



# Chicago Metropolitan Agency for Planning

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## MEMORANDUM

**To:** CMAQ Project Selection Committee  
**From:** CMAP Staff  
**Date:** June 2, 2011  
**Re:** Avoiding Rescission \ Lapse and Spending Down the Unobligated Balance

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As discussed at the CMAQ PSC meeting on April 14, 2011, CMAQ has over \$200 million in unobligated funds. Given the tremendous unmet needs in the region and the possibility of losing these funds through rescissions and lapsing, action must be taken. If rescissions or lapsing occurs the funds are returned to USDOT. Northeastern Illinois has immense mobility needs and is in non-attainment of air quality standards. CMAQ is one program dedicated to improving air quality and congestion. Our current largest threat is lapsing at the end of FFY 2013 (Sept. 30, 2013). The current potential lapse amount is approximately \$140 million. Even if \$140 million is obligated by the end of FFY 2013, all the CMAQ funds received in FFY 2011, 2012 and 2013 will be unobligated and will possibly lapse. The committee discussed options to spend down the unobligated balance and has had success with current programming policies. Even though there has been improvement in the obligation rate, implementers are still not spending at a rate that even keeps up with the amount the region receives every year. Therefore, the unobligated balance is increasing every year. Attached are two possible policies for CMAQ PSC consideration to avoid lapse and/or spend down the unobligated balance.

ACTION REQUESTED: Direction

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## **OPTIONS**

### **Solely Avoiding Lapse**

In this option, priority implementation projects will be funded once, as near as possible to the time the lapse will occur. This will give the best estimate of how much needs to be obligated to avoid a lapse, and will minimize the risk that regularly programmed CMAQ projects will be shut out of funds when they are ready to obligate.

CMAQ will request implementers with priority implementation projects that are eligible for CMAQ and over \$40 million to attend an annual forum to present projects that will be available to use CMAQ funding within the next federal fiscal year. These projects will only be used if original programmed projects are not moving forward as anticipated. The CMAQ PSC will choose which priority implementation project(s) should be used to spend down the unobligated balance, and it will be released for 30 day public comment and ultimately approved by the MPO Policy Committee. Back-up priority implementation projects should be chosen as well, in case an issue arises with the originally selected project. This back-up list could also serve as a 'draw from' list if original programmed projects do not move forward as expected.

### **Spend Down Policy**

The CMAQ PSC could take the avoiding lapse option a little further by setting a goal for obligating annually; say the amount received and a portion of the unobligated balance. If the goal for obligating is not being reached in June/July, a priority implementation project or projects would be identified to achieve the annual goal. This would not only avoid potential lapses, but would gradually spend down the unobligated balance. However, there is a greater risk that regularly programmed projects would be shut out of funds, particularly as the unobligated balance is spent down. Depending on the obligation goal, this could be six to ten years in the future.

Priority implementation projects would be selected through the same forum/public comment/adoption process as described earlier.

### **Schedule**

The forum would be held in late June/early July so the proposed priority implementation project list can be released for public comment with the proposed multi-year program (if applicable). The list will expire at the end of the federal fiscal year and a new one will be developed in July to be approved at the October MPO Policy Committee meeting each year.

### **Possible Issues**

If regularly selected projects begin moving quickly there may be an issue in which they may be delayed due to lack of available funds. Currently there is room within the TIP to move priority implementation projects into the current year of funding because so many projects are on the CMAQ A list. Funding may remain available depending on how many dormant regularly selected projects are removed from the program through the one-time move policy, are withdrawn from the program of their own accord, or bids continue to be below programmed

amounts. If projects do begin to be delayed and there is a strong competition for CMAQ funds (because numerous projects have spent down the unobligated balance and continue to move forward) the mark for the future year may be decreased to allow for those projects.

**Conclusion**

CMAQ has over \$200 million unobligated. The unobligated balance has led to the threat of over \$140 million lapsing. The CMAQ PSC should consider holding an annual forum to select priority implementation projects that may move forward if originally programmed projects are not accomplished as expected.