

Questions and Answers About COVID Relief for State DOTs

Contained in Division M--Coronavirus Response and Relief Supplemental Appropriations Act, 2021 of Consolidated Appropriations Act, 2021

Updated on December 30, 2020

- What is the timeline for obligation of COVID relief funds for state DOTs?
 - Apportionment is available for obligation for the next four years and cannot be de- or reobligated once assigned. The FHWA recommends to spend this funding on programs with clear guidance to avoid the risk of being ruled ineligible in the future.
- When will INFRA grants provided?
 - INFRA discretionary grants are part of the Federal-aid Highway Program, and are continued at FY 2020 funding levels as part of the one-year FAST Act extension current in place. INFRA grant solicitations will likely go out early next year.
- Are there special reporting requirements for use of COVID relief funds?
 - States will likely have to wait on FHWA ruling to clarify what language such as “revenue loss” entails for reporting purposes. Specificity of submitted expenses, both capital and non-capital, will probably facilitate the approval process.
 - That being said, none are specified at this point in time, but FHWA may need to update their FMIS system to categorize new eligibilities.
- Is advance refunding allowable?
 - COVID relief funds are eligible for both debt service and availability payments when incurred directly by state DOTs or flexed to toll agencies. Our understanding is that the bill is generally meant to be expansive and flexible with use of its dollars, though advance refundings may be subject to changes in the 2017 tax legislation.
- How long are funds available for?
 - \$9.8 billion of general funds are to be made available through September 2024 as a standalone pot, regulated through appropriated budget authority rather than contract authority. The FHWA has yet to release the full year 2021 obligation limitation which would determine each state’s share of COVID relief funds, but will hopefully do so in January.
- When will the funds be made available?
 - Funds will be apportioned by FHWA within 30 days after the signing of the bill and can be applied to any projects, new or ongoing, over the next four years.
- How was \$10 billion in direct state DOT aid determined within the \$45 billion cap for the transportation sector?
 - State DOTs are recommended to focus on the importance of this aid for their states, as recognized by Congress.
- Can the funds be used to pay for previously incurred costs?
 - FHWA has not released guidelines yet regarding whether states can be reimbursed for previously incurred costs, though existing language does not necessarily preclude such a reimbursement for prior expenses. However, some CARES Act language maintained that dollars were for expenses incurred no earlier than January 2020.
- Can the funds be redirected for other uses within state government?
 - The funds must be spent on Title 23 eligible activities. Additionally, unlike the 2009 Recovery Act, a maintenance of effort clause was not included in the bill.

- Will funds be provided as reimbursements or direct allocations?
 - The funds will be distributed by means similar to the STBGP portion of the general fund supplement in past appropriations packages, but with more expansive eligibilities than are covered by STBGP.
- How much will be suballocated?
 - The funds are required by Congress to be suballocated only to Transportation Management Areas (urbanized areas over 200,000 in population), with the amount determined by looking at TMA’s FY 2021 STBGP suballocation share against two years’ worth of total STBGP dollars available, which comes to about 14 percent nationally. The percentage will vary based on each state’s TMA populations, and states without TMAs will not suballocate their apportionments.
 - Each state’s estimated suballocation amount can be determined by:
 1. Visiting the STBGP distribution table for FY 2020 from FHWA at https://www.fhwa.dot.gov/legsregs/directives/notices/n4510845/n4510845_t9.cfm
 2. Determining your state’s TMA suballocation by dividing the “AREAS OVER 200K” column for your state by the total STBGP amount in FY 2020, which can be found here: https://www.fhwa.dot.gov/legsregs/directives/notices/n4510845/n4510845_t1.cfm. Nationwide, it comes out to 28 percent.
 3. Divide your state’s resulting percentage by two, which is 14 percent for the nationwide total. This is because TMA-only suballocation in Covid relief is divided by two years’ worth of total STBGP—a unique formula devised by Congress only for this bill.
- How do these dollars compare to administration of the 2009 American Recovery and Reinvestment Act?
 - This funding will not likely be administered in a manner similar to the Recovery Act, as the Recovery Act had a much shorter obligation timeline as opposed to this bill’s four-year timeline.