

Federal Funding Terminology

Apportionment (a.k.a. contract authority) is a type of federal budget authority established by Congress as part of an authorizing act for transportation. Congress establishes the size of federal programs (e.g. National Highway Performance Program (NHPP), Surface Transportation Program (STP), etc.) to direct states on how or where they intend the funds to be spent. Apportionments are distributed to states based on national formulas outlined in the Federal Transportation Act.

Obligation authority (OA) (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.

A state can only spend apportionment up to the amount of obligation authority it receives in any year. Each year, states accumulate more unobligated apportionment since Congress never gives a state the authority to obligate all of its apportionment. At any point in time every state has a remaining balance of apportionment that it may not be able to use. For example: If a state received in Federal Fiscal Year (FFY) 2010, \$600 million in apportionment, but only \$575 million in obligation authority, there would be \$25 million in apportionment remaining at the end of the FFY for that state.

Washington has historically provided the Metropolitan Planning (MPO) and the State Planning and Research programs with an equal amount of obligation authority per apportionment. This practice proportionately reduces all the other programs obligation authority rate minimally.

Allocation is the amount of federal funds provided to each MPO/RTPO/County Lead Agency for Surface Transportation Program (STP), Congestion Mitigation/Air Quality (CMAQ) and Transportation Alternatives Program (TAP) funds. WSDOT Highways & Local Programs utilizes less than two percent annually for administration of the federal program for localities. The administration is funded from the largest program, surface transportation program (STP).

MPO/RTPO/County Lead Agency are responsible for prioritizing, selecting, programming and delivering annually and involving all agencies eligible to participate in the public process. Sub-allocations are estimated for localities, however are not officially released until the Governor's office has approved the quarterly Transportation Revenue Forecasts reflecting the FHWA apportionment and obligation authority notices for the FFY. The allocations are provided at the OA level by program. WSDOT provides allocations once FHWA releases the annual obligation authority amount for the FFY.