



# Memorandum

Subject: **INFORMATION:** Highway Infrastructure Programs - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (HIP-CRRSAA) Implementation Guidance

Date: February 24, 2021

From: /s/ original signed by

Reply to Attn. of:  
HISM-10

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To: Division Administrators  
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The attached implementation guidance provides information to Federal-aid Division Offices, State transportation agencies, local governments, and grantee recipients, on Highway Infrastructure Program funding appropriated by title IV of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, division M, Public Law 116-260, as it relates to funding, Federal share, eligibility, and other requirements.

If there are questions, please contact David Bartz at (512) 417-5191 or by e-mail at [David.Bartz@dot.gov](mailto:David.Bartz@dot.gov), or contact Christopher Newman at (202) 366-4652 or [Christopher.Newman@dot.gov](mailto:Christopher.Newman@dot.gov), of the Office of Stewardship, Oversight and Management (HISM-10).

If there are questions concerning financial management and Fiscal Management Information System project agreements, please contact Tony DeSimone at (317) 226-5307 or by e-mail at [Anthony.DeSimone@dot.gov](mailto:Anthony.DeSimone@dot.gov), of the Office of Financial and Management Programs (HCFB-31).

Attachment

## Highway Infrastructure Programs - Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (HIP-CRRSAA)

### **Implementation Guidance (February 24, 2021)**

Title IV of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), division M, Public Law (Pub. L. No. 116-260), enacted on December 27, 2020, appropriated an additional \$10,000,000,000 for Highway Infrastructure Programs (HIP). Of such amount, \$9,840,057,332 shall be set aside and apportioned for activities eligible under section 133(b) of title 23, United States Code (U.S.C.) (Section III.A.). Such funds may also be used for Special Authority purposes (referred to in this document as “Special Authority”) (Section III.B.) or may be transferred to public tolling agencies or a ferry system that provides a public transportation benefit (Section III.C.), as described in this guidance. This guidance addresses only the funding provided to the States and refers to these funds as HIP-CRRSAA funds. The purpose of this guidance is to provide information on the HIP-CRRSAA as it relates to funding, Federal share, eligibility, and other requirements.

The remainder of the funding is set aside for other activities that are not the subject of this guidance. This includes \$114,568,862 set aside for activities eligible under the Tribal Transportation Program as described in 23 U.S.C. 202; \$35,845,307 set aside for activities eligible under the Puerto Rico Highway Program as described in 23 U.S.C. 165(b)(2)(C)(iii); and \$9,528,499 set aside for activities eligible under the Territorial Highway Program as described in 23 U.S.C. 165(c)(6).

#### **I. General**

- A. Program Purpose:** The purpose of the HIP-CRRSAA is to provide funding to address coronavirus disease 2019 (COVID-19) impacts related to Highway Infrastructure Programs. The non-traditional cost categories eligible under the HIP-CRRSAA appropriation and discussed below (Sections III.B. and III.C.) are statutorily eligible cost objectives authorized by Congress (see 2 CFR 200.1, defining cost objective).
- B. Appropriation of Funds:** The HIP heading in the CRRSAA appropriates \$10,000,000,000 from the General Fund of the Treasury for fiscal year (FY) 2021. Of this funding, \$9,840,057,332 is available for activities eligible under 23 U.S.C. 133(b), and other eligible uses described in that heading and discussed in detail below. As allowed under the HIP-CRRSAA, FHWA proportionally applied an administrative takedown to fund the oversight of activities carried out with these funds. After the \$9,840,057 administrative takedown, a total of \$9,830,217,275 was apportioned to the States on January 15, 2021 by Federal Highway Administration (FHWA) Notice N4510.851. These HIP-CRRSAA funds are in addition to any other funds, including contract authority, provided in FY 2021.
- C. Obligation Authority:** As a general fund appropriation, HIP-CRRSAA funding is not subject to any obligation limitation that applies to Federal-aid contract authority.

Specifically, the amounts made available shall not be subject to any limitations on obligations for Federal-aid highways or highway safety construction programs set forth in any Act.

