



FHWA Announces 2020 Redistribution

August Redistribution is an annual process that allows states who demonstrate they can use 100% or more of their annual obligation authority (“ob. limit”) to request additional funds if other states leave funding on the table or other USDOT funded programs, such as Infrastructure for Rebuilding America (INFRA), go unobligated during the year. CDOT is historically very successful at demonstrating that it will obligate 100% of the FHWA Formula funds and thus qualifies for FHWA August Redistribution.

CDOT’s Previous Redistributions.

On August 28, 2020 CDOT was distributed \$77,044,157, the most ever for the state. Colorado’s share of the national total was 1.62%. The redistributed amount was Colorado’s fifth consecutive year receiving over \$40M. A large portion of USDOT grants, (INFRA, BUILD, etc.) were not obligated during FY20 leading to an unusually large national redistribution.

CDOT's Most Recent Redistribution Requests and Actuals Received				
Fiscal Year	CDOT Request	Actual Received	National Total	Colorado Share of Total
2020	\$ 118,849,167	\$ 77,044,157	\$ 4,762,052,903	1.62%
2019	\$ 107,261,534	\$ 50,710,089	\$ 3,972,743,240	1.28%
2018	\$ 119,000,000	\$ 69,573,361	\$ 4,183,936,196	1.66%
2017	\$ 123,000,000	\$ 44,872,399	\$ 3,137,048,104	1.43%
2016	\$ 106,000,000	\$ 48,047,076	\$ 2,832,803,208	1.70%
2015	\$ 121,000,000	\$ 27,786,142	\$ 1,906,572,178	1.46%
2014	\$ 40,000,000	\$ 31,769,903	\$ 2,117,694,862	1.50%
2013	\$ 40,000,000	\$ 25,515,737	\$ 1,595,648,530	1.60%
2012	\$ 15,000,000	\$ 15,000,000	\$ 1,400,464,387	1.07%
2011	\$ 88,000,000	\$ 18,953,017	\$ 1,182,665,012	1.60%

Redistribution Timeline

August 28: Final Notice signed & issued; released Obligation Authority is redistributed to States as additional formula OA

September 18: Deadline for regional budget actions

September 28: All FY20 formula funds including redistribution must be obligated

September 30: End of federal fiscal year

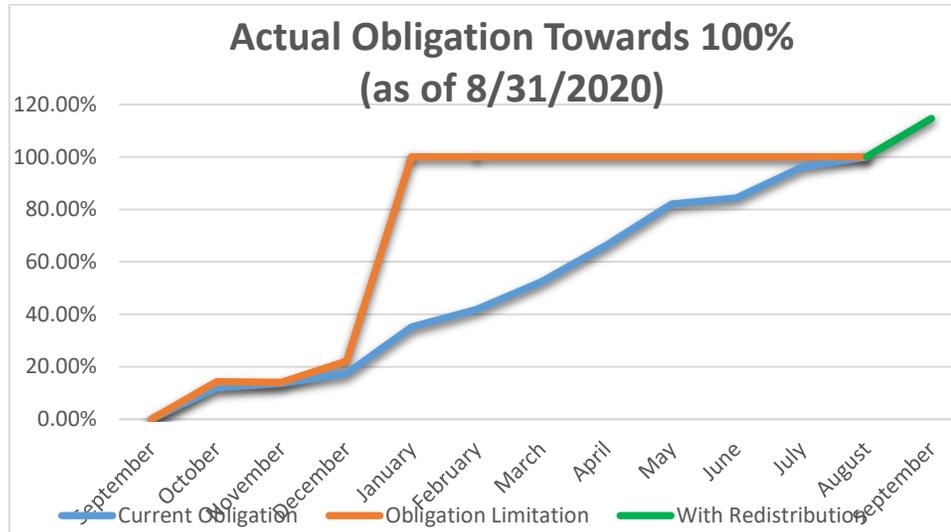
October 15: Additional revenue credited to the Transportation Commission for decision making

What will CDOT do with the additional \$77 million?

Federal Obligation Authority is the ability to commit FHWA participation and subsequent cash reimbursement to the DOT for eligible expenditures. A prerequisite for qualifying for redistribution of additional authority is that the DOT must demonstrate that the funds will be obligated prior to the end of the federal fiscal year on September 30th. Due to the short turnaround required it is advantageous for the DOT to have a pipeline of previously authorized federally eligible projects ready to consume this funding.

CDOT utilizes a cash management tool known as “advance construction” to leverage future anticipated federal revenues in order to start construction projects prior to the the beginning of that fiscal year. CDOT applies the additional current fiscal year revenues toward these projects thereby increasing cash reimbursements for the year.

This equates to additional recognized revenues and therefore creates increased Budget Authority for CDOT.



The increased Budget Authority created by redistribution is provided along with other revenue adjustments to the Transportation Commission through the Program Reserve Fund and will remain in reserve until a decision for allocation to programs or initiatives is made.



Projects **AUTHORIZED** by FHWA can proceed to construction advertisement if they are in the Statewide Transportation Improvement Program (STIP), have an environmental clearance, and reviewed by an FHWA engineer and financial analyst prior to project advertisement.

OBLIGATED projects are those that FHWA has formally agreed to reimburse CDOT for incurred eligible expenditures. CDOT is capped in the amount it can obligate (and therefore seek reimbursement) by the annual Appropriations Act (plus any redistribution received). CDOT employees often refer to this as the “Ob. Limit” and it is precious due to its limited nature.

ADVANCE CONSTRUCTION is a provision granted by FHWA in order to aid DOTs “cash manage” projects by leveraging not just current year obligation limit, but also future projected obligation limit. Projects in **ADVANCE CONSTRUCTION** cannot be reimbursed by FHWA until they are “converted” to **OBLIGATED** the following year. In the meantime, DOTs use their state funds to cover the contractor payments.

Therefore, CDOT Finance staff strategically **OBLIGATES** projects with incurred expenses in order to maximize cash inflows from FHWA.