

# Federal-Aid Funds Five-Year Status Report

ARTHUR BOYLE  
Program Development Manager  
Division of Local Assistance  
Indiana Department of Highways

The federal aid funding process starts in congress by passage of the federal highway act. This is the authorization act which sets the upper limits that the federal highway administration can obligate on behalf of the federal government.

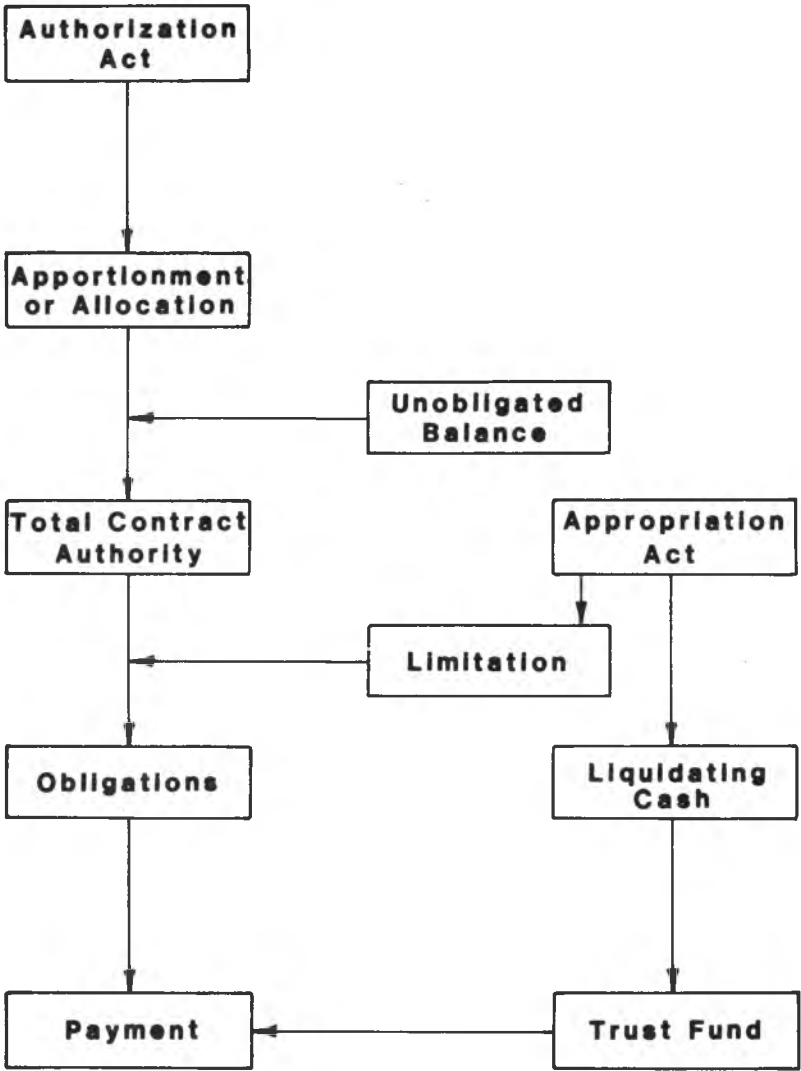
The next step in the process is the budget authority. Most federal programs require this two-step process to implement a program. The initial step is the passage of the authorization. This, however, does not permit the program to begin but only sets the upper limits of the program. The program may start (obligations made) only after passage of a second piece of legislation—The Appropriations act. This act grants us the approval to spend, loan, or obligate money; it is the budget authority.

The third step in the process is to deduct not more than 3 ¾ % from this appropriation for administering the program and conducting research. This would include salaries of FHWA employees, travel expenses, supplies, etc. It is also used to contract research on highway construction, planning, design, etc. This deduction is made from most of the authorized sums that are to be divided among the states. Also, an amount not to exceed ½ % is deducted to finance the urban transportation planning activities. These are the only two deductions applied program-wide, however. Other funds may be withheld or reserved for a particular purpose. These are maximum amounts that may be withheld. In fiscal year 1984 only 1% was withheld for administration and ½ % for urban planning which left 98½ % of the funds to be divided among the states.