- D. Period of Availability for Obligation and Expenditure:** HIP-CRRSAA funds remain available for obligation through September 30, 2024. Any such amounts not obligated on or before September 30, 2024, shall lapse. Once the period for obligation has expired, these funds will only remain available for adjusting and liquidating obligations as authorized in accordance with 31 U.S.C. 1553. Obligated HIP-CRRSAA balances are available for expenses properly charged to the account and incurred until September 30, 2029. After that date, any unexpended balances of obligated HIP-CRRSAA funds shall be cancelled in accordance with 31 U.S.C. 1552 and shall no longer be available for obligation or expenditure.
- E. Federal Share:** The Federal share payable with HIP-CRRSAA funds shall be, at the option of the State, up to 100%. HIP-CRRSAA funds may not be used as the non-Federal match for other Federal programs unless there is specific statutory authority (2 CFR 200.306(b)(5)). HIP-CRRSAA does not provide authority for use of HIP-CRRSAA funds as a non-Federal match for other Federal programs, including Federal-aid programs under title 23, United States Code. In general, financing proposals that result in only minimal amounts of HIP-CRRSAA funds in projects should be avoided unless they are based on sound project management decisions (23 CFR 630.106(g)).
- F. Applicability of Title 23 and Other Statutory Requirements:** Except as otherwise provided, the applicable statutory provisions contained in title 23, U.S.C. are applicable to projects and activities carried out with HIP-CRRSAA funds. Specific requirements that apply to all HIP-CRRSAA apportioned funds include Buy America (23 U.S.C. 313) and the National Environmental Policy Act of 1969 (42 U.S.C. 4321, et seq.).
- G. Fund Administration:** Except as otherwise provided, HIP-CRRSAA funds shall be administered as if apportioned under chapter 1 of title 23, U.S.C. The State, through its Department of Transportation (DOT) in accordance with 23 U.S.C. 302, is the direct recipient of HIP-CRRSAA funds apportioned pursuant to the HIP heading in the CRRSAA and is responsible for administration of these funds. If the State DOT acts as a pass-through entity of Federal assistance, the State DOT maintains the pass-through responsibilities specified in 2 CFR 200.332.
- H. Project Agreement:** Specific Improvement Type Codes are provided for use in the Fiscal Management Information System (FMIS) for the obligation of HIP-CRRSAA funds for Special Authority purposes. See Section III.B. of this guidance.
- I. Disadvantaged Business Enterprises:** Section 1101(b) of Public Law 114-94 (FAST Act), Disadvantaged Business Enterprises, applies to all HIP-CRRSAA apportioned funds.

**J. Deobligations of Other Title 23 Obligated Funds:** Project Agreements should not be modified to replace one Federal fund category with another unless specifically authorized by statute. (23 CFR 630.110(a)).

**K. Advance Construction:** HIP-CRRSAA funds are available for Advance Construction (AC) “conversion” (obligation and outlay) (23 U.S.C. 115(b)). For expenses to be recognized and eligible for AC “conversion,” the activity / project must have been authorized prior to incurrence of costs, as per 23 CFR 1.9(a) and general grant administration requirements. AC projects must be included in the Statewide Transportation Improvement Program (STIP) (23 U.S.C. 115(c)), except as otherwise provided.

**L. Real Property Rights:** If HIP-CRRSAA funds are used on a facility, the sale, lease, or other disposition of real property rights in the facility must be in accordance with 23 CFR Part 710. If HIP-CRRSAA funds are used to acquire real property, proceeds from the disposition of any interest in the property shall be used for purposes eligible under title 23, U.S.C.

## II. Funding Distribution and Transfers

**A. Apportionment to States:** HIP-CRRSAA funds have been apportioned to the States in the same ratio as the distribution of obligation authority under section 120(a)(5) of the Department of Transportation Appropriations Act, 2021, tit. I, div. L., Pub. L. 116-260.

