

Flexible Funding Process Guidebook



U.S. Department of Transportation
**Federal Highway Administration/Federal Transit
Administration**

2024



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Glossary of Flexible Funding Terms

TERM	DEFINITION
Project Sponsor	A project sponsor is an entity that will utilize authorized Federal Highway Administration (FHWA) funds to implement a transit project or projects of eligible public transportation purposes (which may include operating assistance, planning, and capital projects and activities). As such, a project sponsor is typically a transit agency that is already a Federal Transit Administration (FTA) grant recipient. However, a project sponsor can also be a local government, metropolitan planning organization (MPO), or State Department of Transportation (State DOT). If a project sponsor is not a recipient of FTA funds but would like to transfer/flex their FHWA funding allocation to FTA for administration, they must work with the FTA to become a grant recipient or enter into an agreement with an eligible FTA grant recipient to accept the transferred/flexed funds to implement the transit project on their behalf.
State Department of Transportation (DOT)	The State DOT is central to the flex funding process as the principal grantee of FHWA funds. Funding decisions are made jointly by State DOTs and MPOs in urbanized areas (UZAs) while State DOTs typically make funding decisions in rural areas. State DOTs develop a program of transportation projects based on the state's long range transportation plan. For metropolitan areas, the Statewide Transportation Improvement Program (STIP) incorporates the Transportation Improvement Programs (TIPs) developed by the MPOs.
Metropolitan Planning Organization (MPO)	An MPO is the policy board of an organization created and designated to carry out the metropolitan transportation planning process. MPOs represent localities in all UZAs with populations over 50,000, as determined by the United States census. MPOs may consider exercising flexible funding with various Federal formula funding programs.
Federal Transit Administration (FTA) Regional Office	The FTA Regional Office may provide capacity building and outreach on the opportunity to flex funds, work with FHWA to process the transfer, and administer the grant awards with flexible funds.

Federal Highway
Administration
(FHWA) Division
Office

The FHWA Division Office supports project sponsors to confirm eligible project for flexible funding, processes a flex fund transfer, and coordinates with FTA.

FTA/FHWA
Headquarters (HQ)

Budget offices at USDOT HQ transfer the flexible funding request and provide technical assistance regarding the flexible funding process as needed.

List of Abbreviations

ABBREVIATION	TERM
ADA	Americans with Disabilities Act of 1990
CE	Categorical Exclusion
CMAQ	Congestion Mitigation & Air Quality Improvement Program
CPG	Consolidated Planning Grant
CRP	Carbon Reduction Program
EA	Environmental Assessment
EIS	Environmental Impact Statement
FBP	Ferry Boat Program
FHWA	Federal Highway Administration
FMIS	Financial Management Information System
FRA	Federal Railroad Administration
FTA	Federal Transit Administration
FTA TBP	Federal Transit Administration Office of Budget and Policy
HQ	Headquarters
HSIP	Highway Safety Improvement Program
MOU	Memorandum of Understanding
MPP	FTA Metropolitan Planning Program
MPO	Metropolitan Planning Organization
NAT	Notice of Authority Available for Obligation (<i>Often also referred to as Operating Budget Worksheet</i>)
NEPA	National Environmental Policy Act
NHPP	National Highway Performance Program
OA	USDOT Operating Administration
PL	FHWA Metropolitan Planning
RTPO	Regional Transportation Planning Organization
SPRP	FTA State Planning and Research Program
SPR	FHWA State Planning and Research

State DOT	State Department of Transportation
STBG	Surface Transportation Block Grant Program
STIP	Statewide Transportation Improvement Program
TA	Transportation Alternatives
TIP	Transportation Improvement Program
TOD	Transit-oriented Development
TPCB	Transportation Planning Capacity Building
TrAMS	Transit Award Management System
U.S.C.	United States Code
USDOT	United States Department of Transportation
UZA	Urbanized Area



OVERVIEW

This Flexible Funding Process Guidebook provides an introduction and overview to the use of certain Federal Highway Administration (FHWA) funds for public transportation projects and how these funds may be transferred and administered in grants awarded by the Federal Transit Administration (FTA). This Guidebook is intended to be used by all stakeholders in the flexible funding process, including FTA and FHWA staff, Metropolitan Planning Organizations (MPOs), State Departments of Transportation (State DOTs), public transportation agencies, and other project sponsors. Notably, some regional variation exists within the flexible funding process, so the Guidebook denotes both required and best practice steps. This Guidebook covers one-way transfers from FHWA to FTA and does not cover funds transferred from other United States Department of Transportation (USDOT) entities. Furthermore, the Guidebook details flexed funds and does not discuss consolidated planning grants (CPG)s or other planning programs.

Orientation

How to Navigate this Document

This Guidebook organizes the flexible funding process into five chapters: Identification of Transportation Need, Verification of Eligibility and Addition to the (S)TIP, Flexible Funding Transfer Request, FTA/FHWA Budget Process, and Notice to Proceed and Preparation to Implement. The chapters and process steps correspond to the [Process Flowchart](#). Guidebook users may utilize information in each chapter to gain a full understanding of the process. Alternatively, readers may use the “**Click on Relevant Entity Type for Next Step**” box at the bottom of each chapter to navigate to chapters with relevant steps for their stakeholder type. Definitions of stakeholder roles can be found in the “[Glossary of Flexible Funding Terms](#).” Each chapter includes the following sections:

- **Summary:** This section provides a high-level overview of the chapter.
- **Stakeholder roles:** This section includes a table detailing relevant process steps and provides clarification on process steps shown in the table. Best practice steps are highly recommended, but optional and may only apply to some cases.
- **Timeframe:** This section includes the length of time the processes should be expected to take, information about the timing of each step as they relate to each other, and the transportation planning process overall.
- **Resources:** This section includes resources related to the chapter.
- **Lessons learned:** This section includes advice or suggestions shared by stakeholders about the flexible funding process.

The Flexible Funding Toolbox sections provide additional detail and guidance on the flexible funding process.





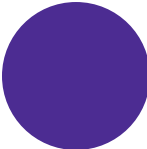


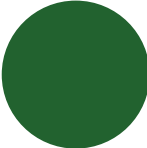
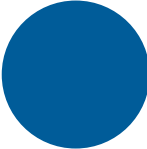
LEGEND		
	Approve	Stakeholder approves request
	Consult	Stakeholder consulted to make a decision
	Initiate	Stakeholder responsible for initiating a task
	Notify	Stakeholder informed about progress



Table 1 Stakeholder Roles and Responsibilities

STAKEHOLDER	FLEXIBLE FUNDING ROLES AND RESPONSIBILITIES*	ICON
Project Sponsor	<ul style="list-style-type: none"> Consult with stakeholders to identify transportation need (best practice) Request State DOT initiate transfer process (best practice) Develop TrAMS application Ensure environmental approvals and funding application are completed (may vary based on funding sources) Funds are obligated by FTA and the project can begin (project may begin earlier if pre-award authority is applicable) Execute award 	
Metropolitan Planning Organizations (MPOs)	<ul style="list-style-type: none"> Call for projects to identify a project for flexible funding (best practice) Add project to the TIP Request State DOT initiate transfer process (best practice) 	
State Departments of Transportation (DOTs)	<ul style="list-style-type: none"> Confirm project eligibility with FHWA/FTA Add project to the (S)TIP Initiate transfer process with FHWA Inform FTA of transfer request (best practice) Receive notification from FHWA Division Office that transfer request is being processed 	
FTA Regional Office	<ul style="list-style-type: none"> Confirm project eligibility with State DOT and FHWA Receive notification from FHWA Division Office that transfer request has been submitted to FHWA Headquarters (HQ) (best practice) Receive NAT (operating budget worksheet) from FTA HQ Provide guidance on approvals required to begin project Award/obligate funds Manage award 	
FHWA Division Office	<ul style="list-style-type: none"> Confirm project eligibility with State DOT and FTA Receive transfer request Notify FTA of transfer request if State DOT did not (best practice) Review transfer request and submit to FHWA HQ 	

*This table includes stakeholders participating in the flexible funding process for which this Guidebook is meant to provide assistance. Therefore, the flexible funding roles for FTA/FHWA HQ are not included in the table but are reflected in the [Process Flowchart](#).

