

## Transportation Enhancement Program Impact of Federal Fund Rescission

### The Rescissions

- The Federal government rescinds federal funds for a variety of reasons. Chief among these reasons in 2006 is to aid the Emergency Relief of Hurricane Katrina. It will also help to provide additional liquidity in the Highway Trust Fund.
- In response to rescission notices from the Federal Highway Administration (FHWA), the Department (IDOT) has reduced its unobligated balances in apportioned funds by \$110 million. The first rescission totaled \$70 million; the second \$40 million.
- The federal notice directed States to take the rescission from unobligated balances of five core highway programs: Interstate Maintenance (IM), National Highway System (NHS), Bridge (HBRRP), Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ). The Illinois Transportation Enhancement Program (ITEP) is funded through a ten percent set aside of the State's STP apportionment. Bike trails are funded by both CMAQ and ITEP funds.
- Each state determines which unobligated funds are to be taken. However, FHWA provides guidance that recommends States take the rescission against older apportionment categories and older unobligated funds that have had little or no activity.
- IDOT followed the federal guidance in the first rescission, pro-rating the impact against the remaining unobligated balances. IDOT's approach assured that all project commitments would be honored.
- Most states followed the approach used by IDOT. However, some states like New York and Michigan took all their rescission exclusively from CMAQ balances.
- In the second rescission, IDOT chose to adjust the rescission based on the need to limit further impacts on ITEP and CMAQ.
- The approach recommended by the League of Illinois Bicyclists calls for the rescission to be taken proportionately against all apportionments. This approach would reduce the impact on ITEP and CMAQ funding, but it would have meant taking funds away from committed and obligated highway projects.

### Transportation Enhancement Program Status

- Illinois' Transportation Enhancement Program has large unobligated balances from ISTEA and TEA-21 apportionments. There are two reasons: IDOT's decision to hold off on its solicitation for projects until 2005 and the slow implementation of projects by local sponsors. In consideration of the IDOT scheduling decision, the 2004 and 2005 ITEP apportionments were held harmless.
- The major reason for the slow implementation of older ITEP projects is a lack of planning by local sponsors. Often projects (particularly bike/ped projects which are built in environmentally sensitive locations) have not resolved right-of-way and environmental impacts prior to asking for ITEP funds. In addition, some local sponsors have been unable to provide the match requirements or meet the unexpected cost increases to move a project forward.
- In the past, IDOT has not forced local sponsors to use funds by specific dates, recognizing the fact that many were unable to meet unrealistic deadlines. More recently, the department has strongly encouraged local sponsors to speed implementation and in 2005 announced new implementation guidelines that will set deadlines for project implementation.
- Despite these generous provisions, some projects have languished. Commitments to local projects from the ISTEA authorization which ended nearly 10 years ago account for \$12 million in unobligated balances. A total of \$13.3 million was taken in ITEP funds to meet targets of the two rescissions. With the new implementation guidelines in place, these projects will be reviewed to determine if they remain viable for implementation. If they are not or other barriers remain, IDOT will withdraw its ITEP funding commitment.



U.S. DEPARTMENT OF  
TRANSPORTATION

**Federal Highway  
Administration**

# Notice

Subject:

Rescission of Federal-aid Apportionments

Classification Code:  
N 4510.606

Date:  
July 5, 2006

OPI:  
HCF-10

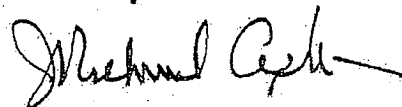
1. **What is the purpose of this Notice?** This Notice is to notify the States that \$702,362,500 of unobligated Federal-aid highway funds apportioned to States are hereby rescinded as required by Chapter 9 of the Emergency Supplemental Appropriations Act, 2006, Public Law (Pub. L. No.) 109-234.
2. **What apportioned funds are being rescinded?** In accordance with Chapter 9 of the Emergency Supplemental Appropriations Act, 2006, Pub. L. No. 109-234, under the heading, "Department of Transportation, Federal Highway Administration, Federal-aid Highways (Highway Trust Fund), (Rescission)," an amount of \$702,362,500 is rescinded from the unobligated balances of funds apportioned under chapter 1 of title 23, United States Code (U.S.C.). The rescission shall not apply to funds distributed in accordance with title 23, U.S.C., section 130(f), title 23, U.S.C., section 133(d)(1) as in effect prior to the date of enactment of Pub. L. No. 109-59, the first sentence of title 23, U.S.C., section 133(d)(3)(A), title 23, U.S.C., section 104(b)(5) or title 23, U.S.C., section 163 as in effect prior to the enactment of Pub. L. No. 109-59.
3. **How are the apportioned funds being rescinded?**
  - a. The rescission is being applied proportionately to States based upon the fiscal year (FY) 2006 apportionments to the States for the core apportioned programs excluding the Highway Safety Improvement Program. Table 1 shows each State's share of the total rescinded amount based upon FY 2006 apportionments for the Interstate Maintenance (IM), National Highway System (NHS), Bridge, Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement (CMAQ) programs, inclusive of funds programmatically distributed from Equity Bonus, but excluding funds set aside for State Planning and Research and after application of penalties pursuant to section 154 of title 23, U.S.C., (Open Container Requirements), and section 164 of title 23, U.S.C.,