**B. Suballocation to Urbanized Areas with Population Over 200,000:** HIP-CRRSAA funds are suballocated to urbanized areas with a population over 200,000 as described in 23 U.S.C. 133(d)(1)(A)(i) in the ratio that the funds suballocated to such area in FY 2021 bears to the combined amount of funds apportioned to the State under 23 U.S.C. 104(b)(2) for FY 2020 and FY 2021.

**C. Set-Asides:** The CRRSAA makes no further set-aside or suballocations of these HIP-CRRSAA funds.

**D. Transfers:** For those projects more suitably administered by another Federal agency (including flex funding transfers to the Federal Transit Administration), transfers may be made in accordance with FHWA Order 4551.1, dated August 12, 2013, Fund Transfers to Other Agencies and Among Title 23 Programs (<https://www.fhwa.dot.gov/legisregs/directives/orders/45511.cfm>).

**E. HIP-CRRSAA Program Codes:** The FMIS Program Codes for these HIP-CRRSAA funds are:

| Program Code     | Program Description   | CFDA Number |
|------------------|---|-------------|
| Z970<br>(Parent) | Highway Infrastructure - COVID Supplemental - 23 U.S.C. 133(b) activities in any area of the State                          | 20.205      |
| Z971<br>(Child)  | Highway Infrastructure - COVID Special Authority - special eligibilities in any area of the State                           | 20.205      |
| Z972<br>(Parent) | Highway Infrastructure - COVID Supplemental - 23 U.S.C. 133(b) activities in urbanized areas with a population over 200,000 | 20.205      |
| Z973<br>(Child)  | Highway Infrastructure - COVID Special Authority - special eligibilities in urbanized areas with a population over 200,000  | 20.205      |

**III. Eligible Activities and Requirements:** HIP-CRRSAA funds may be obligated for activities eligible under 23 U.S.C. 133(b). At the discretion of the State, such funds may also be used for HIP-CRRSAA Special Authority purposes (Section III.B.) or may be transferred to public tolling agencies or a ferry system that provides a public transportation benefit (Section III.C.) as provided in HIP-CRRSAA.

Due to the differing application of certain title 23 provisions and planning requirements, it is not anticipated States will pursue obligation of funds under the HIP-CRRSAA Special Authority purposes on projects that could otherwise be funded under the HIP-CRRSAA 23 U.S.C. 133(b) authority or with Federal-aid apportioned funds. If a State is contemplating such an obligation, this should be discussed with the FHWA Division Office, HISM-10, and HCFB-31, so funds management and sound internal controls can be determined.

**A. Activities Eligible Under 23 U.S.C. 133(b):** This section applies to HIP-CRRSAA funds obligated under the authority for activities eligible under 23 U.S.C. 133(b).

- 1. FMIS Program Codes:** HIP-CRRSAA funds obligated for activities eligible under 23 U.S.C. 133(b) should be obligated with Program Code Z970 (activities in any area of the State) or Z972 (activities in urbanized areas with a population over 200,000).
- 2. Eligible Activities - 23 U.S.C. 133(b):** Additional information on 23 U.S.C. 133(b) eligible activities is located in Section D.1.b. of the Surface Transportation Block Grant Program (STBG) Implementation Guidance (Revised by the FAST Act) issued March 7, 2016 (<https://www.fhwa.dot.gov/specialfunding/stp/160307.cfm>).