Flexible Funding Overview

Background

Flexible funding for transit investments allows broad authority granted to State DOTs and MPOs to transfer transportation funds from several Federal-Aid Highway programs to FTA for support of transit activities. FHWA transportation programs, such as the Surface Transportation Block Grant Program (STBG) and the Congestion Mitigation and Air Quality Improvement Program (CMAQ), allow recipients to transfer funds to FTA for eligible public transportation projects. This transferring of funds is referred to as a flex. Flexible funds transferred to FTA are administered under applicable FTA program requirements.

Exercising the ability to flex funds can provide many advantages:

- Promote greater coordination between transit agencies, regions, and municipalities in network design and project planning.
- Encourage a more integrated, network-based approach to local and regional mobility.
- Reduce the project management burden on State DOTs, particularly for numerous small, distributed projects.
- Increase local control and improve context-sensitive design.
- Reduce pre-construction design costs.
- Accelerate project delivery, especially for smaller infrastructure improvements.
- Remove barriers to using Federal-Aid Highway Program funds for pedestrian, bicycle, and transit projects and low-cost, distributed safety projects.
- Leverage Federal-Aid Highway Program funds to enhance transit access and operation.
- Improve the safety of the transit network.

In general, flexing funds from FHWA to FTA can help streamline implementation of some projects. This approach has the potential to save time and money in project design and delivery—particularly for small-scale, low-cost, transit Americans with Disabilities Act (ADA) access or safety improvements.

The Guidebook discusses flexible funds and does not discuss consolidated planning grants (CPGs) or other planning programs such as Metropolitan & Statewide Planning and Non-Metropolitan Transportation Planning Title 49 sections 5303, 5304 or Title 23 - Planning funds, state planning and research funds.

Flexible funds transferred to FTA are available to recipients for the same period of time as the FTA funding program to which they are transferred, regardless of the apportionment year assigned to the source funds transferred. For example, FTA's Section 5311 program funds are available in the year they were appropriated plus two additional years. So, if fiscal year 2022 STBG funding is flexed to FTA's Section 5311 program in fiscal year 2024,



these funds would be available to the recipient through September 30, 2026. For more information, see [Appendix A](#).

The use of Federal-Aid Highway funding on transit and transit-related projects can also help create a safe transportation network. Flexible funding is not a unique funding stream; rather, it is an option that can be exercised with many Federal formula funding programs. These flexible funding provisions enable state and local governments, public transportation agencies, and MPOs to meet their unique needs and facilitate a multimodal approach to meeting transportation needs at both the statewide and metropolitan levels more effectively.

Legislative Reference

Section 104(f)(1) of Title 23, United States Code (U.S.C.) provides that Title 23 funds made available for transit projects or for transportation planning may be transferred to FTA and administered under the provisions of [Chapter 53 of Title 49](#). Federal law (23 U.S.C. § 104(f); 49 U.S.C. § 5334(i)(1)) allows Federal-Aid Highway Program funding, administered by FHWA and apportioned to State DOTs, to be flexed and administered by FTA for public transportation projects, including projects that enhance transit or access to transit.

FHWA Programs Eligible for Flexible Funding Transfer to FTA

The following FHWA programs are eligible to be flexed to FTA. Please check the eligible activities for each program for more information.

Table 2 Eligible Programs to be flexed to FTA

Eligible Programs to be Flexed to FTA	
Carbon Reduction Program (CRP)	✓
Congestion Mitigation and Air Quality Improvement Program (CMAQ)	✓
Federal Lands Highway Program	✓
Ferry Boat Program	✓
Highway Safety Improvement Program (HSIP)*	✓
National Highway Performance Program (NHPP)	✓
PROTECT Formula Program	✓



Surface Transportation Block Grants (STBG)	✓
Transportation Alternatives (TA)	✓

**Must first be transferred to another Title 23 program that has transit eligibility (e.g. Surface Transportation Block Grant (STBG), Congestion Mitigation and Air Quality Improvement Program (CMAQ), Carbon Reduction Program (CRP), Transportation Alternatives (TA)) before the funds may be transferred to FTA, see [Appendix A](#).*



Project Types Funded by Flexible Funding

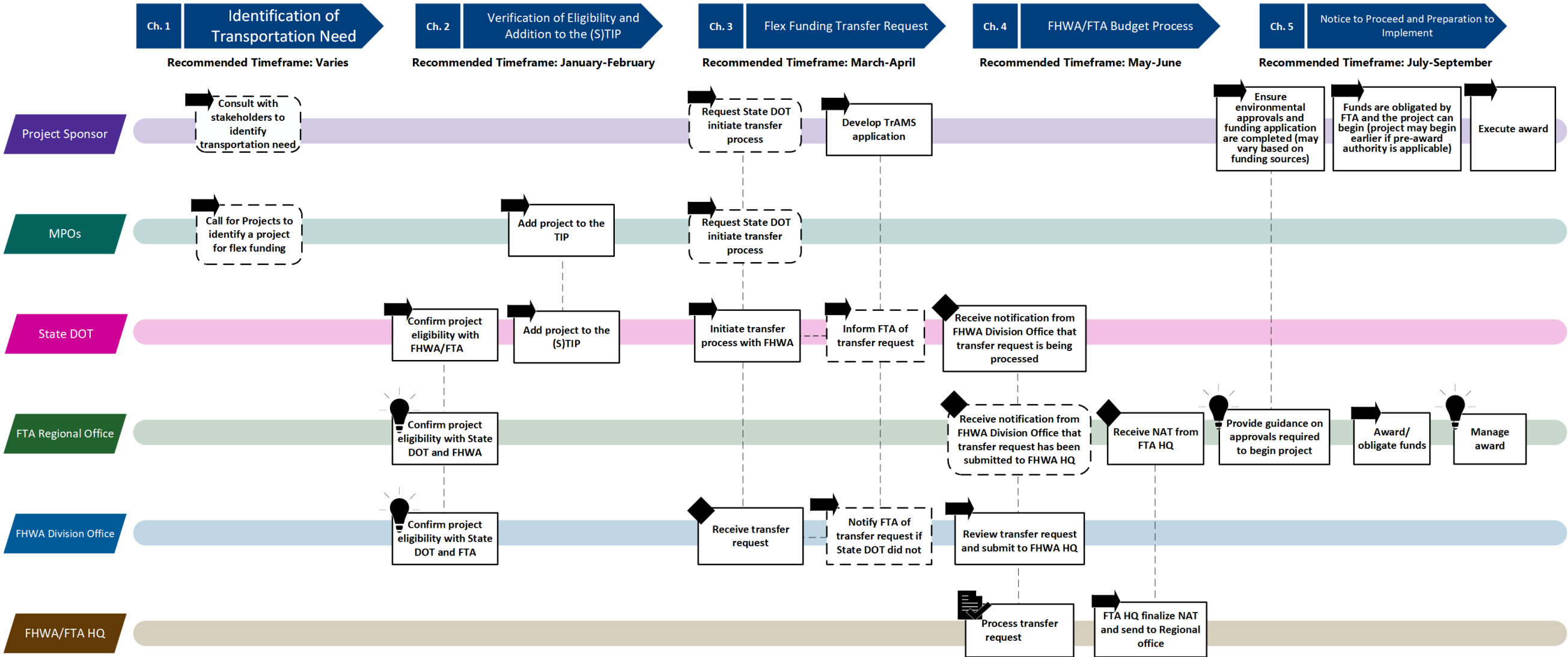
Flexible funding can support and enable projects like:

- Transit capital improvements such as rolling stock purchases
- Operating assistance to introduce new transit service or expand existing transit service
- Enhanced access to and around transit stations for persons with disabilities to public transportation
- Bus shelters and lighting
- Historic preservation, rehabilitation, and operation of historic public transportation buildings, structures, and facilities
- Functional landscaping and streetscaping
- Complete Streets prioritization plans
- Developing plans and policies that support Transit-Oriented Development (TOD)

Eligible “associated transit improvements”:

- Pedestrian improvements located within half a mile of a transit stop or station
- Bicycle improvements located within three miles of a transit stop or station
 - Pedestrian/bicycle improvements located outside of the 3-mile “catchment” area if project sponsor can demonstrate the improvement is within the distance that people will travel by foot or bicycle to a transit stop or station.

Process Flowchart



Legend

Approve: Stakeholder approves request.

Consult: Stakeholder consulted to make a decision.

Steps with Rectangles: Required steps.

Initiate: Stakeholder responsible for initiating a task.

Notify: Stakeholder informed about progress.

Steps with Dashed-Rounded Rectangles: Best Practice steps. May only apply to some cases, Optional, or Recommended.

Note: This flowchart is best used in tandem with the Flexible Funding Process Guidebook, which provides more detail on each of the steps.





Chapter 1: Identification of Transportation Need

Summary

Project sponsors initiate the flexible funding process by engaging stakeholders to identify the transportation need. If the project sponsor is a member community of an MPO, the project may be selected for funding through the MPO's call for projects. In some states, the State DOT may initiate project identification. The project sponsor coordinates with the FTA Regional Office and FHWA Division Office on National Environmental Policy Act (NEPA) readiness and the project's ability to be implemented in a timely manner, gaining initial buy-in to use flexible funds for the transit investment. At end of the chapter, click on the relevant entity type to navigate to the next step.

ACTION	ICON
Approve	
Consult	
Initiate	
Notify	

Stakeholder Roles

Project Sponsor



- Consult with stakeholders to identify transportation need (best practice)

MPOs



- Call for projects to identify a project for flexible funding (best practice)

State DOTs



No action at this stage

FTA Regional Offices



No action at this stage

FHWA Division Offices



No action at this stage

- **Stakeholder engagement** and public input is integral to the planning process and should occur as the community is considering a transportation project. Project sponsors are encouraged to begin the process by engaging stakeholders, which include the transit agency (if the project sponsor is an entity other than the transit agency) or any relevant local agencies (if the project sponsor is a transit agency), the State DOT, FHWA Division Office, and FTA Regional Office. Beginning conversations and gaining buy-in from stakeholders about pursuing flexible funding for transit improvement projects as early as possible will help ensure a smooth, efficient, and coordinated process and allow time to build partnerships for better project delivery.



- **NEPA Readiness:** Ideally, the FTA Regional Office should coordinate with the project sponsor to ensure the project is ripe for consideration and has the local financial commitments in place to be delivered and meet NEPA compliance within a reasonable near-term schedule. The FHWA Division Office assists as necessary. Refer to [FTA NEPA Readiness](#) for resources for project sponsors on activities related to the environmental review process for FTA projects.
- **Project Sponsor/FTA Direct Recipient Relationship:** When funds are flexed to FTA, they will typically be awarded to a current FTA recipient. If the project sponsor represents an organization that has never previously received FTA funding assistance, it should contact the FTA Regional Office to discuss options and processes. The FTA direct recipient (project sponsor or pass-through agency such as a State DOT) will implement the project or provide the funds to the eligible subrecipient that will implement the project. In either case, the direct recipient is responsible for ensuring all Federal requirements (e.g. civil rights, procurement, environmental, etc.) of the FTA project are met.
- **MPO call for projects:** Project sponsors may independently submit projects to a competitive call for projects if issued by their MPO, and once selected for funding, they may determine that flexing funds would be the best option as a project funding source. In these cases, the project sponsor should immediately coordinate with the relevant FTA direct recipient (if not the same entity) to obtain an agreement that the project could be best implemented by flexing funds. If the FTA recipient and project sponsor agree that funds should be flexed, then both parties should approach the State DOT or MPO to begin the process to transfer funds to FTA. (If first approaching the MPO, the MPO would initiate the transfer request with the State DOT). This step presents a public involvement opportunity.

Timeframe

- An environmental review process under the NEPA is required for all projects seeking Federal funding, and this process may include conducting technical studies, leading public involvement, and preparing environmental documents. Ideally, this could be completed at the beginning of the Federal fiscal year (Federal fiscal year is October 1-September 30) to better align with FTA and FHWA grant making cycles and financial systems.
- Project sponsors can request to flex funds at the planning, design, construction, or operations phase, even if an earlier phase did not involve the flexing of funds. Flexing funds for operating assistance is possible under certain FHWA programs. Project sponsors can verify with their FTA Regional Office on timing for flex funding requests for projects.

Resources

- [FTA NEPA Readiness](#): Resources for project sponsors on activities related to the environmental review process for FTA projects.
- [FHWA Order 4551.1](#): Fund Transfers to Other Agencies and Among Title 23 Programs.
- [Infrastructure Investment and Jobs Act \(IIJA\) - Guidance / Regulations](#)
- [FHWA CMAQ Webpage](#)



- [Urbanized Area Formula Grants – 5307](#): The Urbanized Area Formula Funding program (49 U.S.C. § 5307) makes Federal resources available to governors and other recipients for transit capital and operating assistance and transportation-related planning in urbanized areas. An urbanized area is an area that has been defined and designated by the U.S. Department of Commerce, Bureau of the Census as an 'Urban Area' with a population of 50,000 or more.
- [Formula Grants for Rural Areas - 5311](#): The Formula Grants for Rural Areas program provides capital, planning, and operating assistance to states to support public transportation in rural areas with populations of less than 50,000, where many residents often rely on public transit to reach their destinations. The program also provides funding for state and national training and technical assistance through the Rural Transportation Assistance Program.
- [Enhanced Mobility of Seniors & Individuals with Disabilities - Section 5310](#): This program (49 U.S.C. 5310) provides formula funding to states and designated recipients to meet the transportation needs of older adults and people with disabilities when the transportation service provided is unavailable, insufficient, or inappropriate to meeting these needs. The program aims to improve mobility for older adults and people with disabilities by removing barriers to transportation service and expanding transportation mobility options. This program supports transportation services planned, designed, and carried out to meet the transportation needs of older adults and people with disabilities in all areas – large urbanized (over 200,000), small urbanized (50,000-200,000), and rural (under 50,000).
- [Flexible Funding Brochure](#): This brochure provides information on what flexible funding is and how it is used to support transit. It also provides links to case studies and outlines the steps involved in flexing funds.
- [Flexible Funding Presentation](#): This presentation provides information on the benefits of flexible funding, types of eligible programs and projects, process flow chart, and contacts for additional information.

