

# Federal-aid 101 and Federally Funded Project Authorization Fundamentals

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Purdue Road School, 2015



FEDERAL HIGHWAY  
ADMINISTRATION





# Objectives for Today's Presentation

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Provide an Overview of:

- The Federal-aid Program;
- How to receive federal-aid funds for LPA projects;
- Federally funded project authorization fundamentals.



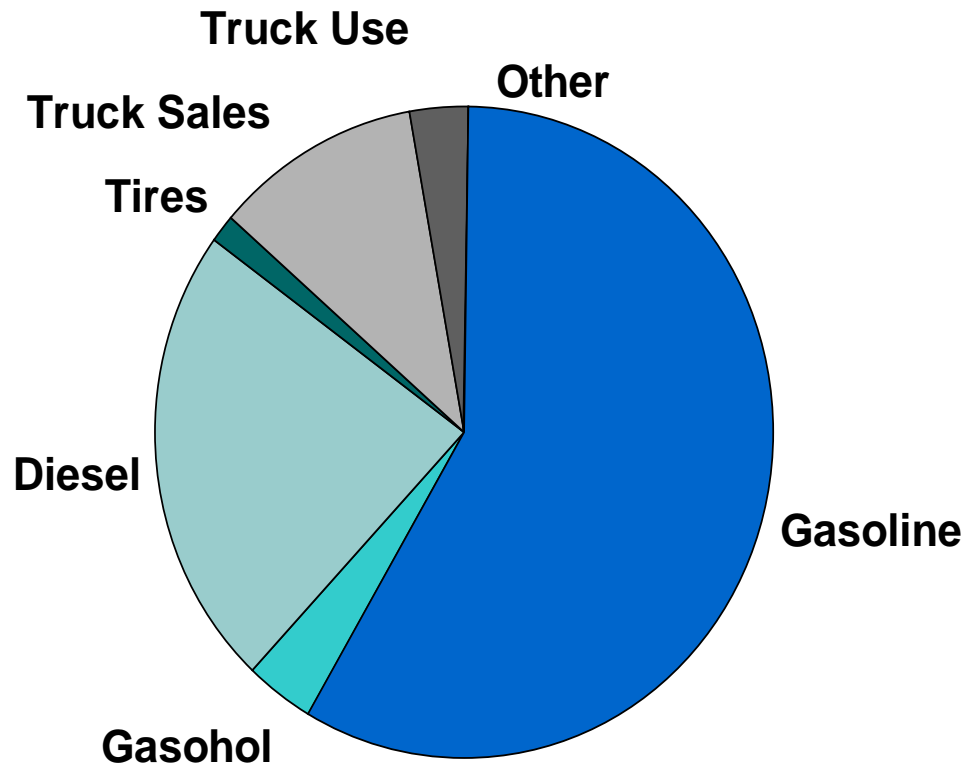
# Federal-aid Program

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- Established in 1956 at the start of the Interstate era;
- Generally funded every 4-6 years by new legislation;
- Moving Ahead for Progress in the 21<sup>st</sup> Century (MAP-21)...a two year bill.
- Highway Trust Fund (HTF) is its foundation;