The fourth step is the apportionment and allocation of these funds to the individual states. These apportionments are based on several formulas prescribed by LAS. Copies of the apportionment formulas are attached—Appendix C-1—see last page of this paper.

Each year, around December, the procedures for requesting federal aid are forwarded to those concerned by letter. Included in this letter are the new allocations issued by FHWA plus those funds which were not spent the preceding fiscal year. The total of the new funds plus the

# Contract Authority Programs



carry-over funds are the amounts available for spending in the current fiscal year.

I have outlined the procedure for obtaining federal funds using the traditional appropriation process. The federal government uses this process to control federal expenditures on an annual basis. But the highway program, with four-year authorizations and four-year availability of funds (fy 81 funds good thru fy 84, fy 82 funds good thru 85, fy 83 funds good thru 86, and fy 84 funds good thru 87), is exempt from this annual review. Then the question is how can the federal-aid highway program be covered under the annual federal budget decision? The answer in recent years has been to place an obligational ceiling on total obligations that can be incurred for federal-aid highway programs during the fiscal year. By controlling obligation annually, it is believed that the program may be made more responsive to prevailing economic policy.

This is the federal-aid funding process. Currently for fy 1984 we received \$46,719,782 allocation with an obligational ceiling of \$49,220,750 and carry-over funds in the amount of \$36,714,185. These amounts we have available \$34,213,217 in excess of the obligational ceiling. As we spend the oldest funds first, (fy 81, then fy 82, and finally fy 83) prior to spending the current allocation, no funds should revert to IDOH. However, I must advise, if our carry over should exceed the obligational authority we could be in trouble and funds might revert to the Indiana Department of Highways.

The federal-aid highway program is a reimbursable program, that is, the federal government only reimburses states for costs they have incurred. The authorized amounts distributed to the states represents a line of credit upon which states may draw on as federal projects are advanced. No federal cash is disbursed at this point. Federal projects generally start using state funds. The states provide front-end financing for projects and receive cash for the federal share of the project's cost only as the work is completed.

The first step in funding a federal-aid project is the Indiana Department of highways federal-aid program-data-request form (more commonly referred to as an FA-2—see attached). If approved, this is the go-ahead to start developing the project. It does not, however, obligate any monies for the project. The funds are obligated by phase as each phase is ready (PE, TW, or CNOS.). Obligations are firm when a letter of approval and/or authorization (form PR 1240) is received from FHWA.

Following is Table showing our five-year federal-aid apportionment and obligation report by funding category fiscal years 1979 thru 1983.

Year	Apportioned	Obligated	% Spent
<i>A. Rural Secondary</i>			
1979	\$ 5,768,269	\$ 1,634,463	28.34
1980	6,324,085	3,172,704	50.17
1981	6,841,472	4,934,461	72.13
1982	4,546,324	4,609,763	101.40
1983	7,372,178	7,101,757	96.33
<i>B. Bridges</i>			
1979	\$ 3,779,304	\$ 2,440,413	64.57
1980	5,283,798	5,584,094	105.68
1981	5,585,751	6,214,159	111.25
1982	4,104,276	2,952,306	71.93
1983	18,930,410	10,906,277	57.61
<i>C. Railroad</i>			
1979	\$ 4,288,425	\$ 2,771,984	64.64
1980	4,294,407	\$ 3,181,358	74.08
1981	4,300,605	\$ 3,153,470	73.33
1982	4,253,896	\$ 3,234,230	76.03
1983	4,274,442	\$ 2,880,976	
<i>D. High Hazard</i>			
1979	\$ 59,338	\$ 1,028,769	
1980	710,350	373,589	52.59
1981	709,636	997,519	140.57
1982	907,298	0	0.00
1983	1,353,338	1,170,583	86.50
<i>E. Urban</i>			
1979	\$16,371,625	\$17,163,247	104.84
1980	16,371,625	18,238,805	111.40
1981	16,371,625	31,026,871	189.52
1982	15,283,987	21,252,196	139.05
1983	15,192,800	13,350,869	87.88

Our current status of funding by category for fiscal year 1984 is not on schedule. We should have obligated from 30% to 40%. Note that in the first column of Figure 1 of each category, I have indicated the allocation as the solid white and the x'ed area on top is the additional carry over funds from the preceding fiscal year. The total of the two is the top line indicated which is the amount of funds available this fiscal year. Again our obligational ceiling this year is \$49,220,750.

