



# FAST ACT RESCISSION

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# FAST Act rescission

- **Rescission basics**
- **FAST Act rescission**
- **Exempted and impacted funding categories**
- **Why does it matter?**
- **Anticipated impact**
- **What have we done?**
- **Plan for the future**
- **Impact on Transportation Alternatives**

# Rescission basics

- **Legislation enacted by Congress that cancels the availability of budget authority (e.g., contract authority (CA) or apportionment) before that authority would otherwise expire**
- **Does not affect obligation authority (OA)**
- **Used to reduce spending**
- **Rescissions have been implemented in the past**

# FAST Act rescission

- **\$7.569 billion of unobligated CA**
- **Virginia's share will be based on unobligated apportionment balances as of September 30, 2019**
- **Will be applied and funds taken on July 1, 2020**
- **Reduces unobligated balances in eligible funding categories**
- **Congressional action would be required to eliminate or change the rescission**

# FAST Act rescission – exempted categories\*

- **In general, does not apply to least flexible fund sources**
  - **Safety**
  - **Rail**
  - **STP/STBG funds suballocated by population (i.e., RSTP, STP 5k<200k, STP<5k)**
  - **Earmarks**
  - **Other allocated funds, grants, or loans (e.g., TIGER, INFRA, BUILD, TIFIA)**

**\*Not all inclusive**

# FAST Act rescission – impacted categories\*

- **In general, impacts larger, more flexible and widely used fund sources**
  - STP/STBG Flexible
  - NHPP
  - CMAQ and CMAQ Set-Aside
  - NHFP
- **Also impacts some required and special programs**
  - **Enhancement and Transportation Alternatives Program (TAP)**
    - TAP Statewide
    - TAP suballocated by population
  - **State Planning and Research (SPR)**
  - **Metropolitan Planning (PL)**

\*Not all inclusive

# Why does this rescission matter?

- **Nationwide amount is large**
- **Calculation and application is very prescriptive**
- **Likely to require VDOT budget and program adjustments if amounts exceed unbudgeted apportionment**
- **Ultimately reduces flexibility in programming and obligation of federal funds**
- **Wide impacts, including:**
  - **Obligation strategy and planning**
  - **August Redistribution approach**
  - **Projects if budget adjustments are required**



# What is the anticipated impact?

- **Projecting approximately \$60 million unobligated balance as of September 30, 2019**
- **This figure will be basis for FHWA's rescission calculation**
- **Down from \$194 million unobligated balance on September 30, 2018**
- **Actual rescission amount difficult to project**
  - **Calculation based on nationwide figures as of September 30, 2019**
  - **Most states focusing heavily on reducing balances**
  - **If insufficient balances remain to reach required \$7.569 billion, apportionments available on October 1, 2019 could be impacted**

# What is the anticipated impact?

- **Largest impacts to funding categories with large unobligated balances relative to Virginia's overall share**
  - Transportation Alternatives program projected to have greatest exposure
  - Within Transportation Alternatives, unobligated balance reduced from \$46 million on September 30, 2018 to projected \$30 million on September 30, 2019
- **Rescission amounts likely to require future VDOT budget adjustments in Transportation Alternatives program**
  - Current funding commitments to projects in SYIP anticipated to be maintained
  - Pause or reduction in budget allocations may be necessary to absorb the impact and maintain current commitments

# What have we done?

- **Support legislative efforts to eliminate or change rescission**
- **Mitigate impacts**
  - **Outreach to localities and MPOs**
  - **Significant collaboration in VDOT to identify additional obligation opportunities, advance phases for obligation**
  - **Focus on maximizing obligations in rescission eligible categories**
    - Reduce unobligated balances to \$0 where possible
    - For other sources, reduce unobligated balances to amounts equal to or less than unbudgeted amounts
    - For Transportation Alternatives, obligate all available funds to reduce impacts as much as possible

# Plan for the future

- **Continue to support efforts to repeal**
- **FHWA will release official rescission amounts some time after October 2019**
- **Assess any needed adjustments in FY 2021 budget update**
- **Obligation strategy and planning**
- **August Redistribution approach**
- **FAST Act ends in September 2020**

# FAST ACT RESCISSION IMPACT ON TRANSPORTATION ALTERNATIVES

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September 17, 2019

# Transportation Alternatives Policies/Processes Impacting Rescission

## Federal

- Very prescriptive rescission rules
- TAP eligibility requirements inflexible
- Federal obligations by project phase; state allocations per project

## State

- Project typically smaller and some allocations reserved for small localities
- Approximately \$20 million per year available; \$10 million population based
- CTB Policy/Typical project progression – 4 years to CN Phase
- Significant unobligated allocations pending CN phase (70% of allocations for CN)

# Transportation Alternatives – Rescission Overview

## Potential Impacts

Estimated impact as high as \$46 million

## Plan of Action Developed to Mitigate Impacts

- **Early decision to hold current funding commitments harmless**
- **Communicate potential impact to stakeholders**
  - ✓ **Local Governments, MPOs, CTB**
- **Identify Strategies to Minimize Effect of Rescission**
  - ✓ **Ensure estimates & schedules up-to-date – baseline and strategic planning**
  - ✓ **Identify additional allocation needs**
  - ✓ **Identify opportunities for phase advancements for new obligations**
  - ✓ **Prioritize obligation opportunities using available balances**

# Priorities

## Approach

- Additional obligation for phases underway
- Ensuring current schedules for phase starts met
- Additional obligation to award/advertisement
- Advancing project phases for obligation (generally advertisement)
- Funding “swaps” reducing local commitment

## Complicating Factors

- MPO funding
- Population-based allocations
- Uncertain schedules



# Rescission Summary

## Results

- Evaluated approximately 400 projects (active and recently finalized) for funding transfers, modifications, and phase acceleration
- Provided summary and detailed list of transfers to CTB members
- Projected unobligated balance now approximately \$30 million

## What's Next?

- Evaluate impact to current/future application cycle(s)/ focus on retaining commitment of funds on active projects
- Stakeholder outreach
- Potential policy modifications to improve program effectiveness

## What if Rescission is Repealed?

- Priority to restore donated funds to donor districts