Lessons Learned

- The public should be engaged in the decision-making process as early and often as appropriate, with an opportunity during the MPO's call for projects process.

Click on Relevant Entity Type for Next
Step

[FTA REGIONAL OFFICE](#)

[FHWA DIVISION OFFICE](#)

[MPOS](#)

[STATE DOTs](#)

[PROJECT SPONSOR](#)

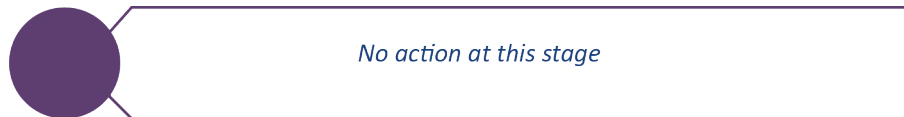
Chapter 2: Verification of Eligibility and Addition to the (S)TIP

Summary

FTA and FHWA confirm project eligibility. Funding transfers are permitted only for projects contained in an approved metropolitan [transportation improvement program](#) (TIP) and/or [statewide transportation improvement program](#) (STIP). Once eligible, the MPO and State DOT will add the project championed by the project sponsor to a publicly reviewed regional TIP and/or STIP. At end of the chapter, click on the relevant entity type to navigate to the next step.

Stakeholder Roles

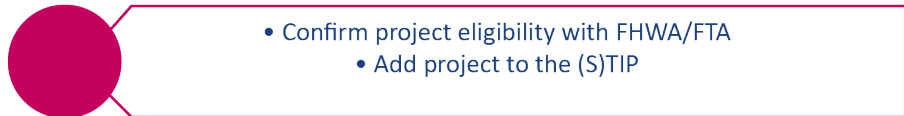
Project Sponsor



MPOs



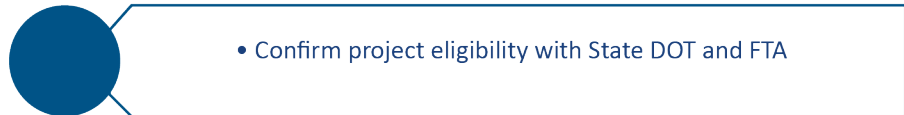
State DOTs



FTA Regional Offices



FHWA Division Offices



ACTION	ICON
Approve	
Consult	
Initiate	
Notify	

- STIP/TIP:** Under 49 U.S.C. § 5304(g), each state is required to develop a STIP covering a period of at least four years. The STIP is a staged, multi-year, statewide intermodal program of transportation projects, consistent with the statewide transportation plan and planning processes as well as metropolitan plans, TIPs, and planning processes. The STIP is developed in cooperation with the MPOs, public transit providers, and any Regional Transportation Planning Organizations (RTPO)s in the state. The projects in the STIP should be programmed in accordance with the established STIP procedures (outlined in each statewide memorandum of understanding (MOU) between FTA and FHWA) prior to the grant award. Each MPO is required, under 49 U.S.C. § 5303(j), to develop a TIP—a list of upcoming transportation projects—covering a period of at least four years. The TIP and STIP are fiscally constrained documents and development of the documents presents a public involvement opportunity. The FHWA Division Office and FTA Regional Office approve the STIP and amendments to it. Transfers for planning projects need to be identified in the relevant Planning Work Program.



- **Project Eligibility:** The project must be eligible under the statutes for both FTA and FHWA's program requirements and eligible under Title 23 (U.S. Code). The project must be eligible under the FHWA funding program (CMAQ, STBG, etc.) and the FTA program to which it is being transferred to. Ideally, FHWA and FTA should coordinate on eligibility review. Eligibility review is more crucial for novel project types or new FHWA funding programs.

Timeframe

- The recommended timeframe for this step is 60 days, preferably in January through February. This timeframe is recommended to better align with FTA and FHWA grantmaking processes. These timelines are suggested and may not apply for all cases.

Resources

- [Appendix A](#)
- [FHWA Order 4551.1: Fund Transfers to Other Agencies and Among Title 23 Programs](#)
- [FHWA CMAQ Program Guidance](#)
- TIP and STIP development
 - [FTA STIP resources](#)
 - [FHWA Plan Works](#)
 - [Virginia Metropolitan Transportation Improvement Programs Preparation Guidance Update](#)
 - [Colorado STIP Development Guidance](#)
 - [Delaware Valley Regional Planning Commission Transportation Improvement Program \(TIP\) Handbook](#)
 - [Using Technology to Support the STIP](#)

Lessons Learned

- Funds transferred from FHWA to FTA can be used only for purposes eligible under both the original program that the funds are transferred from and the program to which the funds are transferred.
- In anticipation of the annual August Redistribution¹ process, project sponsors championing projects that may be identified as using available FHWA funding to support transit capital activities are encouraged to coordinate early with their State DOT and MPO for programming investments in an approved TIP/STIP prior to initiating the flexible funding transfer process. State DOTs should consider including an estimated amount of August Redistribution in the programming of a fiscally constrained STIP. The State DOTs

¹ Each fiscal year, FHWA informs States about the opportunity to redistribute funds from their programs that don't fully obligate their share of funding. This is called redistribution of obligation limitation or August Redistribution. During this time, FHWA provides states with additional "obligation limitation" and offers the opportunity to fund additional projects, including transit projects with flexed funds. August Redistribution present an opportunity to identify transit capital activities that are ready for funding. FTA encourages transit agencies to coordinate with their highway counterparts about the possibility of flexing funds for eligible transit projects as a potential use of these funds.



should work with their FHWA Division Office on the appropriate funding estimates for the STIP.

- The public should be involved in the decision-making process as early and often as appropriate, and especially during the TIP/STIP amendment process when adding new projects (or project phases) for consideration. Projects already in the TIP/STIP may only require an administrative modification to make minor adjustments in the program and not include public review.
- Pursuant to 23 U.S.C. § 104(f)(1)(B) and 49 U.S.C. § 5334(i)(2), flexible funds transferred to FTA require the same non-Federal matching share that such funds would require if administered by FHWA. For example, STBG funds (23 U.S.C. § 133) are not covered by 49 U.S.C. § 5323(i)(1)(A), which allows for an 85 percent Federal share of the net project cost of vehicle acquisitions for purposes of complying with the ADA or the Clean Air Act. In some cases, the Federal share of FHWA funds flexed to FTA may be subject to the upward sliding scale adjustment for states containing public lands. Together, the FHWA Division Office and the FTA Regional Office can help determine the appropriate non-Federal share requirement and will consult with headquarters (HQ) as necessary.
- Eligible CMAQ activities may include: public transportation vehicle acquisitions; construction of new facilities or improvements to facilities that increase transit capacity; operating assistance; and mobility improvements resulting from the provision of transit traveler information. CMAQ projects must demonstrate an emissions reduction, and they must be located in or benefit an ozone, carbon monoxide, and particulate matter nonattainment or maintenance area.
- The Federal share for CMAQ funds is governed by 23 U.S.C. § 120. It is generally 80 percent but is subject to the upward sliding scale adjustment for states containing public lands. Certain safety projects that include an air quality or congestion relief component (e.g., carpool/vanpool projects), as provided in 23 U.S.C. § 120(c), may have a Federal share of 100 percent, but this provision is limited to 10 percent of the total funds apportioned to a state under 23 U.S.C. § 104.

