



U.S. Department
of Transportation

**Federal Transit
Administration**

Deputy Administrator

1200 New Jersey Avenue, SE
Washington, DC 20590

April 20, 2021

Dear Colleague:

On March 11, 2021, President Biden signed the American Rescue Plan Act (ARP) into law, which provided an additional \$30.5 billion in Federal funding to assist transit systems as communities across the country focus on recovering from the Coronavirus Disease 2019 (COVID-19) public health emergency. Over the past twelve months, historic levels of funding have been provided to the transit industry. This funding includes the approximately \$12 billion provided annually under the Fixing America's Surface Transportation (FAST) Act, as well as an additional \$39 billion to support our industry's COVID-19 response and recovery efforts. One of the Federal Transit Administration's (FTA) core responsibilities is to provide proper stewardship over this unprecedented level of financial support and ensure that the funds are used to continue critical transit services in local communities consistent with Federal requirements. I am writing to inform you of how we will provide oversight of these funds over the coming months and years.

The funding provided through the Coronavirus Aid, Relief, and Economic Security (CARES) Act; the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and ARP allowed for changes in how recipients use FTA funds. The most significant of these changes has been allowing all recipients, regardless of size or urbanized area population, to charge operating expenses to FTA grants at one hundred percent Federal share.

The magnitude of the funding provided over the past year, the elimination of local match requirements, and the expansion of types of expenses (including operating expenses) creates some challenges for both FTA and our recipients. To address these challenges, FTA has developed a new proactive approach to oversight of the COVID-19 relief funding that focuses on both technical assistance and supplemental oversight.

On the technical assistance front we have worked hard over the past year to help recipients understand and navigate the new funding paradigm through our Frequently Asked Questions (FAQs) and COVID-19 relief webinars. As a next step, we have developed a series of webinars that focus specifically on helping recipients understand how to calculate and document operating expenses in order to charge them to FTA grants. We plan to launch these webinars in late April. Registration information will be available soon on FTA's website.

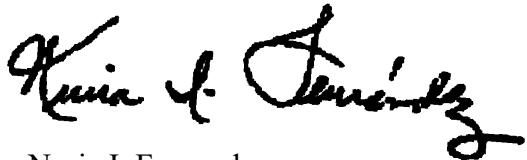
While FTA already has incorporated oversight of COVID-19 relief funds into our existing oversight program, our reviews only capture one-third of recipients each year. Starting in early summer 2021, FTA will begin supplemental oversight activities with respect to COVID-19 relief funding for recipients not scheduled for a Triennial or State Management Review this year. This

oversight will entail spot reviews of select recipients to examine expenses charged to FTA grants and documentation of those expenses. In some cases, the review will include a look at the recipient's financial systems. Our goal is that this additional oversight will help FTA identify and resolve with recipients any issues related to the use of COVID-19 relief funding at an early stage.

Oversight is one of the most critical functions FTA performs and one that is both necessary and beneficial for FTA, our recipients, and the public. Protecting the integrity of Federal COVID-19 relief funding makes oversight a critical function for the entire transit industry and FTA now more than ever. Your support and cooperation will be essential as we work together to recover from the devastating impacts of the COVID-19 public health emergency.

For questions related to FTA's oversight of COVID-19 relief funding, please contact your FTA Regional Administrator.

Sincerely,

A handwritten signature in black ink, appearing to read "Nuria I. Fernandez".

Nuria I. Fernandez