2027. The 2024 General Assembly under Senate Bill 91, Section 55, appropriated General Funds from the Budget Reserve Trust Fund Account (KRS 48.705) in the amount of \$150 million in Biennial Highway Construction Plan funding for the I-69 ORX project contingent upon award of a federal Multimodal Project Discretionary Grant for the project. The Enacted 2026-2028 Transportation Budget language amended the original legislation to make the \$150 million in General Funds contingent on funding from either a federal grant or a federal loan program. Kentucky and Indiana are planning to toll the I-69 ORX which is expected to generate another \$175 million of I-69 ORX toll revenue bond funding for each state.

Kentucky’s share of the funding necessary to develop the river crossing, “Section 2”, component of the project is \$520 million. The 2026 Enacted Highway Plan uses matched federal NH Funds, toll revenue financing, and a combination of federal grant funding, state General Fund monies, and GARVEE Bonds alongside Indiana’s cost share to complete the I-69 Ohio River crossing. Inflation, financing costs, and interest could increase these costs, but the states are committed to seeing the project through to completion. When the Ohio River crossing is complete, I-69 will be complete from the Tennessee Border all the way to Indianapolis.





Mountain Parkway Expansion

KYTC initiated work to 4-lane the Mountain Parkway from Campton through Salyersville (orange and green sections on the above map) in 2014. The final segments of that section of the parkway are currently under construction. Focus has now shifted to extending the Mountain Parkway as a modern 4-lane facility eastward to Prestonsburg. The extension from Salyersville to Prestonsburg (see the blue line above) would complete the vision of a 4-lane highway connection from I-64 at Winchester to the US 23 Corridor at Prestonsburg. The 2022 and 2024 Enacted Highway Plans provided funding for the Mountain Parkway Extension project, and a design-build team is currently delivering the project. The project is to be located on new alignment north of the existing route, KY 114.