Click on Relevant Entity Type for Next Step

[FTA REGIONAL OFFICE](#)

[FHWA DIVISION OFFICE](#)

[MPOS](#)

[STATE DOTs](#)

[PROJECT SPONSOR](#)

Chapter 3: Flexible Funding Transfer Request

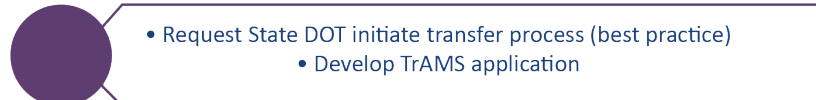
Summary

During this phase, the project sponsor requests the State DOT initiate the flexible funding transfer process. The project sponsor also develops a [TrAMS application](#) (Transit Award Management System, FTA's grant management software). If the project sponsor represents an organization that has never previously received FTA funding assistance, please contact the FTA Region Office to discuss options and processes. The State DOT submits the completed flexible funds transfer request (via FHWA Form 1575c or the Financial Management Information System (FMIS)) to their FHWA Division Office. The FHWA Division Office reviews and approves (if applicable) the request and then sends the request to FHWA HQ. The FHWA Division Office informs the State DOT and FTA Regional Office of the verified transfer request via an info-only email. At end of the chapter, click on the relevant entity type to navigate to the next step.

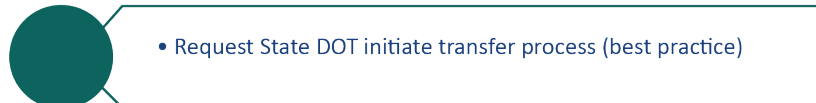
ACTION	ICON
Approve	
Consult	
Initiate	
Notify	

Stakeholder Roles

Project Sponsor



MPOs



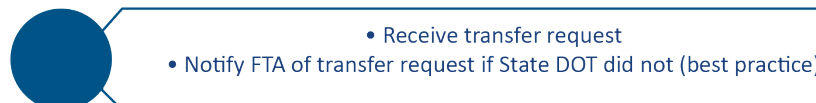
State DOTs



FTA Regional Offices



FHWA Division Offices



- TrAMS Application:** The project sponsor develops a TrAMS application. If the project sponsor represents an organization that has never previously received FTA funding assistance, please contact the FTA Region Office to discuss options and processes. The TrAMS application is awarded when the flexible funds are received by the FTA Regional Office.
- Notification of Transfer Request:** It is the State DOT's responsibility to inform the FTA Regional Office of their transfer request submittal to the FHWA Division Office. If the State DOT did not inform FTA, the FHWA Division Office may do so. The FTA Regional Office could request that the State DOT notify FTA in the future as a courtesy.
- FTA Concurrence Letter:** The FTA Regional Office will provide documentation* to the State DOT stating that FTA is willing to accept the funds and oversee the project prior to the State DOT's transfer request to FHWA. As a best practice, it is recommended that when the State DOT submits the transfer request to FHWA, it includes FTA's document as an attachment.

*NOTE: FHWA and FTA are determining the form and content of appropriate supporting documentation.



Timeframe

- The recommended timeframe for this step is 60 days, preferably in March through April. This timeframe is recommended to better align with FTA and FHWA grantmaking processes. These timelines are suggested and may not apply for all cases.
- In March or April, FTA HQ sends a “Request to Regions regarding FHWA August Redistribution and Flex Funding Opportunity.” This is an annual FTA action, with early spring outreach regarding the upcoming FHWA redistribution. Additionally, starting conversations with potential project sponsors early in the Federal fiscal year can help ensure a smooth, efficient, and coordinated process and allow time to build partnerships for better project delivery.

Resources

- [Appendix A](#)
- FHWA Programs that can be flexed to FTA – see table on [page 6](#)
- [FHWA and FTA Funds That May Be Used for Either Highway or Transit Purposes and Title 23 Program Transfer Provisions](#)
- [FHWA Federal Share Fact Sheet](#)
- [FTA’s Statistical Summary with more information about prior year’s flexible fund use](#)
- [Sliding Scale Match Ratio](#)
- [Circular 9050.1A](#), Chapter V, page V-9 and V-11, describes sliding scale match ratio applicability.
- [FHWA Infrastructure Investment and Jobs Act \(IIJA\) Fact Sheets](#)
- [FTA Direct Recipient Prerequisites](#)
- Interagency Transfers
 - [Form FHWA-1576: FHWA Transfer Request to FHWA or other Agency](#)
 - [Flexible Funding for Transit and Highway Improvements](#)
- [Ferry Boat Program Implementation Guidance](#)
- [Transit Award Management System \(TrAMS \) Basic Navigation Video](#)
- [FTA TrAMS Guidance & Training](#)



Lessons Learned

- It takes approximately 60 days to review, approve, and complete the transfer process from the time the State DOT sends a written request to FHWA to flex funds to FTA. During this time, NEPA compliance, preliminary design and/or pre-construction activities can continue with previously awarded Federal-Aid or local funding.
- An alternative possible approach to the process outlined above regarding requesting flex transfers is for the FTA Regional Office to send a letter to the State DOT requesting to initiate a flex transfer and copies the FHWA Division Office. This is currently practiced in some regions.

Click on Relevant Entity Type for Next Step

[FTA REGIONAL OFFICE](#)

[FHWA DIVISION OFFICE](#)

[MPOS](#)

[STATE DOTs](#)

[PROJECT SPONSOR](#)

Chapter 4: FTA/FHWA Budget Process

Summary

The FHWA Division Office informs the State DOT that the flexible funds transfer is being processed, and as a best practice, also informs the FTA Regional Office. FHWA/FTA HQ employs procedures and provides technical assistance as requested to the FTA Regional Offices and FHWA Division Offices regarding the flexible funding process. At end of the chapter, click on the relevant entity type to navigate to the next step.

ACTION	ICON
Approve	
Consult	
Initiate	
Notify	

Stakeholder Roles

Project Sponsor



No action at this stage

MPOs



No action at this stage

State DOTs



- Receive notification from FHWA Division Office that transfer request is being processed

FTA Regional Offices



- Receive notification from FHWA Division Office that transfer request has been submitted to FHWA HQ (best practice)
- Receive NAT from FTA HQ

FHWA Division Offices



- Review transfer request and submit to FHWA HQ

- **Operating Budget Worksheet (NAT):** FTA HQ alerts FTA Regional Offices monthly on the NAT form of available funds.
- **Procedures for Transferring Flexible Funds between Federal Highway Administration and Federal Transit Administration:** In conjunction with this Guidebook, please review the “Procedures for Transferring Flexible Funds between Federal Highway Administration and Federal Transit Administration,” for the current procedures for transferring Title 23 funds between FHWA and FTA. This resource provides more detail on each of the stakeholders’ roles and responsibilities, in addition to more detail about the USDOT HQ process. This can be found in [Appendix A](#).

Timeframe

- The recommended timeframe for this step is 60 days, preferably May through June. This timeframe is recommended to better align with FTA and FHWA grantmaking processes. FTA and FHWA staff can provide this timeline to project sponsors to manage expectations. These timelines are suggested and may not apply for all cases.