# Highway Trust Fund Income

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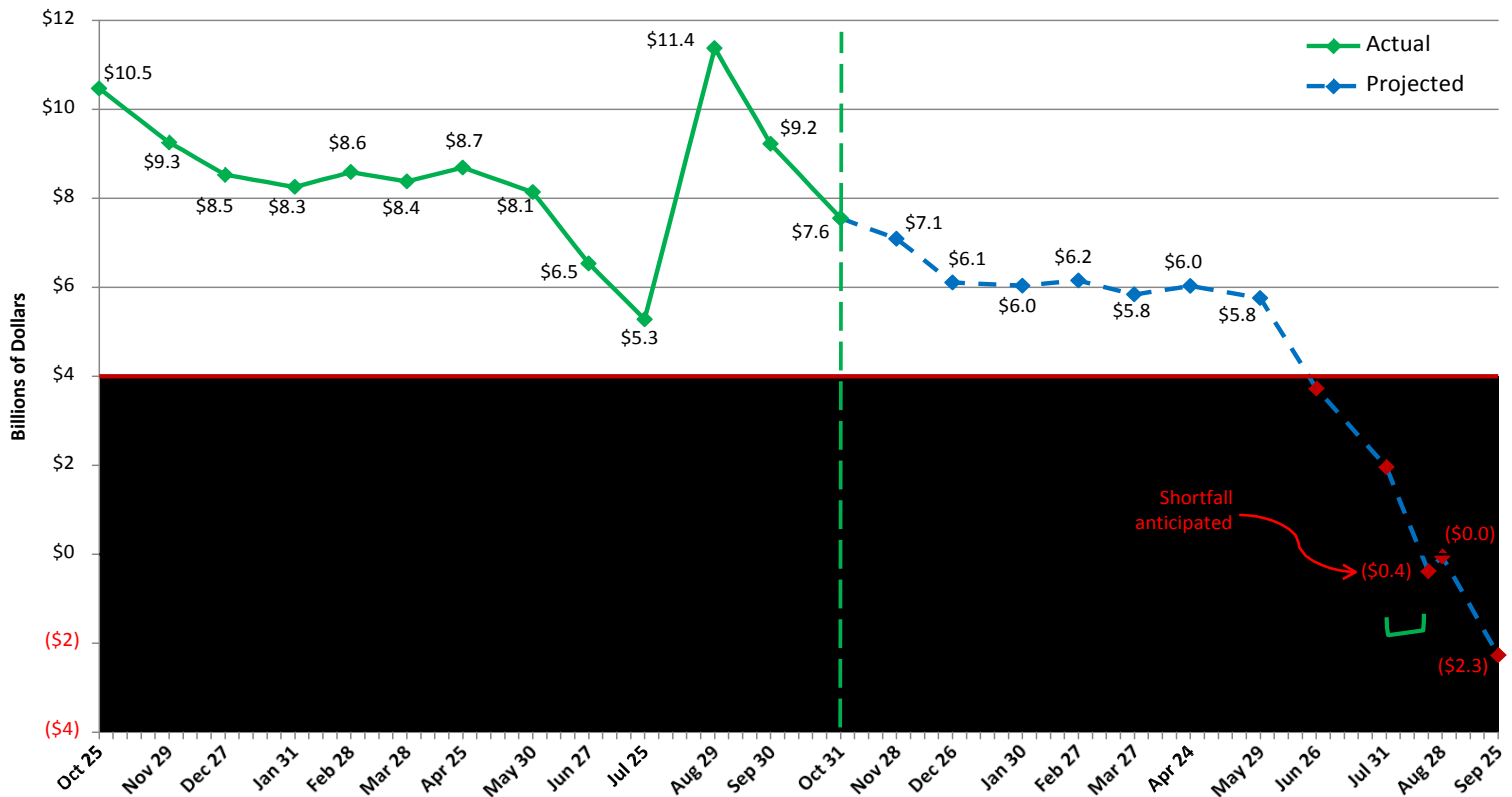


# Highway Trust Fund Balance

## As of 10/31/14

FY 2014 & FY 2015 Projected Estimates for End-of-Month Cash Balances (as of 10/31/14) <sup>1/ 2/ 3/ 4/</sup>

Highway Account of the Highway Trust Fund (Includes FHWA, FMCSA & NHTSA)