Part of the Mountain Parkway Expansion

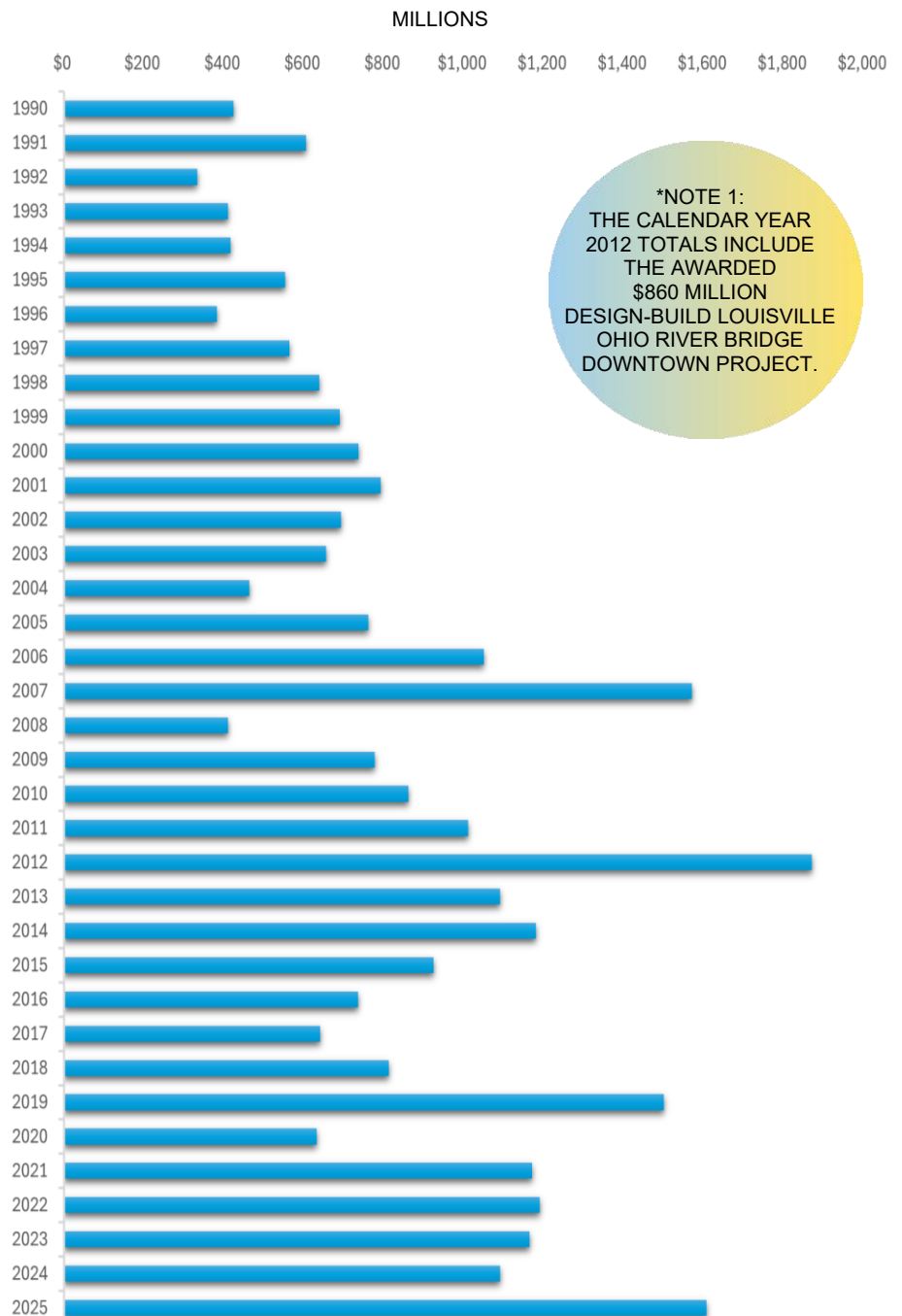
V. Historic Construction Awards

Over the past 35 years, KYTC’s ability to deliver needed construction projects for the citizens of Kentucky has ebbed and flowed in accordance with available state and federal funding dedicated to that purpose. As the chart below indicates, recent years have seen the calendar-year construction awards vary from year-to-year with the highest years representing funding for major projects, most notably the Louisville and Southern Indiana Ohio River Bridges project in 2012. KYTC works to deliver a consistent annual program of lettings, thereby ensuring its appropriate contribution to Kentucky’s economy.

HISTORIC CONSTRUCTION AWARDS CHART December 2025

FIGURE 4

Calendar YEAR	AWARDS (MILLIONS)	Number of CONTRACTS
1990	\$424	991
1991	\$605	1083
1992	\$333	978
1993	\$410	906
1994	\$417	922
1995	\$553	883
1996	\$382	752
1997	\$564	736
1998	\$638	757
1999	\$689	715
2000	\$736	707
2001	\$792	768
2002	\$693	693
2003	\$655	707
2004	\$463	537
2005	\$761	783
2006	\$1,050	520
2007	\$1,570	695
2008	\$410	509
2009	\$777	600
2010	\$861	690
2011	\$1,010	642
2012	\$1,870	778
2013	\$1,090	813
2014	\$1,180	726
2015	\$924	718
2016	\$735	580
2017	\$640	589
2018	\$812	696
2019	\$1,500	844
2020	\$632	349
2021	\$1,170	723
2022	\$1,190	674
2023	\$1,164	652
2024	\$1,090	539
2025	\$1,606	595



VI. Program Continuity

The 2026 Enacted Highway Plan represents a major step toward achieving Kentucky’s transportation vision, mission, and goals. As we look ahead to both Congressional and state legislative expectations for our highway program, KYTC must protect past investments in the existing highway system by at least maintaining the total funding made available for roadway pavements and bridges. Using performance and data-driven pavement and bridge prioritization processes, \$3.4 billion of state and federal-aid funding is allocated in this plan for FYs 2027 through 2032 toward preserving Kentucky’s existing road and bridge infrastructure. This amount represents about 40% of the total funding expected to be available through FY 2032, an amount consistent with the 2024 Enacted Highway Plan.

The remainder of the funds allocated for use in this highway plan upgrade the existing highway system by enhancing roadway safety for all users, relieving traffic congestion, improving existing routes for freight accommodation, or completing roadway connections that will bring economic opportunity to the Commonwealth. In addition to the regular state and federal funding made available through the federal government’s enactment of the IIJA and the state legislature’s enactment of the previous highway plan, the IIJA created many new sources of competitive federal grant funding that Kentucky has demonstrated it is prepared to pursue. The 2026 Enacted Highway Plan references pursuing those grant programs for significant funding for the construction of the I-69 Ohio River Crossing (ORX) project and other specific locations across Kentucky including the I-65 Central Corridor, a major bridge bundling project on I-65 in Downtown Louisville. There are many other projects across Kentucky that state and local governments are coordinating efforts to pursue federal grant funding in the months ahead.

To quote Kentucky’s Transportation Strategic Plan, “A good plan is like a road map - the journey is the safest when the road map is the clearest.” The 2026 Enacted Highway Plan presents a clear path forward that provides both essential highway system investments and enhanced future opportunities for the economy and quality of life for Kentucky’s citizens.