Resources

- [Appendix A](#)

Lessons Learned

- Flexible fund transfers are supported with the SF-1151, Non-Expenditure Transfer form to show fund movement from one operating administration's (OA) account to another OA's account. The receiving account has the responsibility of reporting the financial information to the United States Department of the Treasury. This contrasts with a parent/child allocation where one OA (the parent) is providing the funding to another OA (the child) to award the grant/services on their behalf and all financial reporting is the responsibility of the parent account.
- The fund obligation definitions are different between FTA and FHWA when reporting. For FHWA, the commitment occurs when FHWA approves the project and executes the project agreement, usually in the Financial Management and Information Systems (FMIS). For FTA, the commitment occurs when FTA reserves the funds in its grant management system (TrAMS). When the application has been awarded by the FTA Regional Administrator and executed by the grantee/project sponsor in TrAMS, it becomes an obligation (i.e., the funds have been obligated). However, the obligation still needs to interface to FTA's official accounting system and invoicing tool, Delphi, to show the obligation has been recorded accurately for Treasury reporting. Normally, it takes two business days for obligations to interface between TrAMS and Delphi.
- For Ferry Boat Program (FBP) transfers, prior to submitting the transfer to FHWA HQs, the FHWA Division Office will confirm with the FTA Regional Office that the project is ready for obligation once the transfer is completed.

Click on Relevant Entity Type for Next Step

[FTA REGIONAL OFFICE](#)

[FHWA DIVISION OFFICE](#)

[MPOS](#)

[STATE DOTS](#)

[PROJECT SPONSOR](#)

Chapter 5: Notice to Proceed and Preparation to Implement

Summary

In the final phase, the FTA Regional Office receives the transferred funds from FTA HQ. The TrAMS application is awarded when the flexible funds are received by the FTA Regional Office. The project sponsor may receive the class of action determination (i.e., categorical exclusion (CE), environmental assessment (EA), or environmental impact statement (EIS) and approval of the applicable environmental review process decision document from the FTA Regional Office before receiving the transferred funds. However, this environmental finding must be completed before FTA obligates transfer funds to the sponsor and manages the Federal award.

ACTION	ICON
Approve	
Consult	
Initiate	
Notify	

Stakeholder Roles

Project Sponsor



- Ensure environmental approvals and funding application are completed (may vary based on funding sources)
- Funds are obligated and the project can begin (project may begin earlier if pre-award authority is applicable)
- Execute the award

MPOs



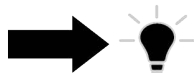
No action at this stage

State DOTs



No action at this stage

FTA Regional Offices



- Provide guidance on approvals required to begin project
- Award/obligate funds
- Manage award

FHWA Division Offices



No action at this stage

- **Environmental Approvals:** Many projects applying for flexible funding would have already begun the environmental review process. This step is applicable to projects for which an environmental review process has not yet begun. This step presents a public involvement opportunity. FTA Regional Offices should work with project sponsors to begin the environmental review process as early as possible (could occur in previous phases 1-4) and determine the appropriate level of NEPA review. NEPA resources are found on the next page.



- **Pre-award authority:** Pre-award authority occurs when FTA extends the authority to an anticipated recipient, in writing, to incur otherwise allowable project costs before the effective date of a Federal award. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of FTA. Pre-award authority is announced in the annual Apportionment Notice, Notice of Funding Opportunity, a Letter of No Prejudice, or other written notification. These documents should be consulted for pre-award authority requirements, including environmental approvals. Failure to comply with applicable Federal requirements will render those project costs or, in certain cases, the project in its entirety, to be ineligible for FTA assistance.

Timeframe

- The recommended timeframe for this step is 90 days, preferably in July through September, to better align with end-of-year closing and reconciliation of federal financial and grant award systems. This timeframe is recommended to better align with FTA and FHWA grantmaking processes. These timelines are suggested and may not apply for all cases.

Resources

- [FTA Direct Recipient Prerequisites](#)
- [FTA Resources for New Grant Recipients](#)
- [FTA Resources for Existing Grant Recipients](#)
- [FTA Grants Program Oversight](#)
- [FTA Environmental Review Process](#): NEPA is the primary law governing the environmental review process for all Federal agencies. NEPA establishes a decision-making process that agencies must follow to study the environmental impacts of proposed projects, both large and small. This term includes NEPA and other applicable Federal environmental laws, regulations and executive orders.
- [FTA Current Apportionments](#)
- Environmental and NEPA Process:
 - [FTA Environmental Resources Information](#)
 - [Environmental Training and Technical Assistance](#)
 - Efficient environmental reviews for project decision-making, [23 U.S.C. § 139](#)
 - FTA/FHWA/Federal Railroad Administration (FRA) joint Environmental Impact and Related Procedures, [23 CFR part 771](#)
 - Linking the Transportation Planning and NEPA Processes, [23 CFR 450.212](#), [450.318](#), and [Appendix A](#). This appendix provides additional information to explain the linkage between the transportation planning and project development/NEPA processes. It is intended to be non-binding and should not be construed as a rule of general applicability.
 - [FTA NEPA Readiness](#): Resources for project sponsors on activities related to the environmental review process for FTA projects.



Lessons Learned

- Although flexible funds transferred to FTA should be administered under the applicable FTA program requirements, flexible funds may only be used for the purposes for which they were originally authorized. Significant scope, schedule, and budget changes (post-award) can delay project delivery and jeopardize project implementation or receiving additional flexible funding for future transit projects.
- For larger capital projects, compliance with NEPA may be more involved and require additional consultation under Section 106, Section 4(f) or other environmental requirements. These environmentally significant projects should begin the NEPA process sooner to accommodate timely project delivery. Furthermore, projects with significant impacts to the built or natural environments may require extensive public involvement and time commitments. When determining overall project delivery timelines, consider that EAs have a one-year timeline and EISs have a two-year timeline under NEPA.
- For flexible funds transferring into Sections 5307, 5310, and 5311 programs, FTA provides pre-award authority to incur expenses before grant award for certain program areas. This pre-award authority allows recipients to incur certain project costs before grant approval and retain the eligibility of those costs for subsequent reimbursement after grant approval. For capital projects, the recipient assumes all risk and is responsible for ensuring that all conditions (e.g., NEPA compliance) are met before applying pre-award authority to retain eligibility for reimbursement and future project funding. FTA does not impose additional conditions on pre-award authority for operating, planning, or administrative assistance under the formula grant programs though all Federal requirements must be met. Flexible funding lag times may impose additional risk if pre-award authority is utilized.



Flexible Funding Toolbox: Contact Information

- Additional Information:
[Transportation Planning Capacity Building](#)
- Additional Questions:
flexfunds@dot.gov
- Contact FHWA or FTA field offices
 - [FHWA Division Offices](#)
 - [FTA Regional Offices](#)



Flexible Funding Toolbox: FTA-FHWA Coordination

FTA Regional Offices and corresponding FHWA Division Offices are encouraged to establish clearly defined and agreed upon practices for communication and collaboration on flexible funding. This may include the following:

- Incorporate flexible funding roles and responsibilities in each statewide FTA-FHWA planning memorandum of agreement.
- Coordination at beginning of the fiscal year to set goals and expectations.
- Coordination before the end of the fiscal year to address annual redistribution or funding recissions.
- A formal touch point at the beginning of the transfer. For example, FTA Regional staff could hold coordination meetings or workshops with FHWA staff at the start of the transfer process.
- Coordinating eligibility reviews. Establish an understanding of what eligibility reviews should have been completed and by whom before flexible funding request(s) reach FTA.
- Communication during the transfer process. For example, the FHWA Division Office could send the FTA Regional Office notifications of incoming transfer requests.
- Coordination among FHWA and FTA to ensure FTA environmental protection specialists are brought in at the appropriate phase. FTA environmental protection specialists could be brought in when FHWA and the State DOT are reviewing eligibility. In some cases, FTA could join the project vetting stage if there is a likely chance FTA would eventually oversee and implement the project.