- 3. Location of Projects:** HIP-CRRSAA funds obligated under the authority for activities eligible under 23 U.S.C. 133(b) are subject to 23 U.S.C. 133(c), which specifies that projects may not be undertaken on a road functionally classified as a local road or a rural minor collector unless the road was on a Federal-aid highway system on January 1, 1991, except: (1) for a bridge or tunnel project (other than the construction of a new bridge or tunnel at a new location); (2) for a project described in paragraphs (4) through (11) of 23 U.S.C. 133(b); (3) for a project described in 23 U.S.C. 101(a)(29), as in effect on the day before the date of enactment of the FAST Act (December 4, 2015); and (4) as approved by the Secretary. Further, 23 U.S.C. 133(g)(1), allowing a portion of Surface Transportation Block Grant funds to be obligated on roads functionally classified as minor collectors, does not apply to HIP-CRRSAA funds obligated under the authority for activities eligible under 23 U.S.C. 133(b).
- 4. Applicability of Planning Requirements:** HIP-CRRSAA funds obligated under the authority for activities eligible under 23 U.S.C. 133(b) are subject to 23 U.S.C. 133(d)(5), which requires programming and expenditure of funds for projects to be consistent with sections 134 and 135 of title 23, U.S.C. Such HIP-CRRSAA-funded projects must be identified in the Statewide Transportation Improvement Program/Transportation Improvement Program (STIP/TIP) and be consistent with the Long-Range Statewide Transportation Plan and the Metropolitan Transportation Plan(s), as applicable.
- 5. Treatment of Projects:** As required under HIP-CRRSAA, projects for activities eligible under 23 U.S.C. 133(b) shall be subject to the requirements of 23 U.S.C. 133(i) (shall be treated as projects on a Federal-aid highway under chapter 1 of title 23, U.S.C.). Additional information on Treatment of Projects is provided in section J of the STBG Implementation Guidance (Revised by the FAST Act) issued March 7, 2016 (<https://www.fhwa.dot.gov/specialfunding/stp/160307.cfm>).
- 6. Increased Costs on Existing Federal-aid Projects:** For an existing project that has increased costs and exceeds the estimate in the current project authorization using other apportioned Federal-aid funding, where a State seeks authorization for a modification to obligate HIP-CRRSAA funds under the authority for activities eligible under 23 U.S.C. 133(b) for changes to the authorized project, HIP-CRRSAA funds may be obligated under such authority provided the modification results in additional costs that are above the already committed State/Federal funds for the project (23 CFR 630.110(a)). The added activity must otherwise meet the HIP-CRRSAA requirements, and Federal funds shall not be paid on account of any cost incurred prior to authorization (23 CFR 1.9(a)).
- 7. Cost Incurred Prior to Obligation:** HIP-CRRSAA funds obligated under the authority for activities eligible under 23 U.S.C. 133(b) shall not participate in costs incurred prior to the date of project agreement, except as provided by 23 CFR 1.9(b). (23 CFR 630.106(b)).
- 8. Documentation:** An obligation is a definite commitment of the Federal government that creates a legal liability for payment based upon a documented

and binding agreement between a Federal agency and an authorized grant recipient or other legal entity (including another Federal agency). This documentation must support that the obligation is for purposes authorized by law. Section 1501 of title 31, U.S.C., defines the documentary evidence requirements for Federal government obligations. Additional discussion, including record retention, is provided in the Project Funds Management Guide for State Grants Update memo issued May 23, 2018 (<https://www.fhwa.dot.gov/cfo/projfundsmgt.cfm>).