# Federal Tax on Gasoline and Gasohol/Ethanol

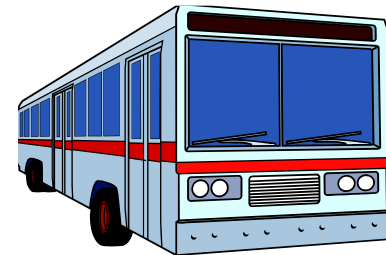
Tax of  
18.4 Cents  
Per Gallon

Set Aside 0.1 Cent  
for Leaky  
Underground Storage  
Tank Fund



15.44 Cents  
Highway Trust  
Fund Account

2.86 Cents  
Mass Transit  
Account





# Federal Tax on Diesel Fuel

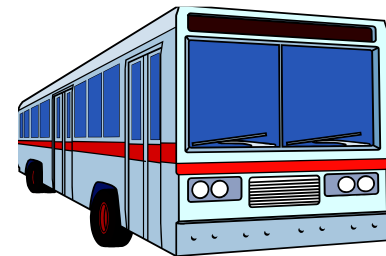
Tax of  
24.4 Cents  
Per Gallon

Set Aside 0.1 Cent  
for Leaky  
Underground Storage  
Tank Fund



21.44 Cents  
Highway Trust  
Fund Account

2.86 Cents  
Mass Transit  
Account





# Apportionments

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- “The distribution of funds as prescribed by statutory formula”.
- Often referred to as “Formula Funds”.
- Program specific as per formula.
- Lane miles, population, fuel usage, etc.
- Apportionment does not equal spending authority!





# Obligation Authority (OA)

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- OA = Spending Authority
- A restriction or “ceiling” on the amount of Federal funds that may be obligated during a specified period.
- Amount and period are determined annually by Congress.
- Not program specific – applies to total program.
- OA ~ 90%-92% of apportionment.

# Indiana Federal Funds

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- Indiana's apportionment = ~\$919.7M for FFY 2014.
- Obligation authority = \$834.9M or 90.8% of apportionment.
- What happens to the \$84.8M difference?
- Unused contract authority.
  - Generally rescinded by Congress

**U.S. DEPARTMENT OF TRANSPORTATION**

**FEDERAL HIGHWAY ADMINISTRATION**

**FY 2014 FEDERAL-AID HIGHWAY PROGRAM APPORTIONMENTS UNDER  
THE MOVING AHEAD FOR PROGRESS IN THE 21ST CENTURY ACT (MAP-21)  
(before post-apportionment set-asides; before penalties)**

<b>State</b>	<b>National Highway Performance Program</b>	<b>Surface Transportation Program</b>	<b>Highway Safety Improvement Program</b>	<b>Railway-Highway Crossings Program</b>	<b>Congestion Mitigation &amp; Air Quality Improvement</b>	<b>Metropolitan Planning</b>	<b>Apportioned Total</b>
Alabama	457,293,242	210,340,534	45,720,399	4,531,606	11,397,192	2,980,070	732,263,043
Alaska	289,366,285	133,099,405	30,698,493	1,100,000	27,493,201	2,197,655	483,955,039
Arizona	413,210,414	190,063,817	42,731,428	2,676,310	51,828,599	5,671,495	706,182,063
Arkansas	309,420,570	142,323,747	30,241,707	3,760,553	12,302,362	1,665,227	499,714,166
California	1,930,325,220	887,888,994	196,843,319	15,280,331	463,637,790	48,492,758	3,542,468,412
Colorado	298,581,383	137,338,062	29,641,660	3,169,481	42,256,393	5,126,010	516,112,989
Connecticut	277,794,410	127,776,706	29,221,153	1,305,705	44,199,692	4,473,039	484,770,705
Delaware	95,480,033	43,917,817	9,392,311	1,100,000	11,650,737	1,727,063	163,267,961
Dist. of Col.	90,575,156	41,661,728	8,853,314	1,100,000	10,092,264	1,720,246	154,002,708
Florida	1,143,438,426	525,945,775	117,188,758	8,463,816	13,584,723	20,067,504	1,828,689,002
Georgia	745,815,085	343,051,523	74,082,553	7,875,149	67,884,140	7,530,322	1,246,238,772
Hawaii	96,314,552	44,301,670	9,484,017	1,100,000	10,348,924	1,695,029	163,244,192
Idaho	166,696,757	76,675,274	16,541,631	1,776,694	12,801,698	1,569,240	276,061,294
Illinois	793,512,627	364,990,894	76,854,409	10,344,781	109,990,798	16,537,875	1,372,231,384
Indiana	552,613,379	254,184,804	53,354,561	7,372,184	47,071,049	5,072,949	919,668,926
Iowa	293,745,166	135,113,554	27,054,665	5,225,024	11,284,553	1,922,488	474,345,450
Kansas	225,079,062	103,529,302	18,847,102	5,886,861	9,507,296	1,887,866	364,737,489
Kentucky	398,221,019	183,169,166	40,107,694	3,652,857	13,686,440	2,455,282	641,292,458
Louisiana	421,573,308	193,910,485	42,305,455	4,021,282	11,435,577	4,166,907	677,413,014
Maine	105,801,083	48,665,176	10,400,865	1,225,628	10,287,373	1,785,435	178,165,560
Maryland	331,011,585	152,254,936	34,083,995	2,290,904	53,644,841	6,721,039	580,007,300
Massachusetts	327,493,739	150,636,838	33,563,437	2,424,886	63,360,507	8,712,358	586,191,765
Michigan	593,833,751	273,144,880	57,856,114	7,400,342	73,935,815	10,036,726	1,016,207,628
Minnesota	377,579,058	173,674,512	35,536,982	5,955,222	32,195,500	4,431,598	629,372,872