**BUCKLE UP  
AMERICA**

(Minimum Penalties for Repeat Offenders for Driving While Intoxicated or Driving Under the Influence), which are separate from, but impact the core programs by operation of law.

- b. The rescissions may be taken from any unobligated funds apportioned under chapter 1 of title 23, including apportionment categories authorized prior to the Transportation Equity Act for the 21<sup>st</sup> Century, Pub. L. No., 105-178 as amended by the Surface Transportation Extension Act, 2004, Part V, Pub. L. No. 108-310. These categories include IM, NHS, STP, CMAQ, Bridge, Recreational Trails (with consent from the State Agency), Minimum Guarantee, ~~Minimum Allocation~~, ~~Interstate Construction~~, ~~Interstate Substitution~~, ~~Consolidated Primary~~, ~~Rural-Secondary~~, and ~~Urban System~~.
  - c. States are encouraged to review projects funded from the older apportionment categories to determine if any of the funds can be deobligated and applied to the rescission. The States should ensure that a sufficient amount of unobligated funds is available within each program and category selected to bear the rescission. For guidance, refer to FMIS reports M28 and W10 to assist in determining the program code(s), prior fiscal years and amount to be deobligated and applied to the rescission. **Once the program code(s), fiscal year(s) and amount(s) have been determined and submitted to the Budget Division, no obligations should be incurred by the State on the amounts identified to be rescinded.**
  - d. Not later than **14 days** after the date of this Notice, the States must identify the amounts to be rescinded from funds apportioned under chapter 1 of title 23, U.S.C., excluding title 23, U.S.C., section 130(f), Railway-Highway Crossing; title 23 U.S.C., section 133(d)(1), STP Safety Set-aside, as in effect prior to the date of enactment of Pub. L. No., 109-59; the first sentence of title 23, U.S.C., 133(d)(3)(A), STP Suballocation to areas; title 23, U.S.C., 104(b)(5), Highway Safety Improvement Program; or title 23, U.S.C., section 163, Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons, as in effect prior to the enactment of Pub. L. No. 109-59, based on the amounts shown on Table 1. The information should be submitted on the attached Table 2 to the Budget Division's official electronic mailbox, "FHWA, Budget Division."
4. **What action is required?** Division Administrators should ensure that this Notice is provided to State departments of transportation.



J. Richard Capka  
Administrator

Attachments

U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION

Table 1

Rescission of Unobligated Balances Pursuant to the  
Emergency Supplemental Appropriations Act, 2006, Pub. L. No. 109-234

