



U.S. Department  
of Transportation  
**Federal Highway  
Administration**

# Memorandum

Subject: **ACTION:** Procedures for Reimbursements  
During a Cash Shortfall

July 1, 2014

*//original signed by//*  
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In Reply Refer To:  
HCF-1

To: Associate Administrators  
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Division Administrators

The purpose of this memorandum is to provide procedures for reimbursement during a cash shortfall in the Highway Account of the Highway Trust Fund (HTF). Unless otherwise directed, cash management procedures will be implemented on August 1, 2014. These cash management procedures will continue until further notice.

## **BACKGROUND**

FHWA anticipates a cash shortfall in the Highway Account of the HTF in August 2014. As a shortfall nears, FHWA will implement cash management procedures to ensure a positive balance is maintained in the Highway Account.

The procedures were developed to ensure equitable distribution of available cash resources and are provided in advance to allow recipients to plan and prioritize reimbursement requests. The procedures also provide predictability and use current systems to facilitate the reimbursement process during a cash shortfall.

## **PROCESS**

The following process will be followed twice a month until the Highway Account of the HTF has adequate cash to return to normal reimbursement procedures or FHWA determines that revised procedures are necessary. The process applies to all programs funded by the Highway Account of the Highway Trust Fund.

## **State Grant Payments**

### ***Suspension of Reimbursement Request Approvals***

Beginning on August 8, 2014 and on subsequent dates of a scheduled semi-monthly (i.e., twice a month) deposit into the HTF, FHWA Division Offices will suspend the approval of all reimbursement requests processed through the Rapid Approval and State Payment System (RASPS).

### ***Allocation of Cash***

The business day after a deposit into the HTF (e.g., August 11, 2014), cash will be allocated to the States in proportion to their share of apportioned funding. Funding authorized for Puerto Rico and the Territories will be considered apportioned for the purposes of this calculation. The State-by-State cash distribution percentages are contained in Attachment 1.

Until the next semi-monthly deposit into the HTF, payments to the States will be limited to the cap determined by this allocation. States will maintain control over their reimbursement requests and will have the ability to prioritize payments.

### ***Approval of Reimbursement Requests***

Once States are notified of their payment cap, Division Offices will work with their State counterparts to determine which reimbursement batches to approve. These batches may already be in their RASPS queue or subsequently submitted. FHWA Divisions will approve payments up to the cash allocation cap. Any reimbursement requests in excess of a State's cash allocation will remain in RASPS unapproved.

Separate reimbursement batches should be submitted for non-Highway Trust Fund accounts (e.g., Recovery Act, TIGER, Emergency Relief – General Fund portion). Non-Highway Trust Fund accounts are not affected by the HTF cash shortfall.

The requested payment date must be at least three business days after the date the FHWA Division approves the reimbursement batch. This will provide FHWA with sufficient time to ensure that payments to an individual State do not exceed its cash allocation cap and that FHWA retains sufficient cash on hand.

During a semi-monthly cycle, if a State requests an amount of cash less than its calculated share, the carryover allocation will be reserved for that State and added to its share during the next allocation. This provides flexibility for States should they have significant reimbursement needs in future periods.

### ***Example of State Grant Payment Process***

#### ***1) Determine State's share of apportioned funding***

The State is apportioned \$1.52 billion out of a total apportionment of \$38 billion, equating to a State share of 4.0%.

#### ***2) Determine amount available to distribute (semi-monthly)***

Cash on hand plus the deposit received less other payments equals \$1.4 billion available to distribute.

- 3) ***Determine State's share of cash for the current payment period***  
State share (4.0%) x \$1.4 billion = \$56.0 million.
- 4) ***Notify each State of its payment cap***
- 5) ***State submits batch reimbursement requests through RASPS per normal procedure***  
Any unused portion of the cap carries over and is added to the State's share for the next period. For example, the State only submits \$40 million in reimbursement requests, so \$16 million (\$56.0 million - \$40 million) would carry over to the next period.
- 6) ***FHWA Division reviews and approves requests up to the State cap***  
Any reimbursement requests in excess of the cap will remain in RASPS in an unapproved status. The State may elect to have all or some of these "excess" requests paid in the next payment cycle, provided sufficient cash is available. For example, State requests \$70 million in payments, so \$14.0 million (\$70 million - \$56 million) of reimbursement requests will not be paid and will remain unapproved in RASPS.
- 7) ***Enterprise Service Center (ESC) processes the approved requests for payment (daily)***  
Daily payments will not be processed until FHWA has certified that the State caps have not been exceeded.
- 8) ***Reimbursement processing is temporarily stopped on the day of the scheduled HTF deposit and the subsequent day when the new cash allocation is calculated***  
This temporary suspension of processing payments allows time for FHWA to calculate the carryover amounts and the new cash allocation. On the day after the new shares are calculated and the States are notified, Divisions may continue to approve reimbursement requests up to the new cap.