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U. S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION

OBLIGATION LIMITATION DISTRIBUTION  
FOR FISCAL YEAR 2014 UNDER THE DEPARTMENT  
OF TRANSPORTATION APPROPRIATIONS ACT, 2014

STATE	Formula Obligation Limitation
ALABAMA	666,523,393
ALASKA	431,280,533
ARIZONA	658,807,679
ARKANSAS	444,300,322
CALIFORNIA	3,241,833,216
COLORADO	481,581,822
CONNECTICUT	441,285,833
DELAWARE	149,010,187
DISTRICT OF COLUMBIA	143,658,866
FLORIDA	1,704,023,915
GEORGIA	1,162,185,252
HAWAII	145,600,898
IDAHO	251,629,382
ILLINOIS	1,280,430,045
INDIANA	834,931,075
IOWA	442,085,658
KANSAS	339,953,410
KENTUCKY	597,649,211
LOUISIANA	602,089,506

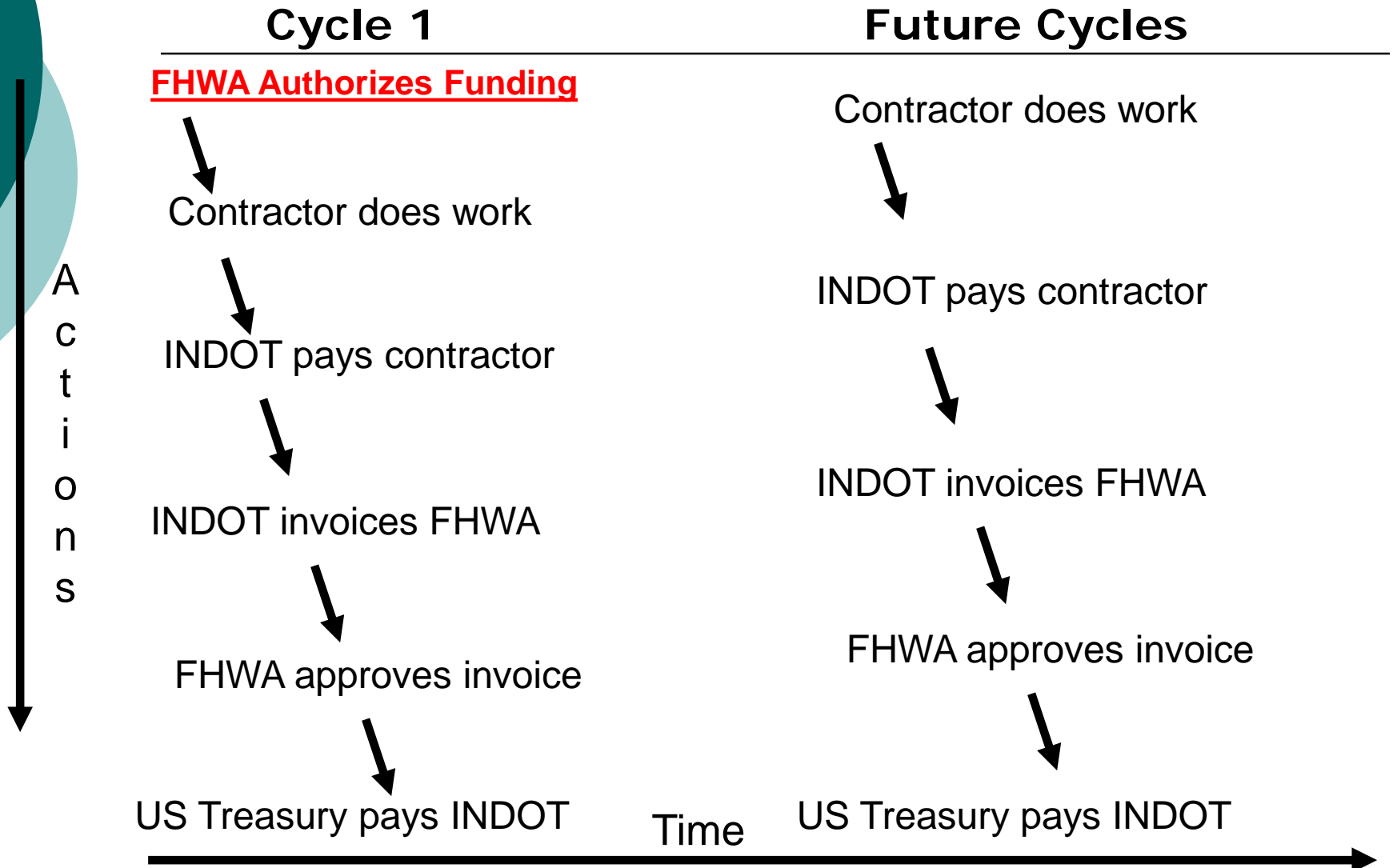


# Federal Participation Share

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- “Standard” Federal Share:
  - Up to 90% on the Interstate
  - Up to 80% on all other projects
- Can be adjustments under certain programs:
  - Safety – Up to 100%
    - But no more than 10% of apportionments
  - Freight – Up to 95% - under certain conditions. (Interstate 95%, Others 90%)
- Congress can change rules midstream