- B. Activities Eligible Under Special Authority:** This section applies to HIP-CRRSAA funds obligated under the Special Authority eligibility for costs related to preventive maintenance, routine maintenance, operations, personnel, including salaries of employees (including those employees who have been placed on administrative leave) or contractors, debt service payments, availability payments and coverage for other revenue losses.
- 1. FMIS Program Codes:** HIP-CRRSAA funds obligated under the HIP-CRRSAA Special Authority eligibility should be obligated with Program Code Z971 (special eligibilities in any area of the State) or Z973 (special eligibilities in urbanized areas with a population over 200,000).
  - 2. Eligible Costs - Special Authority:** The non-traditional cost categories noted above under the HIP-CRRSAA appropriation are statutorily eligible cost objectives authorized by Congress (see 2 CFR 200.1, defining cost objective). Except for States, Tribal governments, Puerto Rico, or territorial governments seeking to use HIP-CRRSAA funds for “coverage for other revenue losses,” or public tolling agencies or a ferry system that provides a public transportation benefit seeking reimbursement for “coverage for other revenue losses of a tolled facility or ferry system” (see Section III.C.), Congress did not require that a State or other non-Federal entity demonstrate (document) a revenue loss to seek reimbursement for the non-traditional cost objectives Congress made eligible under the appropriation. Consistent with 2 CFR 200.405, Special Authority costs statutorily eligible for reimbursement under the HIP-CRRSAA, other than “coverage for other revenue losses,” are eligible for reimbursement whether or not the State or other non-Federal entity experienced a revenue loss. Provided the State or other non-Federal eligible entity incurred a cost for these other identified “Special Authority” cost objective(s) and the State or other non-Federal entity demonstrates that a cost was incurred and is allocable to the identified HIP-CRRSAA cost objective(s), the cost is an allowable cost under the HIP-CRRSAA appropriation and 2 CFR 200.403 of the Cost Principles (pertaining to factors affecting allowability of costs under a Federal award). These factors include that costs must be necessary, reasonable, and allocable to the performance of the Federal award, except where otherwise authorized by statute (2 CFR 200.403(a)).
  - 3. Location of Projects:** The location requirements specified in 23 U.S.C. 133(c), do not apply to HIP-CRRSAA Special Authority projects.

- 4. Applicability of Planning Requirements:** HIP-CRRSAA Special Authority projects are not required to be included in a metropolitan transportation plan, a long-range statewide transportation plan, a transportation improvement program or a statewide transportation improvement program under sections 134 or 135 of title 23, U.S.C., or chapter 53 of title 49, U.S.C., as applicable. Consistent with this provision, programming and expenditure of HIP-CRRSAA funds for Special Authority purposes are not subject to planning requirements in 23 U.S.C. 134-135 or 23 CFR Part 450 that relate to the development of STIPs and TIPs. When a metropolitan planning organization (MPO) for a transportation management area (TMA) is responsible for selecting projects for HIP-CRRSAA funding in the TMA, the selection is done in consultation with the State and any affected public transportation operator (23 U.S.C. 134(k)(4)(A)). When the State selects National Highway System (NHS) projects for HIP-CRRSAA funding in a TMA, the selection is done in cooperation with the MPO for the TMA (23 U.S.C. 134(k)(4)(B)). When the State selects projects for HIP-CRRSAA funding in any other area of the State, the selection is done in cooperation with the MPO, nonmetropolitan local officials with responsibility for transportation, or Regional Transportation Planning Organization, as applicable (23 U.S.C. 134(j)(5) and 135(g)(6)).
- 5. Treatment of Projects:** The treatment of projects requirements, under 23 U.S.C. 133(i), do not apply to HIP-CRRSAA funds if the funds are used for an activity not eligible under 23 U.S.C. 133(b).
- 6. Construction:** Construction, as defined in 23 U.S.C. 101(a)(4), completed with HIP-CRRSAA funds is subject to: (1) the maintenance requirements in 23 U.S.C. 116(b); (2) the letting of contracts requirements in 23 U.S.C. 112; and (3) the prevailing rate of wage requirements in 23 U.S.C. 113. Preventive maintenance projects funded with HIP-CRRSAA funds are construction projects because: (a) preventive maintenance is made eligible for Federal assistance under 23 U.S.C. 116(e); (b) preventive maintenance is defined to include pavement preservation programs and activities in 23 U.S.C. 116(a); and (c) the title 23 definition of construction includes preservation (23 U.S.C. 101(a)(4)(B)). Additionally, operations projects funded with HIP-CRRSAA funds are construction projects if they meet the definition of construction in 23 U.S.C. 101(a)(4).
- 7. Non-Construction:** Non-construction activities carried out with HIP-CRRSAA funds are not subject to: (1) the maintenance requirements in 23 U.S.C. 116(b), (2) the letting of contracts requirements in 23 U.S.C. 112; or (3) the prevailing rate of wage requirements in 23 U.S.C. 113. Non-construction activities include “non-construction” operations (Section III.B.8.c.), routine maintenance, personnel, including salaries of employees (including those employees who have been placed on administrative leave) or contractors, debt service payments, availability payments and coverage for other revenue losses.
- 8. Eligible Activities:** Examples of the scopes of projects that may be funded under the HIP-CRRSAA Special Authority include, but are not limited to: preventive maintenance on non-Federal-aid highways, routine maintenance on any public



