



# Memorandum

Subject: **ACTION:** Repurposing of Earmarks FY 2017

Date: June 16, 2017

From:   
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Chief Financial Officer

To: Associate Administrators  
Division Administrators  
Division Directors

The Consolidated Appropriations Act, 2017, allows States and territories to repurpose certain funds originally earmarked for specific projects more than 10 years ago. This memorandum provides the implementing guidance for this provision.

## Background

Section 422 of the Transportation, Housing and Urban Development, and Related Agencies Appropriations Act, 2017, division K of Pub. L. 115-31 (hereinafter “Repurposing Provision”) provides the authority for a State or territory (hereinafter “States”) to repurpose any earmark that was designated on or before September 30, 2006, and is less than 10 percent obligated or final vouchered and closed. The repurposed funds may be obligated on a new or existing project in the State within 100 miles of the earmark designation. The project must be an eligible project under the Surface Transportation Block Grant Program (STBG) (23 U.S.C. 133(b)), or the Territorial and Puerto Rico Highway Program (THP) (23 U.S.C. 165). The Repurposing Provision is available to be applied in FY 2017.

## Earmark Eligibility for Repurposing

For an earmark to be eligible for repurposing, it must meet **all** of the following conditions:

- ***Meets the definition of an earmark.*** An earmark is defined as funding in a provision of law or report language directing a specific amount of discretionary budget authority, contract authority, or other spending authority for a project, or other expenditure with or to an entity, or targeted to a specific State, locality or congressional district. This definition includes any discretionary program funding (e.g., Ferry Boat Discretionary, Interstate Maintenance Discretionary, Bridge Discretionary, etc.) that was congressionally designated to a specific project identified in a report accompanying legislation such as appropriations acts. Previously earmarked funding that no longer meets the definition of an earmark due to being repurposed under the FY 2016 provision is not eligible.

- **Authorized or designated on or before September 30, 2006.** This includes Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users Act (SAFETEA-LU) earmarks which were authorized in FY 2005 but were allocated from FY 2005 through FY 2009. This also includes earmarks identified in the Department of Transportation Appropriations Act, 2006, title I, division A of Pub. L. 109-115 (and the accompanying Conference Report) and applicable earmarks for which the description was subsequently revised by Congress.
- **Administered by FHWA.** Projects administered by other Federal agencies are not eligible for consideration. However, if the project was completed by another Federal agency and excess funding for the earmark is retained by FHWA, the excess funding may be repurposed.
- **Less than 10 percent obligated or the project has been completed and closed.** Except as provided below, the earmark must have less than 10 percent obligated, of the funds made available, as of October 1, 2016. Funds may not be deobligated after that date to meet this threshold.

If, as of October 1, 2016, a State has obligated 10 percent or more of the funds originally made available for an earmark, all projects that used the earmarked funds must have final voucher of payments processed and closed in the Fiscal Management Information System (FMIS) for the remaining unobligated earmark funds before the repurposing request is submitted by the State for the earmark to be eligible for repurposing. Project closure may occur at any time before the deadline for repurposing earmarks. All of the funds deobligated from the closed project(s) for the earmark must be included in the repurposing.

A list of earmarks with unobligated funds that may be eligible for repurposing is available at <http://www.fhwa.dot.gov/cfo/earmarkrepurposing/>. The list may not include the universe of earmarks that will be eligible under the provision. However, it will give States a good idea of the projects that should be considered. States should work with their FHWA division office to ensure all earmarks and allocated funds listed or otherwise identified meet the repurposing eligibility criteria and to confirm the amount of funds available. If additional earmarks are identified that are not on the list, the FHWA division office should contact the appropriate program office to determine if they are eligible for repurposing.

### **Requirements for Obligating Repurposed Funding**

The following criteria must be met to obligate funding that has been repurposed from an earmark to one or more new or existing projects:

- **Type of Project.** The repurposed funding must be obligated on an STBG (for States) or THP (for Puerto Rico or territories) eligible project.
- **Location of Project.** The project(s) receiving the repurposed funding must be within the State that received the original earmark and within 100 miles of the original earmark description. If the earmark was for a geographic area (e.g., city, county, corridor), a project will be considered to meet this location requirement if it is within 100 miles of the area's boundary.