# Reimbursement Process – Local or State CN

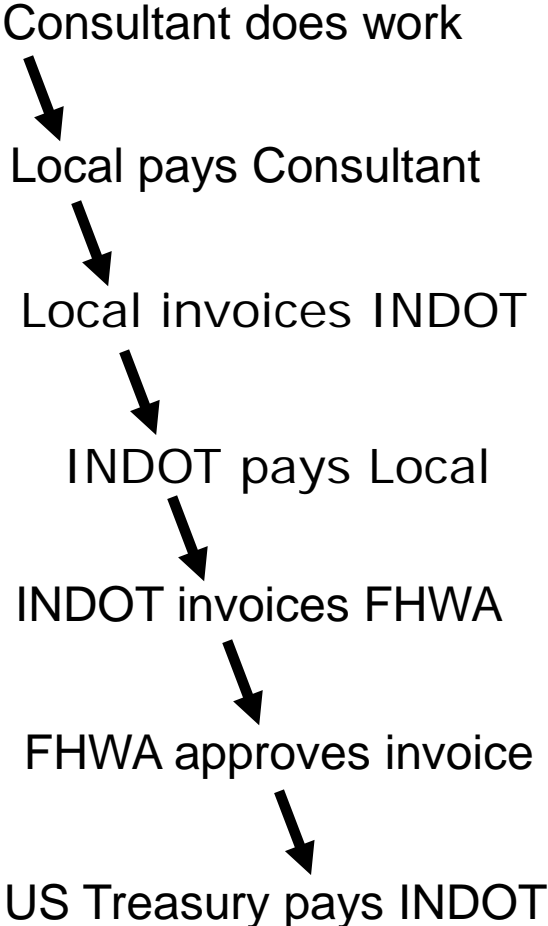
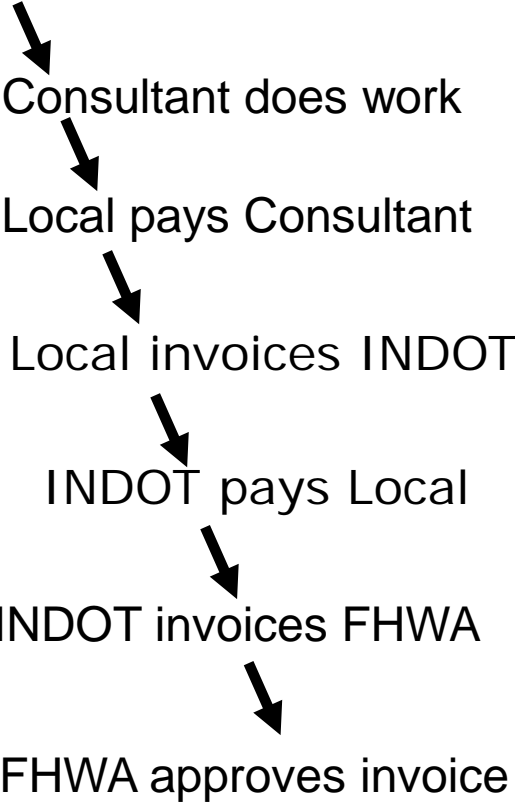


# Reimbursement Process - Local PE, R/W & CE by Consultant

## Cycle 1

## Future Cycles

**FHWA Authorizes Funding**



A  
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Time

US Treasury pays INDOT

US Treasury pays INDOT