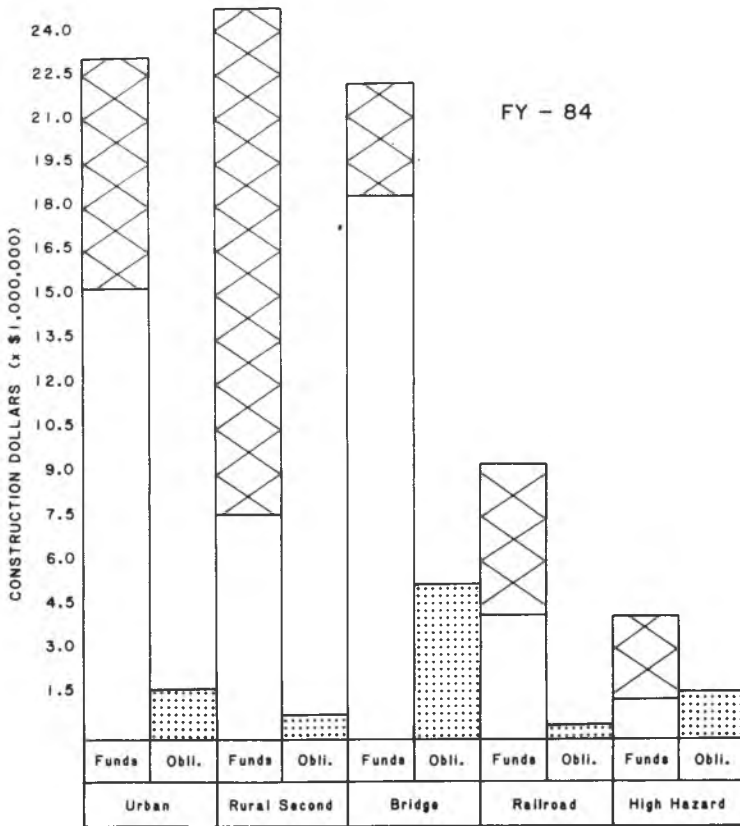


Figure 1.

Status of funding for fy 1984 as of Jan 31, 1984

Location	Apportioned	Carry Over	Total	Obligated	% Spent
Urban	\$15,661,000	\$ 7,232,000	\$22,893,000	\$1,645,000	7.18
Rural					
Secondary	7,566,000	17,394,000	24,960,000	733,000	2.93
Bridge	18,393,000	3,950,000	22,343,000	5,300,000	23.72
Railroad	4,362,000	4,840,000	9,202,000	435,000	4.72
High					
Hazard	1,363,000	2,676,000	4,039,000	4,504,000	37.24

Last year we received minimum allocation for the first time and spent \$4,210,021 of \$11,955,070. This year we expect to receive from \$12,000,000 to \$15,000,000 with estimated expenditures of \$8,944,000 as of Jan 31, 1984.

INDIANA DEPARTMENT OF HIGHWAYS  
FEDERAL-AID PROGRAM DATA

I. GENERAL PROGRAM DATA

ID Number	Project Number
-----------	----------------

Route Number: \_\_\_\_\_ Federal-aid System and Route Number \_\_\_\_\_

Route Mile Point: \_\_\_\_\_ N. B. I. Number: \_\_\_\_\_

Project Termini: \_\_\_\_\_

\_\_\_\_\_ Urban Code \_\_\_\_\_ Place Code \_\_\_\_\_

County \_\_\_\_\_, County \_\_\_\_\_, County \_\_\_\_\_

Length \_\_\_\_\_ mi Length \_\_\_\_\_ mi Length \_\_\_\_\_ mi

Urban Area \_\_\_\_\_

Total length of project: \_\_\_\_\_ mi + \_\_\_\_\_ mi = \_\_\_\_\_ mi  
Rural Urban Total

Character of proposed work [phase(s)] to be accomplished during Program Period.