road, State DOT operations costs (not otherwise Federal-aid reimbursed, such as indirect costs), State DOT personnel costs (not otherwise Federal-aid reimbursed, such as indirect costs), debt service payments for highway surface transportation facilities (not otherwise Federal-aid reimbursed), and transit operating costs for local public agencies. Specific eligible activities are listed below.

- a. Preventive Maintenance:** Preventive Maintenance is discussed in 23 U.S.C. 116(e). Consistent with 23 U.S.C. 116(e), preventive maintenance activities may also be eligible under the HIP-CRRSAA eligibility for activities eligible under 23 U.S.C. 133(b) (discussed in Section III.A.), if the activities meet the requirements discussed in Section III.A. If obligating under the 133(b) authority, as discussed in Section III.A., then obligations should be made using the applicable 23 U.S.C. 133(b) eligibility program codes (Section III.A.1.). HIP-CRRSAA funds obligated for preventive maintenance shall not participate in costs incurred prior to the date of project agreement, except as provided by 23 CFR 1.9(b). (23 CFR 630.106(b)). *Improvement Type Codes: 60-Highway Infrastructure Preventive Maintenance, 47-Bridge Preservation, or 53-Tunnel Preventive Maintenance (as applicable).*
- b. Routine Maintenance:** Routine Maintenance is described in the February 25, 2016 memo, Guidance on Highway Preservation and Maintenance (<https://www.fhwa.dot.gov/preservation/memos/160225.cfm>). Routine maintenance is the responsibility of the State under 23 U.S.C. 116(b), is not included in the 23 U.S.C. 101(a)(4) definition of construction, and is, therefore, not subject to title 23 construction requirements. Routine maintenance is an eligible use of funds under the HIP-CRRSAA Special Authority. However, if the routine maintenance activity is performed by contract, States and subrecipients are required to follow 2 CFR 200.317 and 1201.317, respectively. Routine maintenance may also be performed by State or local forces through normal operations. HIP-CRRSAA Special Authority provides for Federal participation in routine maintenance costs incurred prior to the date of project agreement. *Improvement Type Code: 61-Routine Maintenance.*
- c. Operations:** The HIP-CRRSAA Special Authority provides for direct funding of operations costs. Operations costs may include, but are not limited to, labor costs, administrative costs, costs of utilities, and rent, for the highway surface transportation operations of State DOTs or local governments. Except where otherwise authorized by statute, costs must: 1) be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity, and 2) be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost (2 CFR 200.403). Therefore, it is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances, either as a direct or an indirect cost, in order to avoid possible double-charging of Federal awards (2 CFR 200.412).

HIP-CRRSAA Special Authority provides for Federal participation in non-construction operations costs incurred prior to the date of project agreement. HIP-CRRSAA funds obligated for operation projects that meet the definition of construction in 23 U.S.C. 101(a)(4), shall not participate in costs incurred prior to the date of project agreement, except as provided by 23 CFR 1.9(b). (23 CFR 630.106(b)). *Improvement Type Code: 62-Operations. To facilitate proper tracking, personnel costs should be coded under the Personnel Improvement Type Code (Section III.B.8.d.).*