# To receive Federal-aid Funding Reimbursement

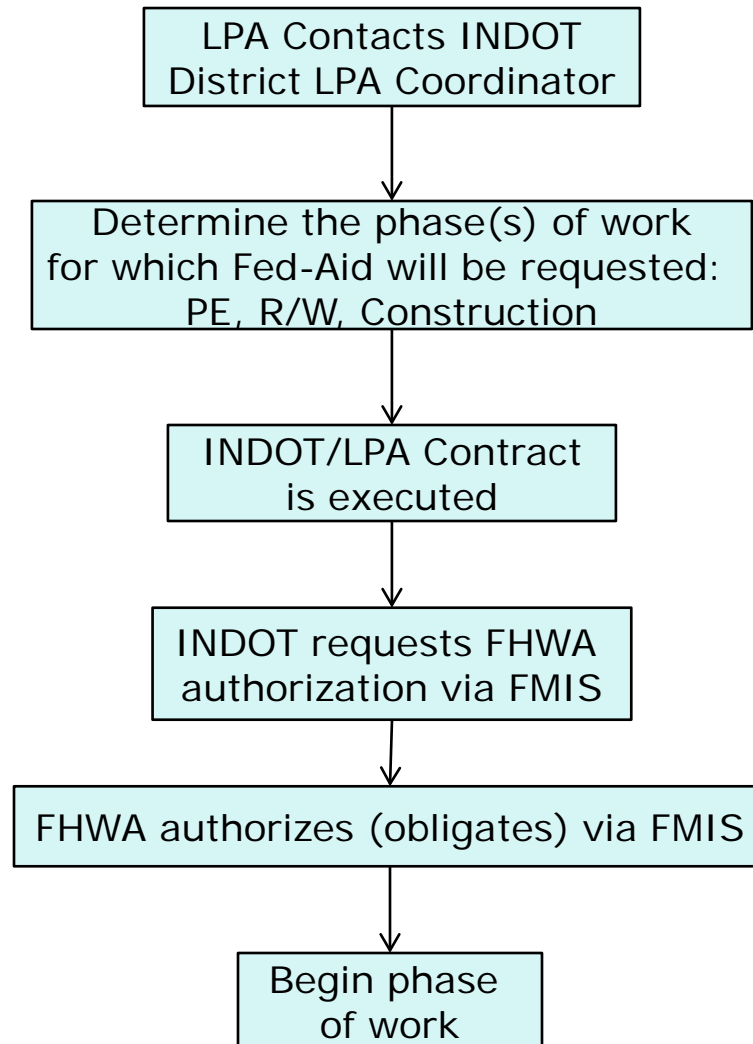
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- Federal planning, environmental, and design standards must be followed:
  - Must be in MPO Transportation Improvement Plan (TIP) and/or Statewide Transportation Improvement Plan (STIP)
  - Must follow National Environmental Policy Act (NEPA)
  - Must follow the Uniform Act (Right-of-way)