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Program Period: 7/1/ \_\_\_\_\_ to 6/30/ \_\_\_\_\_

FHWA Approval
---------------

II. FUNDING DATA:

Type of funding requested \_\_\_\_\_

Appropriation Code(s)
-----------------------

Total cost for program period . . . . . \$ \_\_\_\_\_ \$ \_\_\_\_\_

Federal share of cost for program period . . . . . \$ \_\_\_\_\_ \$ \_\_\_\_\_

	P.E.	Prog. Per.	R O W	Prog. Per.	CONSTR.	Prog. Per.
TOTAL COST						
FEDERAL SHARE						

Initiating Agency Name: \_\_\_\_\_

Certifying Representative: \_\_\_\_\_  
(Signature and Title)

For additional information contact (Name and Phone Number)
--

APPENDIX C-1

Apportionment Formulas

Formulas for apportioning authorized sums for certain classes of Federal-aid highways are specified by statute. These are shown below.

<u>Fund</u>	<u>Factors</u>	<u>Weight</u>	<u>Statute*</u>	<u>Minimum Apportionment**</u>	
Interstate System (for completion only)	Relative Federal Share of Cost to Complete the System**	1	104(b)(5)(A)	1/2 (including Alaska)	
Interstate Resurfacing, Restoration, Rehabilitation, and Reconstruction	Interstate System Lane Miles	55%	104(b)(5)(B)	1/2 percent	
	Vehicle Miles Traveled on Interstate System	45%			
Interstate Highway Substitution (3/4 apportioned, 1/4 discretionary allocation)	Relative Federal Share of Cost to Complete Substitute Projects	1	103(e)(4)	-----	
Primary System	<u>Formula A</u>		104(b)(1)		
	Area	2/9			
	Rural Population	2/9			
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	2/9			
	Urban Population*** (1/2 percent minimum (except D.C.))	1/3			
	<u>Formula B</u>		Sec. 108, P.L. 97-424		
	Rural Population	1/2			
	Urban Population***	1/2			
	For each State, determine greater of A or B; then Each State's apportionment equals: A or B x <u>Total Primary Authorization</u> / <u>Sum of all States' A or B</u>				1/2 (including territories as a whole)
	Except that: the apportionment is not less than smaller of A or B				
Secondary System	Area	1/3	104(b)(2)	1/2 (except for D.C.)	
	Rural Population	1/3			
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	1/3			
	Urban Area****	1			
Urban System	Urban Area****	1	104(b)(6)	1/2	
Urban Transportation Planning	Urbanized Area****	1	104(f)(2)	1/2	
Bridge Replacement & Rehabilitation	Relative share of total cost of deficient bridges	1	144(e)	1/4 (10 maximum)	
Hazard Elimination	Total Population	3/4	152(e)	1/2	
	Public Road Mileage	1/4			
Highway Safety Programs	Total Population	3/4	402(c)	1/2	
	Public Road Mileage	1/4			
Rail-Highway Crossing	Area	1/12	Sec. 203(d) of the 1973 Highway Act as amended	1/2	
	Rural Population	1/12			
	Rural Delivery Route Mileage and Intercity Mail Route Mileage	1/12			
	Urban Population	1/4			
	Number of Rail-Highway Crossings	1/2			
					none

Minimum Allocation

For fiscal years 1983-86, each State is guaranteed an amount so that its percentage of total apportionments in each fiscal year of Interstate, Interstate 4R, Interstate highway substitutes, primary, secondary, urban, bridge replacement and rehabilitation, hazard elimination and rail-highway crossings shall not be less than 85 percent of the percentage of estimated contributions to the Highway Trust Fund, not including the Mass Transit Account (23 U.S.C. 157).

- \* Denotes appropriate section in Title 23, U.S.C., unless otherwise indicated.
- \*\* Apportionment factors are contained in the periodic reports, "A Revised Estimate of the Cost of Completing the National System of Interstate and Defense Highways," submitted to Congress as required in 23 U.S.C. 104(b)(5)(A).
- \*\*\* Places of 5,000 or more persons.
- \*\*\*\* Usually places of 50,000 or more persons--definition contained in 23 U.S.C. 101(a).