- d. **Personnel:** This item includes salaries of employees (including those employees who have been placed on administrative leave) or contractors. Also consult the direct / indirect discussion under Operations (Section III.B.8.c). HIP-CRRSAA Special Authority provides for Federal participation in personnel costs incurred prior to the date of project agreement. *Improvement Type Code: 27-Administration.*
- e. **Debt Service Payments:** Section 122 of title 23, U.S.C., makes bond-related costs eligible for Federal reimbursement on any Federal-aid project eligible under title 23, U.S.C. The definition of “construction” in 23 U.S.C. 101 also includes a reference to bond-related costs. The HIP-CRRSAA provides that debt service may be reimbursed notwithstanding any other provision of law. Thus, whether or not the projects financed complied with title 23 or are being reimbursed under 23 U.S.C. 122, such debt service is eligible for reimbursement for highway surface transportation projects. Use of HIP-CRRSAA funds for debt service payments for projects other than highway surface transportation projects would be inconsistent with the purpose of the appropriation, which provides funds for “Highway Infrastructure Programs.” See 31 U.S.C. 1301(a). Where a State bond issuance funds both highway surface transportation and non-highway surface transportation projects, HIP-CRRSAA funds may only participate in the debt service costs allocable to the highway surface transportation projects associated with the bond issuance. HIP-CRRSAA Special Authority provides for Federal participation in debt service payment costs incurred prior to the date of project agreement. *Improvement Type Code: 45-Debt Service.*
- f. **Availability Payments:** HIP-CRRSAA funds are available for availability payments under the HIP-CRRSAA Special Authority. For example, to the extent a State is in default on, or needs funds for availability payments related to highway surface transportation, such availability payments are eligible for reimbursement with HIP-CRRSAA funds. HIP-CRRSAA Special Authority provides for Federal participation in availability payment costs incurred prior to the date of project agreement. *Improvement Type Code: 44-Other.*
- g. **Coverage for Other Revenue Losses:** This eligibility is for costs/expenses related to highway surface transportation, beyond those specifically listed above, that cannot be met due to revenue losses. In order to use HIP-CRRSAA funds for “coverage for other revenue losses,” States, Tribal governments, Puerto Rico, or territorial governments need to demonstrate

(document) a revenue loss to seek reimbursement for the “coverage for other revenue losses” non-traditional cost objective (see similar discussion in Section III.C.2). HIP-CRRSAA Special Authority provides for Federal participation in coverage for other revenue loss costs incurred prior to the date of project agreement. Revenue losses do not include reduced collection of Federal taxes and fees, such as Federal motor fuel taxes, not directly available to the non-Federal entity as revenue. *Improvement Type Code: 44-Other.*

**9. Routine Police Service and Other General Costs of Government:** The cost of routine police service is not eligible for HIP-CRRSAA funding. Selected items of cost are discussed in 2 CFR 200.420 of the Cost Principles, and general costs of government are discussed in 2 CFR 200.444. Unallowable costs include costs of other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost under a program statute or regulation (2 CFR 200.444(a)(5)). Therefore, routine police services are not eligible activities with HIP-CRRSAA funds.

**10. Documentation:** An obligation is a definite commitment of the Federal government that creates a legal liability for payment based upon a documented and binding agreement between a Federal agency and an authorized grant recipient or other legal entity (including another Federal agency). This documentation must support that the obligation is for purposes authorized by law. Section 1501 of title 31, U.S.C., defines the documentary evidence requirements for Federal government obligations. As discussed in Section III.B.2., above, provided the State incurred a cost for the identified “Special Authority” cost objective(s) and the State demonstrates that a cost was incurred and is allocable to the identified HIP-CRRSAA cost objective(s), the cost is an allowable cost under the HIP-CRRSAA appropriation and 2 CFR 200.403. Documentation must be adequate to demonstrate that the costs incurred are eligible under the Special Authority eligibility. Additional discussion, including record retention, is provided in the Project Funds Management Guide for State Grants Update memo issued May 23, 2018 (<https://www.fhwa.dot.gov/cfo/projfundsmgt.cfm>).

**C. Public Tolling Agencies and Ferry Systems that Provide a Public Transportation Benefit:** A State may transfer HIP-CRRSAA funds to:

- State, multi-State, international, or local public tolling agencies that own or operate a tolled facility that is a public road, bridge, or tunnel; or
- a ferry system that provides a public transportation benefit.

Such public tolling agency or ferry system must have been in operation within their State in FY 2020.