# Federal Funding Approval Process

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# Process for Utilizing Approved Federal Allocations from Project Calls (Obligating Funds)

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- An approved federal allocation and LPA contract with INDOT **does not** grant permission to begin incurring costs.
- The federal allocation, or a portion, **must first be obligated** in the FHWA Fiscal Management Information System (FMIS).
- Why? => Without this obligation any cost incurred **will not** be eligible for reimbursement.
- **No FMIS Obligation = No Reimbursement!**



# Inactive Obligations

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- Obligations with no expenditure activity for 1 year or greater.
- No obligations for CN unless approved Plans Specifications & Estimate (PS&E) exists.
- No obligations to “hold” or “save” funding for use at a later date.
- Once obligated, expectation is immediate use and monthly billings to INDOT.
- FHWA has the authority to unilaterally deobligate inactive funds.



## 2 CFR 200 “Supercircular”

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- Consolidates duplicative OMB Circulars into one.
- Impact on Federal-aid Program
  - Period of Performance (New Requirement):
    - Requires an end date to be included in the project agreement (FMIS authorization).
      - By Phase – PE, R/W, CN
    - No additional costs may be incurred and are not eligible for reimbursement after project end date.
    - Completed phase contract must be sent into INDOT’s District for Central Office Audit.
    - Must be based on State’s estimated project schedule including required processes to conform with Federal regulations.
    - FHWA required to ensure estimated schedule is in line with a State’s established policies, procedures, and project schedules.

# Obligating Funds Process

- **Prior to beginning any activity for which federal reimbursement would be requested, contact the District LPA Program Director (PD).**
  - District LPA PD will request Central Office through CAPWise to request federal authorization through the FMIS.
  - FHWA reviews and if acceptable, electronically signs the authorization.
  - INDOT's Central Office notifies the District and the District notifies the LPA.
  - **Federally reimbursable costs can only be incurred after the FHWA FMIS approval date.**



# Phase of Work Requirements

- **PE – Follow the LPA Guidance Document and federal funding requirements:**
  - Executed contract with consultant
  - LPA contract with INDOT; this is the same contract if LPA is a Group 3 or Group 4 entity.
  - Notice of Authorization from District that federal funds have been authorized in FMIS prior to performing any reimbursable work.
  - Purchase Order w/INDOT for federal portion of cost.
  - Phase contract end date – contract documents delivered to INDOT District Office.



