



Memorandum

Subject: **ACTION:** Expend American Recovery and Reinvestment Act of 2009 (Recovery Act) Funds before September 30, 2015

Date: April 21, 2015

From: Elissa K. Konove *ElissaKonove*
Chief Financial Officer

In Reply Refer To:
HCFB-31
(HCF-2015-008)

To: Division Administrators
Division Directors

Per statute, the Federal Highway Administration's (FHWA) Recovery Act General Fund appropriation of \$27.5 billion is cancelled on September 30, 2015.¹ All eligible incurred Recovery Act project costs must be billed to FHWA (i.e., obligations liquidated) before the expenditure deadline.² The following actions must be taken to ensure all applicable Recovery Act funds are properly managed.

PROCESS EXPENDITURES BEFORE SEPTEMBER 30, 2015

All FHWA offices should work with their respective partners (e.g., State Department of Transportation (DOT) and Federal Land Management Agencies) to submit all incurred expenditures by the first week of September to ensure all eligible and allowable costs are reimbursed before the General Fund appropriation is cancelled. For projects obligated through the Fiscal Management Information System (FMIS), division offices are also encouraged to review projects to verify Federal funds and project agreement estimates reasonably align with current cost estimates and the performance schedule. Total cost and Federal share of the project must be based on documentary evidence.³ Projects should then be expeditiously closed once final expenditures have processed.

REQUEST UPWARD ADJUSTMENTS BEFORE MAY 29, 2015

There may be limited situations for an upward adjustment with Recovery Act funds for existing Recovery Act projects with increased, within scope costs. Division offices may submit upward adjustment requests until May 29, 2015 to fhwa_transfers@dot.gov. Submitting by this date will ensure enough time to review and process all requests, as well as provide sufficient time to obligate the funds, process expenditures before September 30, 2015, and close out the projects soon thereafter.

¹ P.L. 111-5 provided an obligation period of availability of two years (i.e., expired as of September 30, 2010) for Recovery Act highway construction related funding, including Federal Lands Highway funding. 31 U.S.C. 1552(a) cancels the funding five years after the period of availability for obligation ends (i.e., Recovery Act highway construction related funding will not be available for expenditure after September 30, 2015). Transportation Investment Generating Economic Recovery (TIGER) funds appropriated by P.L. 111-5 expired September 30, 2011 and will be cancelled at the end of FY 2016; administrative funds will be cancelled at the end of FY 2017.

² Consideration should be given to the dates the systems will close, which will be prior to September 30, 2015.

³ HCF and HIF memorandum, "Project Funds Management Guide for State Grants," dated October 29, 2014.

Upward adjustment requests must conform to the guidelines provided in the implementation guidance questions and answers,⁴ including an explanation for the need for an upward adjustment in compliance with 31 USC 1553(c) and the date(s) of the costs incurred. Consideration will also be based on the following parameters:

- Recovery Act funds can only be used for upward adjustments to existing obligations;
- Requests can only be made on open projects with a documented need; and
- Recovered funds cannot be used for new obligations, adjustments to pay claims, or escalation clauses.

DEOBLIGATE FUNDING THAT WILL NOT BE EXPENDED

All FHWA offices must ensure all remaining unexpended balances of Recovery Act funds that will not be reimbursed are deobligated in the financial system prior to fiscal year end. These actions enable FHWA's adherence to 31 U.S.C. 1552(a) by returning all unobligated funds to the Treasury upon cancellation on September 30, 2015.

EXPEDITIOUSLY CLOSE PROJECTS

Based on the most recent Office of the Chief Financial Officer (HCF) data call in November 2014, all State DOTs and division offices acknowledged the statutory expenditure deadline at the end of fiscal year (FY) 2015, but some projects may be closed next fiscal year. We recognize projects may not close by the end of FY 2015, particularly if the project contains other fund sources (i.e., other Federal-aid or State funding) and the project is not complete. However, every effort should be made to expeditiously close Recovery Act projects.

HCF will continue to monitor the project level data monthly and will follow up with offices that have projects with unobligated balances or open projects. If you have any questions concerning this memorandum, please contact Ms. Jackie Gillispie in the Office of Financial Management and Programs, at 202-366-1113.

cc: Walter C. Waidelich, Jr., Associate Administrator for Infrastructure
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⁴ Recovery Act Questions and Answers: <https://www.fhwa.dot.gov/economicrecovery/lapsedqandas.htm>, Q&A #s 2 and 8.