Funds transferred in this manner may be used to cover costs related to operations, personnel, including salaries of employees (including those employees who have been placed on administrative leave) or contractors, debt service payments, availability payments, and coverage for other revenue losses of a tolled facility or ferry system.

- 1. FMIS Program Codes:** HIP-CRRSAA funds transferred to public tolling agencies or a ferry system that provides a public transportation benefit should be obligated with Program Code Z971 (special eligibilities in any area of the State) or Z973 (special eligibilities in urbanized areas with a population over 200,000).
- 2. Eligible Costs - Tolling Agencies and Ferry Systems:** The non-traditional cost categories noted above under the HIP-CRRSAA appropriation are statutorily eligible cost objectives authorized by Congress (see 2 CFR 200.1, defining cost objective). In order to use HIP-CRRSSAA funds for “coverage for other revenue losses of a tolled facility or ferry system,” a public tolling agency or a ferry system providing a public transportation benefit needs to demonstrate (document) a revenue loss to seek reimbursement for such non-traditional cost objective that Congress made eligible under the appropriation. However, Congress did not require that a public tolling agency or a ferry system providing a public transportation benefit demonstrate (document) a revenue loss to seek reimbursement for the other non-traditional cost objectives Congress made eligible under the appropriation. Consistent with 2 CFR 200.405, those other costs statutorily eligible for reimbursement under the HIP-CRRSAA are eligible for reimbursement whether or not the tolling agency or ferry system experienced a revenue loss. Therefore, provided the tolling agency or ferry system incurred a cost for the identified “Special Authority” cost objective(s), other than revenue losses for a tolled facility or ferry system, and the tolling agency or ferry system demonstrates that a cost was incurred and is allocable to the identified HIP-CRRSAA cost objective(s), the cost is an allowable cost under the HIP-CRRSAA appropriation and 2 CFR 200.403. Consistent with the HIP-CRRSAA provision, transfers of HIP-CRRSAA funding are limited to: (1) public tolling agencies, or (2) a ferry system that provides a public transportation benefit, for the eligible cost objectives as described in Section III.B.8., items: c. Operations, d. Personnel, e. Debt Service Payments, f. Availability Payments, and g. Coverage for Other Revenue Losses. The specified Improvement Type Codes provided in Section III.B.8. should be used in FMIS for the obligation of HIP-CRRSAA funds to be transferred to a tolling agency or ferry system.
- 3. Applicability of Certain Title 23 Requirements:** The applicability of certain title 23 requirements, is provided in Section III.B. items: 3. Location of Projects, 4. Applicability of Planning Requirements, 5. Treatment of Projects, 6. Construction, 7. Non-Construction, 9. Routine Police Service and Other General Costs of Government, and 10. Documentation. Tolling agencies and ferry systems not currently subject to title 23, U.S.C., requirements should discuss the impacts of accepting HIP-CRRSAA funds with their State and FHWA Division Office, HISM-10, HCFB-31, and HOTM-1.
- 4. Limitation on the Use of Revenues:** The limitations on the use of revenues in subsections (a)(3) and (c)(4) of 23 U.S.C. 129 shall not apply with respect to HIP-CRRSAA funds transferred for a tolled facility or ferry system, even if such tolled facility or ferry system is already subject to such provisions due to the use of prior Federal-aid highway funds. However, because the exception in the HIP-

CRRSAA heading is “for funds made available under this heading in this Act,” use of HIP-CRRSAA funds on a tolled facility or ferry system does not remove current limitations on the use of revenues under 23 U.S.C. 129(a)(3) and (c)(4) associated with prior use of Federal-aid highway funds.

- 5. Recommended Method to Carry Out Projects:** The recommended method to carry out projects with the public tolling agency or ferry system is through a subrecipient / subaward type grant agreement between the entity and the State.

Except for the statutes and regulations cited herein, the contents of this guidance do not have the force and effect of law and are not meant to bind the States or the public in any way. This guidance is intended only to provide information and clarity regarding existing requirements under the law or Federal agency policies.