Flexible Funding Toolbox: FTA-FHWA Engagement with Stakeholders

Resources are available to FTA and FHWA staff to build awareness of flexible funding among stakeholders, including MPOs and potential project sponsors. Staff are encouraged to speak with their contacts about the benefits of flexible funding. The current resources include:

- Flexible Funding Brochure – This brochure provides information on what flexible funding is and how it is used to support transit. It also provides links to cases studies and outlines the steps involved in flexing funds. It can be printed and distributed at meetings and conferences.
- Flexible Funding Presentation – This presentation provides information on the benefits of flexible funding, types of eligible programs and projects, process flow chart, and contacts for additional information. It can be used at a speaking engagement where potential project sponsors or other partners may be in the audience, even as an add-on to a presentation of a different subject.
- Transportation Planning Capacity Building (TPCB) Planning Topics Site – The TPCB site remains the most comprehensive source of a flexible funding information and includes a resource compendium with information that could be helpful to stakeholders, including the flexible funding transfer request form, FHWA Form 1575.



Flexible Funding Toolbox: Onboarding Training for New Staff

The [FHWA/FTA Transportation Planning Capacity Building site](#) houses many sources of information on flexible funding and would be a helpful resource for new staff engaging in flexible funding, from Federal staff to State and local staff. The Frequently Asked Questions about Flex Funding and the Resources on Flexible Funding provide history and context on the flexible funding process.

Another key source of information is FTA's [Flexible Funding for Transit and Highway Improvements](#) site.



Appendix A: Procedures for Transferring Flexible Funds Between Federal Highway Administration and Federal Transit Administration

Date: December 2024

The purpose of this addendum is to provide the current procedures for transferring Title 23 and Chapter 53 funds between the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).

TRANSFER PROCESS

Funds transferred from FHWA to FTA, and from FTA to FHWA (for planning, capital, and operating assistance projects under Federal-Aid Highway Program Contract Authority (FAHP)), also known as “flexible funds,” are to follow the processes outlined in this addendum.

This document is a general overview and summary of existing guidelines and policies maintained by FHWA, FTA, and State Departments of Transportation (State DOTs). This document does not have the force or effect to supersede any other entity-level policies. Each stakeholder may, at their sole discretion, update their processes which will render any conflicting requirements in this document as obsolete.

Both highway and public transportation (i.e., transit) laws include provisions that allow certain categories of funds to be used for either highway or transit purposes. The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and subsequent transportation bills have provided states the opportunity to transfer funds between programs to respond to differing needs and priorities.

I. FUNDS TRANSFERRED FROM FHWA TO FTA

ROLES AND RESPONSIBILITIES

A. FHWA/FTA

Typically, FHWA transfers funds to FTA on a monthly² basis. FHWA and FTA have an agreement with the Office of Management and Budget that FHWA funds will be immediately available for obligation upon transfer to FTA³. This is mentioned in the footnote on the initial fiscal year SF-132, “*Apportionment and Reapportionment Schedules*” as follows: “*Transfer of funds and cash pursuant to 23 U.S.C.104(f) and 49 U.S.C. 5334(i) between FTA and FHWA are automatically apportioned.*”

Period of Availability to Recipients: Flex funds transferred to FTA are available to recipients for the same period of time as the FTA funding program to which they are transferred, regardless of the apportionment year assigned to the source funds transferred. For example, FTA’s Section 5311 program funds are available in the year they were flexed plus two additional years. So, if fiscal year 2022 STBG funding is flexed to FTA’s Section 5311 program in fiscal year 2024, these funds would be available to the recipient through September 30, 2026.

Ideally, flexible funds should be obligated within the period of availability to the recipient. However, sometimes flexed funds “lapse” before they can be utilized. Consistent with the “no-year” period of availability for contract authority funding under FTA programs, any funds which remain unobligated at the end of the period of availability, to the recipient, will remain available to the state for reallocation either to the originally designated project, or another eligible public transportation project, under the applicable FTA program. Flexible funds are not reapportioned among all Urbanized Areas (UZAs) like FTA formula funds. The State DOT may also submit a

² Monthly FHWA transfer of funds may not be applicable for every FTA program office.

³ The agreement was established under ISTEA and does not have an expiration date and is reestablished each year.



request to return the funds to FHWA.

The FTA Regional Office will notify the appropriate State DOT by letter that the lapsed funds are available for reallocation, and request that the State DOT (as the Governor's designee) identify whether the transferred funds will be used for the original project for which the funds were allocated to, if these funds will be used for another eligible transit project in the state. The Governor or Governor's designee (typically the State DOT) will have the opportunity to determine other transit projects for which the lapsed funds will be used (though they must be programmed in the Statewide Transportation Improvement Program (STIP)). The Governor or the Governor's designee should inform the FTA Regional Office in writing of his/her decision on the use of the funds.

For more details on FHWA's treatment of lapsed funds, please contact the FHWA Office of Budget.

B. STATES

For all projects to be funded by flexible funds, the State DOT initiates the transfer process with the corresponding FHWA Division Office in that State by submitting a request in the Fiscal Management Information System (FMIS) transfer portal (or if not available, via FHWA Form 1575). At time of request, the State DOT should notify the FTA Regional Office in writing of the request to FHWA and copy the FHWA Division Office. As part of the request, the State will upload in FMIS a copy of supporting document(s) for the transfer, if appropriate.⁴ The request must specify: the state, amount of funding to be transferred for transit project(s), the FHWA apportioned program (e.g. Surface Transportation Block Grant, Congestion Mitigation Air Quality, Carbon Reduction Program, Transportation Alternatives, or Congressional earmarks within these programs) and the corresponding appropriation year.

The identified capital or operating assistance project(s) must be programmed in the Transportation Improvement Program (TIP), if applicable, and the STIP prior to award. The requested funds will be transferred for projects to one of the following FTA formula programs: Urbanized Area Formula Program (Section 5307), Enhanced Mobility for Elderly and Persons with Disabilities Formula Program (Section 5310), Non-Urbanized Area Formula (Section 5311), State of Good Repair (Section 5337), Bus and Bus Facilities Formula Program (Section 5339(a)), Metropolitan Planning (Section 5303), or Statewide Planning (Section 5304).

C. FHWA DIVISION OFFICE

The FHWA Division Office reviews and approves the request in the FMIS transfer module. The FHWA Division Office is responsible for reviewing the request and ensuring that the request is appropriate based on relevant authority and that the appropriate supporting documentation is included. After approval by the FHWA Division Office, the FMIS request will be routed to the FHWA Office of Budget for final review and the request will be processed if all the included information is correct in the request. If the request is rejected, the FHWA Division Office is responsible for addressing the discrepancies identified by the FHWA Office of Budget and working with the State DOT to resubmit the transfer request, if appropriate.

D. FHWA - OFFICE OF BUDGET

The monthly Notice of Authority Available for Obligation (NAT) process, described in the following sections includes these steps:

⁴ At the time of writing, FHWA and FTA were in the process of determining the form and content of appropriate supporting documentation



1) FHWA Office of Budget pulls transfer requests and documents from FMIS on a monthly basis and drafts the NATs for the FTA Budget Office to review; 2) FTA Budget Office approves the NAT; and 3) FHWA Office of Budget proceeds to request the SF-1151 - Non-Expenditure Transfer Authorization (NET) from the U.S. Treasury.