STATE	TOTAL AMOUNT TO BE RESCINDED
ALABAMA	\$13,428,941
ALASKA	5,306,496
ARIZONA	12,722,108
ARKANSAS	8,822,025
CALIFORNIA	65,858,337 - Bridge
COLORADO	9,347,019
CONNECTICUT	10,041,988
DELAWARE	2,934,838
DIST. OF COL.	3,296,017
FLORIDA	32,138,978
GEORGIA	23,730,389
HAWAII	3,336,138
IDAHO	5,094,920
ILLINOIS	24,594,405
INDIANA	17,285,587
IOWA	8,436,752
KANSAS	8,316,584
KENTUCKY	11,066,985
LOUISIANA	11,440,279
MAINE	3,526,895
MARYLAND	11,573,513
MASSACHUSETTS	13,212,522
MICHIGAN	21,997,662 - CMAA
MINNESOTA	11,431,158
MISSISSIPPI	8,549,007
MISSOURI	16,985,561
MONTANA	6,507,124
NEBRASKA	5,669,758
NEVADA	4,744,725
NEW HAMPSHIRE	3,555,647
NEW JERSEY	19,195,745
NEW MEXICO	6,813,654
NEW YORK	35,239,205 - CMAA
NORTH CAROLINA	19,111,322
NORTH DAKOTA	4,559,996
OHIO	25,367,376
OKLAHOMA	11,590,702
OREGON	8,673,981
PENNSYLVANIA	33,103,668
RHODE ISLAND	3,967,833
SOUTH CAROLINA	11,172,781
SOUTH DAKOTA	4,766,109
TENNESSEE	14,538,140
TEXAS	55,716,165
UTAH	5,302,132
VERMONT	3,230,265
VIRGINIA	17,852,222
WASHINGTON	13,034,746
WEST VIRGINIA	5,823,397
WISCONSIN	13,410,704
WYOMING	4,939,999
TOTAL	\$702,362,500

Illinois' History of Highway Rescissions  
(\$ Millions)

	National Rescission	IDOT Rescission	IDOT % Share	IM	NHS	STP Enhancement	CMAQ	Bridge	Other *	Total
FY 2002	320.0	11.1	3.47%	2,687,758	2,344,379	2,879,596	1,084,743	1,783,711	-	11,093,048
FY 2003	250.0	8.8	3.51%	8,784,691	-	-	-	-	-	8,784,691
FY 2004	207.0	7.4	3.56%	7,366,462	-	-	-	-	-	7,366,462
FY 2005	1,261.3	44.3	3.52%	6,592,809	7,652,953	3,990,523	9,315,386	12,361,916	-	44,339,218
FY 2006	2,000.0	70.0	3.50%	1,469,839	5,353,222	7,812,767	19,162,867	24,465,540	-	70,024,420
FY 2006	1,143.0	40.0	3.50%	1,856,470	13,190,785	673,242	5,508,709	9,340,556	112,598	40,024,068
FY 2006	702.4	24.6	3.50%	-	598,196	2,710,625	6,988,908	11,850,376	243,008	24,594,405
<b>Total:</b>	<b>5,883.6</b>	<b>206.2</b>	<b>3.50%</b>	<b>28,758,029</b>	<b>29,139,535</b>	<b>18,066,753</b>	<b>42,060,613</b>	<b>59,802,099</b>	<b>8,073,260</b>	<b>206,226,312</b>

Percent of Total Rescissions

14% 14% 9% 10% 20% 29% 4% 100%

Illinois Share of Total Rescissions: 3.5051%

FY 2002	FHWA Notice	N 4510.481
FY 2003	FHWA Notice	N 4510.508
FY 2004	FHWA Notice	N 4510.515
FY 2005	FHWA Notice	N 4510.540
FY 2006	FHWA Notice	N 4510.578
FY 2006	FHWA Notice	N 4510.588
FY 2006	FHWA Notice	N 4510.606

FY 02 was from the 5 core programs distributed equally by apportionment % and it was taken from the STP subaccounts and SPR.  
 FY 03 was from the 5 core programs including BR, STP and SPR distributions. Only IM funds were taken.  
 FY 04 was from the 5 core programs including BR & STP subcategories excluding SPR. Only IM funds were taken.  
 FY 05 was from the 5 core programs excluding STP - safety set asides and STP-rural, urban and over 200k distributed equally by unobligated balance.  
 FY 06 (1st rescission) \$70M was from the 5 core programs excluding STP - safety set asides and STP-rural, urban and over 200k distributed equally by unobligated balance.  
 FY 06 (2nd rescission) \$40M was from the 5 core programs excluding STP - safety set asides and STP-rural, urban and over 200k distributed equally by T-21 apportionment %.  
 and then redistributing funds proportionately (IM and STP-Flexible) that did not have enough balances excluding SAFETEA-LU funds that could be rescinded.  
 FY 06 (3rd rescission) \$24 M was from the 5 core programs excluding STP - safety set-asides and STP-rural, urban and over 200K distributed equally by T-21 apportionment %  
 and then redistributing funds proportionately (IM and STP-Flexible) that did not have enough balances excluding SAFETEA-LU funds that could be rescinded.

\* Other includes old lapsing funds from deobligations and MG funds.