
Authorization, Apportionments and Obligation Limitation

By
Jose Campos
FHWA-TX

Overview

- Authorization
- Apportionments
- Obligation Limitation (Obligation Authority)

Authorization

- Transportation legislation (e.g., SAFETEA-LU) establishes the upper limit of Federal funding for various programs
- This limit on Federal funding is referred to as the “Authorization Amount”

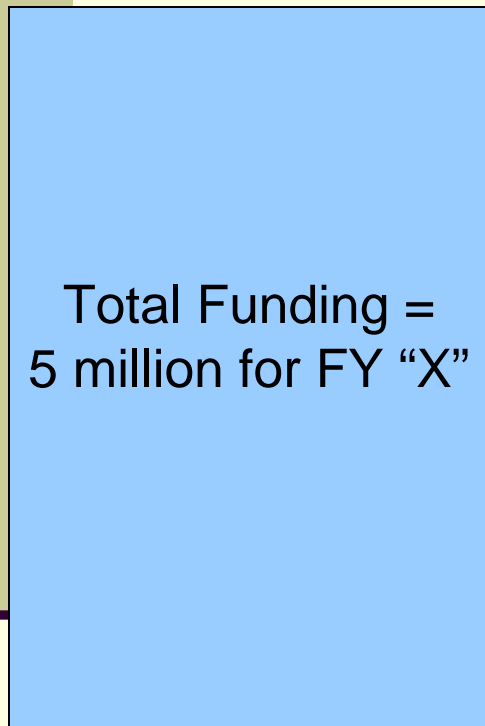
Apportionment

- The distribution of “authorized” funding via prescribed statutory formula.
 - Funding distributed to programs that do not have a statutory formula are known as “Allocated Funds”
 - PL funding is a percentage (1.25%) “take-down” from “core” programs (STP, IM, CMAQ, Bridge, NHS)

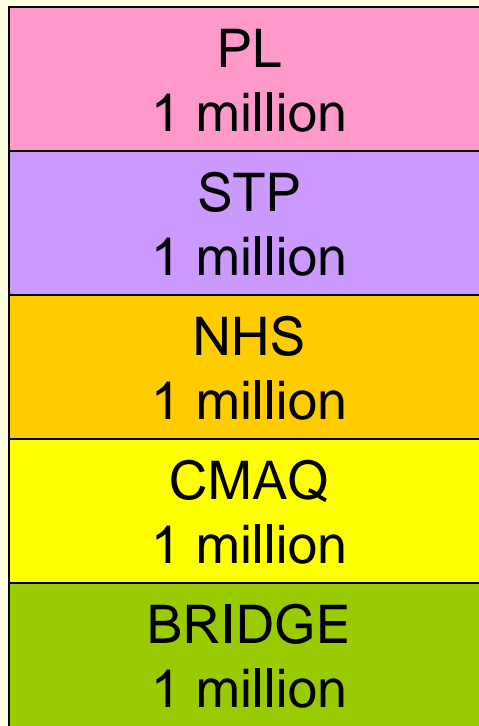
Obligation Limitation (OL)

- A restriction on the amount of funding that may be obligated (promised) during the year
- Established in transportation legislation (e.g., SAFETEA-LU) but may also be modified by Congressional action
- A budgetary tool for controlling the rate at which funds made available to the State may be used

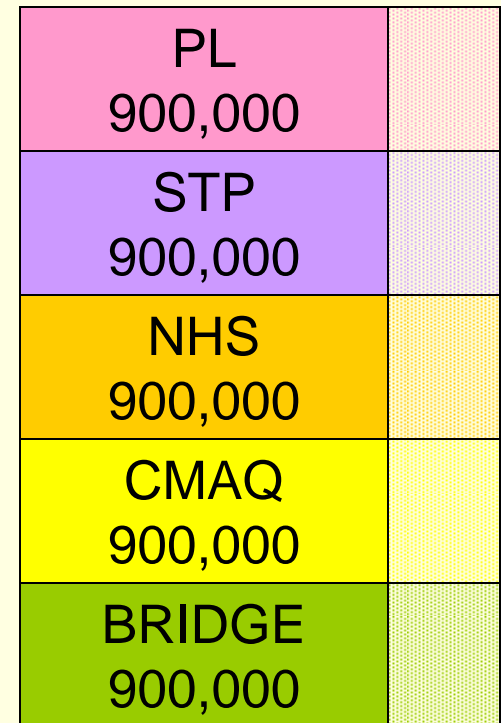
How Do They Relate To Each Other



Authorization



Apportionments



Obligation Limitation

90%

FY 2008

- Total apportionments/allocations to Texas approximately 2.924 billion
- Total OL to Texas approximately 2.669 billion
 - About 91.3%
- PL apportionment to Texas approximately 21.9 million

Things To Keep In Mind

- OL is generally less than authorized amounts and cannot be carried over from one year to the next.*
- Apportionments are carried over from one to the next with some restrictions (1 + 3 years)
- TxDOT determines how much OL will be provided for each program

Rescissions

- Rescissions apply to unobligated balances
- Reduces amount of funds previously apportioned/allocated to a state (i.e., line of credit) that have not been committed (obligated) to a project
- Obligation of funds occurs when TxDOT requests Federal authorization of funds for a specific project
 - FHWA/FTA approval of the UPWPs does obligate Federal funding

Project Authorization

- In Texas project authorization is completed via a Federal Project Authorization Agreement (FPAA)
- This agreement between FHWA and TxDOT documents the work to be completed, the type and amount of federal funds to be applied to the project and matching ratio for the federal funds
- FHWA's approval of the FPAA "promises" that the funds identified in the FPAA will be available for this project and also reduces the available OL by a similar amount

Advanced Construction (AC)

- Allows a State to establish Federal eligibility of a project authorized with State funds
- AC does not commit Federal funding and can only be converted to Federal funds if the Federal Funds are available
- OL is not used when AC action occurs, but is used when conversion to federal funds is requested



Questions