Funds transferred from FHWA's FAHP differ from funds transferred from other FHWA accounts. The cash associated with those funds are invested in the Highway Trust Fund. The initial transfer of FAHP funds include only contract authority. FTA will request cash separately, on a quarterly basis, to liquidate these obligations.

Once the U.S. Treasury posts the SF-1151 to the Central Accounting Reporting System, FHWA and FTA Budget Offices will record the transfer in Delphi (a real-time invoicing tool). FHWA provides a copy of the NAT to FTA Budget Office, Program Funds Administration (TBP-22), along with supporting documentation (e.g., a transfer request memorandum, 1575C Transfer Request Form) identifying the state's apportionment program(s) and amount(s). The FTA Budget Office records the funding to FTA's Formula and Bus Treasury Account Symbol accounts (Account 8350), Transit Infrastructure Grants Account (Account 2812), or current account.

E. FTA - OFFICE OF BUDGET AND FINANCIAL MANAGEMENT

TBP-22 coordinates with the FTA Regional Office to verify which of the formula programs receives the transferred funds, along with the temporary Federal Award Identification Number, Project Title, and the UZA code to which they should be assigned.

TBP-22 establishes the allotment, operating budget, and apportionment in the Transit Award Management System (TrAMS) by fiscal year. TBP-22 notifies FTA Regional Offices and the Office of Transit Programs (TPM-10) for capital and operating projects or the FTA Office of Planning (TPE-10) for Capital Planning Grants of the availability of the transferred funds by state, by UZA, as appropriate, and by fund type. TBP-22 notifies FTA Regional Offices by email when the funds have been loaded into TrAMS.

TPB-22 provides the allotment and notifies the FTA Office of Financial Management (TBP-50) by e-mail of the funding amount being transferred from FHWA to FTA, as recorded on the SF-1151 for General Funds, including associated amounts to be transferred from the Trust Fund Share of Expenses Account to the Formula and Bus Account.

TBP-50 transfers the contract authority and funds from the Trust Fund Share of Expenses Account to the Formula and Bus Account.

F. RECIPIENT

The FTA recipient submits an application for an award (or amendment, if applicable) electronically in TrAMS. The application must specify that transfer funds are included, and the application must be prepared in conformance with the requirements and procedures which governs the section of Chapter 53, Title 49 to which the funds have been transferred.

The application or the amendment must include a clear description of the project or program and be consistent with the STIP for capital and operating projects or Unified Planning Work Programs for Consolidated Planning Grants (CPGs) or other FHWA flexible-funded planning activities, as well as the purpose as described in the FHWA funds transfer request (Form FHWA-1575C). Flexible funds transferred to FTA will be administered under the applicable FTA program requirements. Funds may only be used for the purposes for which they were originally authorized under the originating FHWA program, or at the Governor or the Governor's designee's direction, and must also be eligible under the FTA program which the funds are to be transferred into.



G. FTA REGIONAL OFFICE

As part of the application review process and/or in advance of award, the FTA Regional Office confirms sufficient funding availability by state, program, and fund type in the TrAMS Application Awards Module (“system apportionment account(s)”). The FTA Regional Office reviews and approves applications for capital, operating assistance, and planning projects/activities and obligates project funds in accordance with FTA funding program requirements. The FTA Regional Office will confirm the FHWA form, 1575C FHWA Transfer Request, is attached to the corresponding application which obligates/encumbers transfer funds.

II. RECONCILIATION

ROLES AND RESPONSIBILITIES

A. FTA REGIONAL OFFICE

The FTA Regional Offices will manage flexible fund transfer awards in TrAMS to monitor project delivery and ensure program compliance. Management of the CPG program grants, and associated projects/activities will be in accordance with the Memorandum of Understanding developed for each CPG program by the FTA Regional Office and the corresponding FHWA Division Office(s).

III. AWARD CLOSEOUT

ROLES AND RESPONSIBILITIES

A. FTA REGIONAL OFFICE

The FTA Regional Office works to close the award and de-obligate any unliquidated fund balance once the project milestones have been met. Funds recovered after award closeout will remain available to the appropriate urbanized area and may be applied to future eligible transit projects as identified by the State DOT. The FTA Regional Offices will work with FHWA Division Offices and State DOTs and/or Metropolitan Planning Organizations (MPO) to repurpose funds for another eligible transit project if the original project is completed with unliquidated funds remaining. If the period of availability of the transferred funds has lapsed according to FTA’s program requirements, the Governor or the Governor’s designee must inform the FTA Regional Office in writing of their decision on the use of the funds.

IV. FUNDS TRANSFERRED FROM FTA TO FHWA

ROLES AND RESPONSIBILITIES

A. FHWA/FTA

Types of funds to transfer from FTA to FHWA may include the following:

- FTA Section 5303 and Section 5304 program funds that can be transferred to FHWA under the CPG policy.
- Appalachian Program funds that cannot be used for operating assistance expenses as part of a Section 5311 grant may be used for a highway project under certain circumstances and thus transferred to FHWA. Additional information about the requirements for the Appalachian Program can be found in Chapter VII of FTA Circular 9040.1G, “*Formula Grants for Rural Areas: Program Guidance and Application Instructions*” (dated October 24, 2014.)

B. FTA REGIONAL OFFICE

The FTA Regional Office notifies TBP-22 with supporting documentation (a memorandum from the State DOT to FTA with the fiscal funding year, appropriation, programs, and amounts along with confirmation from Regional Counsel that funds are legally available for transfer) to initiate the transfer of funding from FTA to FHWA.



C. FTA HEADQUARTERS

Based on the transfer request information provided by the FTA Regional Offices the FTA Budget Office, TBP-22 will take the following actions: reduce funds at the allotment, operating budget, and recipient's formula apportionment in TrAMS, generates NAT transfers, and provides allotment of funds reduction to the TBP-50 to process in Delphi.

1. TBP-22 forwards a copy of the signed NAT along with FTA Regional Administrator's transfer approval memorandum of the transfer to FHWA Office of Budget.
2. TBP-50 transmits an SF-1151 - Non-Expenditure Transfer authorization to U.S. Treasury transferring obligation authority and cash to FHWA's Federal Highways Allocation Account (69X8083 or 69X0548).
3. TBP-50 provides FHWA with a copy of the Treasury-approved SF-1151, when available. The responsibility for project expenditures and year-end closing will reside with FHWA.

D. FHWA - OFFICE OF BUDGET/OFFICE OF PLANNING, ENVIRONMENT AND REALTY

Upon the receipt of SF-1151 from TBP-50, FHWA Office of Budget records the specified SF-1151 transfer of funds. A copy of the SF-1151 is provided to the FHWA Office of Budget and the FHWA Office of Planning, Environment, and Realty. The FHWA Office of Planning, Environment, and Realty prepares an allocation memorandum to the specific FHWA Division Office(s) and the FHWA Office of Budget records the allocation in FMIS. The FHWA Office of Planning, Environment, and Realty coordinates between the FHWA Office of Budget and FHWA Division Office(s) to send notice of the transfer action(s) taken. They typically also copy the FTA TPE-10 on the transaction.

E. FHWA - DIVISION OFFICE

Upon receipt of the allocation memorandum, the FHWA Division Office proceeds to enter a project agreement with the state and records the obligation in FMIS.

POINT OF CONTACT

These procedures are designed to facilitate the transfer of program funds between FHWA and FTA. Questions regarding these procedures should be directed to Eugene Kinard, Division Chief, FTA Program Funds Administration (TBP-22); FTA Budget Office at flexfunds@dot.gov.