- ***Period of Availability.*** The repurposed earmark funds must be obligated on or before September 30, 2020.
- ***Federal Share.*** The applicable maximum Federal share for obligating the repurposed earmark funds is the same as originally provided for the earmark funds.

### **Other Requirements**

The State must identify the corresponding amount of applicable special or allocated obligation limitation to be transferred with the earmark, if available. Earmarks with insufficient associated limitation available (i.e., excess funds) must use the State's annual formula obligation limitation when obligating those repurposed funds. Most earmarks will have less associated special or allocated limitation than funding and, therefore, will require some amount of formula limitation to obligate the excess repurposed funds. Note that annual formula obligation limitation is not actually used until the funds are obligated to a project so the repurposing process does not impact the available balance of formula limitation.

The State must identify specific projects (i.e., location and scope of work) for the repurposed funding and must repurpose the full unobligated balance of the earmark available as of the date of the repurposing request. Repurposed funds may be identified for one or more new or existing projects, or any combination thereof, but must be obligated by the end of FY 2020. The State must identify the specific amount for each project when the request to repurpose is made. Once funds are repurposed for a specific project, the funds may not be changed to a different project at a later date. Cost underruns released from one Federal-aid agreement may be obligated for increased costs only on a different project previously identified at the time of repurposing for the same earmark.

Once funds are repurposed under the Repurposing Provision, they may not be again repurposed because the funds no longer meet the requirements for repurposing since they have been moved from the original Congressionally designated earmark.

### **Process for Requesting and Approving Repurposing**

The State, FHWA division office, and the Office of the Chief Financial Officer (HCF) will process earmark repurposing requests as provided in the attached procedures using a modified transfer request form (FHWA-1575 (ERP 2017)). The Division Administrator's review and approval of a State's repurposing request constitutes FHWA's concurrence that (1) the repurposed earmark request meets the criteria for repurposing, and (2) any new proposed projects are STBG (or THP) eligible, within 100 miles of the earmark description, and within the State.

The State may submit a request to repurpose at any time prior to the submission deadlines. The submission deadlines will ensure State requests are revised and approved by the end of the fiscal year and processed in a timely manner. Each FHWA division office should work with its respective State to ensure the division office has adequate time to review, approve, and submit all modified transfer forms prior to the submission deadlines:

- If the State intends to obligate the repurposed funds before the end of the fiscal year, the FHWA division office must submit the completed request for repurposing to HCF by August 29, 2017.
- If the State does not intend to obligate the repurposed funds before the end of the fiscal year, the FHWA division office must submit the completed request for repurposing to HCF by September 12, 2017.

If the funds to be repurposed are not currently available in FMIS, the State must notify their FHWA division office in writing of their intent to repurpose such funds at least 30 days before the above deadlines. States should prioritize these requests to allow for adequate time to complete the additional steps required to repurpose. The division office must contact the appropriate FHWA program office to allocate the funds and applicable obligation limitation in FMIS, if available, following normal procedures, noting that the purpose is for repurposing the earmark. If no Demo ID exists for the earmark, the program office must also create one and identify it in the allocation memo. Once the funds are allocated in FMIS and a Demo ID is provided, the State may then submit the request to repurpose the funds on the modified transfer form to the division office. The State must include the Demo ID from the allocation memo on the transfer form.

FHWA will not consider repurposed funding requests that are not in conformance with this guidance or not received by the submission deadline.

### **Required Congressional Quarterly Reports on Repurposed Earmarks**

After the funds are repurposed, the States must provide quarterly reports to FHWA on the identified projects. To meet this requirement, FHWA will provide States a compiled list of projects submitted during the quarter and subsequently repurposed. The State will provide the FHWA division office a letter certifying that the list of projects repurposed is accurate and will be obligated in accordance with the Repurposing Provision with the project list attached. The timeline for FHWA to provide the quarterly lists to the States and the deadline for State certification letters will be determined and communicated to the division offices and States at a later date.

### **Additional Information**

We will provide FAQs on FHWA's Repurposing website. If you have specific questions, please direct them to the "Repurposed Earmarks" mailbox (RepurposedEarmarks@dot.gov).

cc: Acting Chief Counsel  
Directors of Field Services

#### Attachments:

- Attachment 1 – FY 2017 Earmark Repurposing Process
- Attachment 2 – Modified Transfer Request Form (FHWA-1575 (ERP 2017))