### **Transfers to Other Agencies**

Cash transfer requests from other agencies, including allocation (child) accounts and flex funding, will be submitted quarterly to FHWA. Agencies must submit requests for cash through the remainder of FY 2014 no later than August 1, 2014. FHWA will review all requests, which should be conservative and only for amounts needed for cash disbursements within the quarter requested.

### **Transportation Infrastructure Finance and Innovation Act (TIFIA) Disbursements**

Disbursements for TIFIA loan payments will continue in accordance with the disbursement plans specified in the loan agreements.

### **Contract, Purchase Order, Cooperative Agreement and Other Grant Payments**

Payments for contracts, purchase orders, cooperative agreements, interagency agreements, and other grants, including payments to Federal Land Management Agencies, will be processed in accordance with the terms of the agreement.

### **General Operating Expenses**

Payments for FHWA administrative and general operating expenses, including payroll, will continue as normally processed. All FHWA units shall limit discretionary activities, including travel and training, to mission-critical agency operations.

U.S. DEPARTMENT OF TRANSPORTATION  
FEDERAL HIGHWAY ADMINISTRATION  
  
STATE-BY-STATE SHARES OF CASH ALLOCATION  
FOR EACH SEMI-MONTHLY PERIOD

State	FY 2014 Apportionments <sup>1</sup>	State Shares of Cash Allocations based on Apportionments
Alabama	\$732,263,043	1.93%
Alaska	\$483,955,039	1.27%
Arizona	\$706,182,063	1.86%
Arkansas	\$499,714,166	1.32%
California	\$3,542,468,412	9.33%
Colorado	\$516,112,989	1.36%
Connecticut	\$484,770,705	1.28%
Delaware	\$163,267,961	0.43%
District of Columbia	\$154,002,708	0.41%
Florida	\$1,828,689,002	4.81%
Georgia	\$1,246,238,772	3.28%
Hawaii	\$163,244,192	0.43%
Idaho	\$276,061,294	0.73%
Illinois	\$1,372,231,384	3.61%
Indiana	\$919,668,926	2.42%
Iowa	\$474,345,450	1.25%
Kansas	\$364,737,489	0.96%
Kentucky	\$641,292,458	1.69%
Louisiana	\$677,413,014	1.78%
Maine	\$178,165,560	0.47%
Maryland	\$580,007,300	1.53%
Massachusetts	\$586,191,765	1.54%
Michigan	\$1,016,207,628	2.68%
Minnesota	\$629,372,872	1.66%
Mississippi	\$466,803,812	1.23%
Missouri	\$913,719,741	2.41%
Montana	\$396,007,464	1.04%
Nebraska	\$278,976,662	0.73%
Nevada	\$350,472,546	0.92%
New Hampshire	\$159,469,843	0.42%
New Jersey	\$963,682,664	2.54%
New Mexico	\$354,439,590	0.93%
New York	\$1,620,088,460	4.26%
North Carolina	\$1,006,630,450	2.65%
North Dakota	\$239,621,802	0.63%
Ohio	\$1,293,739,008	3.41%
Oklahoma	\$612,127,810	1.61%
Oregon	\$482,423,497	1.27%
Pennsylvania	\$1,583,603,275	4.17%
Rhode Island	\$211,081,927	0.56%
South Carolina	\$646,306,850	1.70%
South Dakota	\$272,190,802	0.72%
Tennessee	\$815,605,297	2.15%
Texas	\$3,331,596,800	8.77%
Utah	\$335,148,600	0.88%
Vermont	\$195,886,832	0.52%
Virginia	\$982,180,040	2.59%
Washington	\$654,304,963	1.72%
West Virginia	\$421,797,542	1.11%
Wisconsin	\$726,226,908	1.91%
Wyoming	\$247,262,623	0.65%
Puerto Rico	\$150,000,000	0.39%
American Samoa	\$4,000,000	0.01%
Guam	\$16,000,000	0.04%
N Mariana	\$4,000,000	0.01%
Virgin Islands	\$16,000,000	0.04%
Grand Total	\$37,988,000,000	100%

## Notes:

1/ Amounts authorized for Puerto Rico and the territories are considered apportioned for the purposes of calculating cash shares.