

## County HBP Fiscal Constraint Requirements

### Background

Federal regulations (23 CFR Part 450 and 49 CFR Part 613) require that the Statewide Transportation Improvement Program (STIP) be fiscally constrained, both in total and for each year of the STIP. Fiscal constraint requires that funding shown in the STIP (federal, state, local, and private) can be "reasonably expected to be available", while also providing for the operation and maintenance of the existing highway and transit systems.

This requirement is applied to each program included in the STIP. Because the HBP funds for Iowa are divided between the Iowa DOT, the cities, and the counties, it is important that each of these groups program their HBP funds in accordance with the fiscal constraint requirements. Since the Iowa DOT selects the city bridge projects and its own projects for HBP funding, it can ensure these requirements are met. However, since each county selects its own projects for HBP funding, additional procedures are necessary to ensure that the amount of HBP funds programmed by the counties in the STIP does not exceed the amount that can reasonably expected to be available for the counties as a whole.

Therefore, the Iowa DOT, in consultation with the Iowa County Engineers Association and the FHWA, developed the process described in the section below for reviewing, and if necessary, adjusting the amount of county HBP funds programmed in the STIP. The following principles were used in developing this process to ensure that it is workable, fair, and produces the desired result:

- Programming is an inherently inexact process; therefore, if the county HBP funds are over-programmed by 20% or less of the amount of funds available, in total and for each year, fiscal constraint will be considered satisfied.
- In order to preserve the maximum flexibility for counties and minimize the possibility of increasing the unobligated balance of HBP funds for counties, fiscal constraint will be managed at the statewide level. This preserves the ability for a county to program more funds than are actually available to them on an individual basis.
- Required adjustments to amounts programmed by a county should be proportional to the amount that the county is over-programmed. That is, those counties that are over-programmed the most will have to make the largest adjustments to their programs. Counties that are only slightly over-programmed will need to make only slight adjustments to their programs. Counties that are not over-programmed will not have to make any adjustments to their programs.
- The programming changes required of individual counties will be clearly identified and quickly communicated so that they can make the necessary changes in a timely manner.
- Because of the limited time to make changes, there will be no variances or waivers granted to the required programming changes. If counties fail to make the required programming changes, the RPA's Transportation Improvement Program (TIP) will not be approved by the Iowa DOT.
- This process imposes no additional restrictions on the County Five Year Program (CFYP); however, the bridge projects promoted from the CFYP to the draft Regional Planning Affiliation (RPA) Transportation Improvement Program (TIP) will be subject to the restrictions outlined in the process below. Therefore, counties should be selective about which projects they submit for inclusion in the draft TIP.

### Fiscal Constraint Review Process

The following process is used to ensure that the counties HBP funds meet the fiscal constraint requirements. This process begins in January of each year and concludes with FHWA approval of the STIP, usually in early October of each year.

1. The Iowa DOT Office of Local Systems and Office of Program Management prepare estimated targets for county HBP funding for the coming fiscal year and the following three years. These targets will include a statewide total and individual county allocations. The targets will be calculated using the estimated beginning HBP balances and annual allocations, as shown on the most current [HBP Status Report](#).

2. Using the HBP targets as a guide – but not a strict requirement – counties submit their bridge projects for inclusion in the RPA's draft TIP using the existing process, except that only selected projects are promoted from the CFYP to the TIP. Counties should include only those projects with a reasonable chance of being ready for obligation within the proposed program year.
  3. After all counties have submitted their bridge projects for inclusion in their respective TIPs, the Office of Local Systems will perform the HBP fiscal constraint calculations to determine if the county HBP programming is within acceptable limits, both for the total program and for each year of the program. If so, the process is complete. If not, go to the next step.
  4. The Office of Local Systems will provide the counties with the HBP fiscal constraint calculations. For each county, these calculations will indicate if programming adjustments must be made, and if so, the amount of funds that must be removed from or rescheduled in the TIP.
  5. Each county will review the HBP fiscal constraint calculations and make the required adjustments to the amount of HBP funds they have proposed for inclusion their RPA's TIP. No waivers or exceptions will be granted.
  6. After all the affected counties make the required adjustments to the draft TIP, Local Systems will re-run the fiscal constraint calculations to verify that, as a whole, the counties are within the acceptable programming limits, both for the total program and for each year. If so, the process is complete. If not, go to the next step.
  7. If fiscal constraint has not been achieved, Local Systems will provide the revised fiscal constraint calculations to counties and request that they make additional changes as indicated.
  8. Repeat steps 5-7 as needed until fiscal constraint is achieved.
  9. If the adjustments should result in under-programming for a given year or in total, counties will be afforded an opportunity to increase the amount programmed, within the acceptable programming limits, in the following order:
    - First, by increasing the funding level of projects already programmed that have less than a full 80% Federal share. Priority to increase funding amounts will be given to those counties that are the most under-programmed on an individual county basis.
    - Second, by adding or moving projects up in the program. Priority to add or move-up projects will be given to those bridges that score the most points under the state-funded County Bridge Construction Program.
- The Office of Local Systems will contact those counties that have an opportunity to add funding or projects, and upon confirmation from the county, adjust the fiscal constraint calculations accordingly to determine if more funds or projects can be added or not.
10. After the STIP has been approved by FHWA, counties may make changes to their program of HBP projects using the existing procedures for TIP amendments or modifications. If a county wants to add or move up a project up in the program, the county should also remove or delay other projects as needed to preserve fiscal constraint. However, fiscal constraint will not be recalculated with each proposed amendment or modification.