

Federal Financing Terms Glossary

SafeRoutes

National Center for Safe Routes to School



In August 2005, the Federal-aid Safe Routes to School (SRTS) program was created by Section 1404 of the federal transportation bill, the *Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users Act* (SAFETEA-LU). Housed in the U.S. Department of Transportation's Federal Highway Administration (FHWA) Office of Safety, the SRTS program is funded at \$612 million over five federal fiscal years (FY 2005–2009).

The FHWA allocates SRTS funding annually to each state in conjunction with Federal-aid Highway apportionments, and the Federal SRTS Program is managed and administered by each state's Department of Transportation.

All federal funding comes with specific procedures and requirements, and the federal SRTS program is no different. Fortunately, FHWA provides a report entitled **Financing Federal-Aid Highways** to guide citizens through the financial process. The current version of this report incorporates changes in financing procedures brought about by SAFETEA-LU. It is important to note that states may interpret these procedures differently, and many states have developed their own procedures relative to financing transportation projects. Please contact your **state's SRTS coordinator** for details.

For those seeking to understand the basic terms involved in the federal financing process, we have excerpted the glossary from the **Financing Federal-Aid Highways** guide below.

Allocation. An administrative distribution of funds for programs that do not have statutory distribution formulas.

Apportionment. The distribution of funds as prescribed by a statutory formula.

Appropriated Budget Authority (ABA). A form of *Budget Authority* that requires both an authorization act *and* an appropriations act before any funds can be obligated.

Appropriations Act. Action of a legislative body that makes funds available for expenditure with specific limitations as to amount, purpose, and duration. In most cases, it permits money previously authorized to be obligated and payments made, but for the highway program operating under contract authority, the appropriations act specifies amounts of funds that Congress will make available for the fiscal year to liquidate obligations.

Authorization Act. Basic substantive legislation that establishes or continues Federal programs or agencies and establishes an upper limit on the amount of funds for the program(s). The current authorization act for surface transportation programs is the *Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users* (SAFETEA-LU).

Budget Authority. Empowerment by Congress that allows Federal agencies to incur obligations that will result in the outlay of funds. This empowerment is generally in the form of appropriations. However, for most of the highway programs, it is in the form of *contract authority*.

Budget Resolution. A concurrent resolution passed by Congress presenting the Congressional Budget for each of the succeeding 5 years. A concurrent resolution does not require the signature of the President.

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Contract Authority (CA). A form of *Budget Authority* that permits obligations to be made in advance of appropriations. Most of the programs under the *Federal-Aid Highway Program* operate under Contract Authority.

Expenditures. See *Outlays*.

Federal-aid Highway Program (FAHP). An umbrella term, not defined in law, which in general refers to most of the Federal programs providing highway funds to the States. When used in a budgetary context, FAHP specifically refers to highway programs financed by contract authority out of the Highway Account of the Highway Trust Fund (HTF), plus any HTF supplemental appropriations for the Emergency Relief Program. Such authorizations are contained in titles I and V of SAFETEA-LU and in 23 U.S.C. 125, as well as in acts providing supplemental appropriations.

Federal Highway Administration (FHWA). The Federal agency within the U.S. Department of Transportation responsible for administering the Federal-aid Highway Program.

Firewall. A budgetary device separating certain Federal spending within the discretionary spending category from other spending in the discretionary category. Spending for programs with firewalls may not be reduced in order to increase spending for other discretionary programs. The SAFETEA-LU establishes, for fiscal years 2005–2009, a firewall to protect highway and highway safety spending and a firewall to protect transit spending.

Fiscal Year (FY). The accounting period for the budget. The Federal fiscal year is from October 1 until September 30. The fiscal year is designated by the calendar year in which it ends. For example, FY 2006 runs from October 1, 2005, until September 30, 2006.

Guaranteed Funding. Highway, highway safety, and transit spending protected by *firewalls*, plus highway funds that are classified as mandatory spending, i.e., exempt from the *obligation limitation*.

Highway Trust Fund (HTF). An account established by law to hold Federal highway-user taxes that are dedicated for highway and transit related purposes. The HTF has two accounts: the Highway Account, and the Mass Transit Account.

Obligational Authority (OA). The total amount of funds that may be obligated in a year. For the Federal-aid Highway Program this is comprised of the *obligation limitation* amount plus amounts for programs exempt from the limitation.

Obligation Ceiling. Identical to *obligation limitation*.

Obligation Limitation. A restriction, or “ceiling” on the amount of Federal assistance that may be promised (obligated) during a specified time period. This is a statutory budgetary control that does not affect the apportionment or allocation of funds. Rather, it controls the rate at which these funds may be used.

Obligation. The Federal government’s legal commitment (promise) to pay or reimburse the States or other entities for the Federal share of a project’s eligible costs.

Outlays. Actual cash (or electronic transfer) payments made to the States or other entities. Outlays are provided as reimbursement for the Federal share for approved highway program activities.

Penalty. An action taken by Federal agencies when the grant recipient does not comply with provisions of the law. For the highway program the imposition of penalties, which are defined in law, may prevent a State from using or receiving its full apportionment or may force a transfer from one program to another.

President’s Budget. A document submitted annually (due by the first Monday in February) by the President to Congress. It sets forth the Administration’s recommendations for the Federal budget for the upcoming fiscal year.

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Rescission. Legislation enacted by Congress that cancels the availability of budget authority previously enacted before the authority would otherwise expire.

Revenue Aligned Budget Authority (RABA). The adjustment in funding made annually to the highway program as a result of the adjustment in the *firewall* level for highways. The firewall level is adjusted to reflect revised receipt estimates for the Highway Account of the Highway Trust Fund. Then, adjustments—equal to the firewall adjustment—are made to Federal-aid highway authorizations and obligation limitation for the fiscal year. Under SAFETEA-LU, the first adjustment is for FY 2007.

Sliding Scale. The normal Federal share of 80% for non-Interstate and 90% for Interstate is adjusted upward to no more than 95%, based on a sliding scale, for States with large amounts of Federal lands (over 5% of the total area of the State)

State. As defined in chapter 1 of Title 23 of the United States Code, any of the 50 States, comprising the United States, plus the District of Columbia and the Commonwealth of Puerto Rico. However, for some purposes (e.g., highway safety programs under 23 U.S.C. 402), the term may also include the Territories (the U.S. Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands) and the Secretary of the Interior (for Indian Reservations). For the purposes of apportioning funds under sections 104, 105, 130, 144, and 206 of Title 23, United States Code, and section 1404 of SAFETEA-LU (relating to the safe routes to school program), the term “State” is defined by section 1120(c) of the SAFETEA-LU to mean any of the 50 States and the District of Columbia.

For additional definitions, see *A Glossary of Terms Used in the Federal Budget Process*, Government Accountability Office, September 2005. Also see Section 101 of Title 23, U.S.C.