# Phase of Work Requirements

- **R/W – Follow the LPA Guidance Document and federal funding requirements:**
  - LPA contract with INDOT; this is the same contract if LPA is a Group 3 or Group 4 entity.
  - Certified environmental document
  - Notice of Authorization from District indicating federal funds have been authorized in FMIS prior to performance of any reimbursable work
  - Purchase Order with INDOT for federal portion of cost
  - Phase contract end date – contract documents delivered to INDOT District Office.



# Phase of Work Requirements

- **UT – Follow the LPA Guidance Document and federal funding requirements:**
  - Executed contract with Utility.
  - LPA contract with INDOT; This is the same contract if LPA is a Group 3 or Group 4 entity.
  - Matching funds submitted to INDOT, if applicable:
    - No match required if the Utility belongs to the Local. Submissions for reimbursements are for federal dollars only.
    - Matching funds must be submitted to INDOT if utility is not owned by Local.





# Phase of Work Requirements

## ■ UT continued:

- Notice of Authorization from district indicating federal funds have been authorized in the federal system prior to performance of any reimbursable work.
- Purchase Order with INDOT for federal portion of cost.
- Phase contract end date – contract documents delivered to INDOT District Office.



# Phase of Work Requirements

- **RR (Rail Road) – Follow the LPA Guidance Document and Federal Funding Requirements:**
  - Executed contract with Railroad.
  - LPA contract with INDOT; This is the same contract if LPA is a Group 3 or Group 4 entity.
  - Matching funds submitted to INDOT, if applicable.
  - Notice of Authorization from district indicating federal funds have been authorized in FMIS prior to performance of any reimbursable work.
  - Purchase Order w/INDOT for federal portion of cost.
  - Phase project end date – contract documents delivered to INDOT District Office.



# Phase of Work Requirements

- **CN (Construction) – Follow the LPA Guidance Document and Federal Funding Requirements:**
  - A contract will not go to letting if all of the documentation identified in the LPA Guidance Document is not submitted.
  - Federal authorization is carried out by INDOT through the letting process.
  - INDOT contracts with the Contractor.



# Phase of Work Requirements

- **CE (Construction Engineering) – Follow the LPA Guidance Document and Federal Funding Requirements:**
  - Executed contract with Consultant.
  - LPA contract with INDOT; This is the same contract if LPA is a Group 3 or Group 4 entity.
  - Notice of Authorization from district indicated federal funds have been authorized in FMIS prior to performance of any reimbursable work.
  - Purchase Order with INDOT for federal portion of cost.
  - Phase project end date – contract documents delivered to INDOT District Office.



# Tracking Tools Used by INDOT

- **INDOT Scheduling Project Management System (SPMS):**
  - Multiple milestones moving project from phase to phase;
  - Each phase shows anticipated start dates;
  - Shows when project is expected to go to letting;
  - Milestones are used to keep the project on target.
- **Please refer to the LPA Document Guidance Manual and work with the assigned District Project Manager to help utilize this tool and keep your project on target.**



# Tracking Tools Used by INDOT

- **CAPWise Database - Project Finance**
  - CAPWise is used for obligating federal funds when requested by Districts for all projects;
  - Once approved & authorized by FHWA, approval is captured in CAPWise which maintains the balance of available federal funds.
  - Similar concept as a “checkbook” – Keeps the balance remaining.
- **This does not replace the tracking done by the Local Programs Management Division in CO. They are responsible for the allocation of federal funds as approved by the initial project request for eligibility.**



# INDOT LOCAL Program Directors

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# Future of the Federal-aid Program

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- MAP-21 expired in July, 2014
- Congress extended MAP-21 & funding through May, 2015
- New bill in ??
- Emphasis on tying performance management/outcomes to funding;
- Funding level and resources are big questions.





# Financing in the Future

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- Fuel taxes will be one of principle revenue sources for the foreseeable future.
- Alternatives to fuel tax will need to be explored.
  - Mileage based user fees, i.e. VMT tax.
  - Tolling
    - Major bridge projects
    - Interstate construction/reconstruction

# Questions?

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