

**TRACKING THE FUNDS:**

**Specific Fiscal Year 2022 Provisions for Department of Transportation**

GAO-22-105892 · September 2022  
 Report to Congressional Committees  
**Accessible Version**



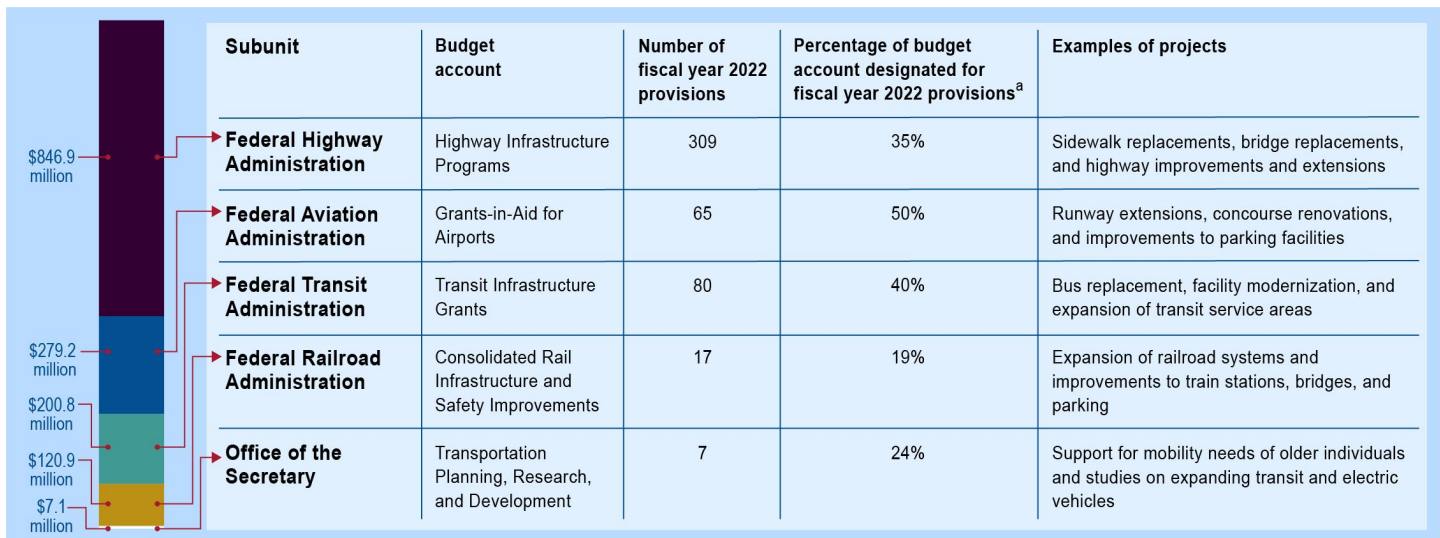
The Consolidated Appropriations Act, 2022 appropriated \$1.5 billion to the Department of Transportation (DOT) for 478 projects at the request of Members of Congress. The act includes specific provisions that designate an amount of funds for a particular recipient, such as a nonprofit organization or a local government, to use for a specific project. These provisions are called “Congressionally Directed Spending” in the U.S. Senate and “Community Project Funding” in the House of Representatives. Members of Congress had to meet certain requirements under Senate and House rules in order to have their requests included as provisions in the act. Such requirements included that Members post requests online and certify that they had no financial interest in the projects. The House also required Members to demonstrate community support for requests.

This report examines how DOT intends to identify the provisions, distribute the funds made available through these provisions, and ensure the funds are spent for the purposes Congress intended. For more information on this report and others in this series, including background and methodology, visit <https://www.gao.gov/tracking-funds>.

**What are the intended uses of these funds?**

The \$1.5 billion is intended to support improvements to transportation infrastructure. These improvements range from small projects, such as upgrading sidewalks, to larger projects, including concourse renovations for airports.

**Department of Transportation: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions**



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Transportation. | GAO-22-105892

**Data table for Department of Transportation: Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions**

\$ in millions	Subunit	Budget account	Number of FY 2022 provisions	Percentage of budget account designated for FY 2022 provisions <sup>a</sup>	Examples of projects
846.9	Federal Highway Administration	Highway Infrastructure Programs	309	35	Sidewalk replacements, bridge replacements, and highway improvements and extensions
279.2	Federal Aviation Administration	Grants-in-Aid for Airports	65	50	Runway extensions, concourse renovations, and improvements to parking facilities
200.8	Federal Transit Administration	Transit Infrastructure Grants	80	40	Bus replacement, facility modernization, and expansion of transit service areas
120.9	Federal Railroad Administration	Consolidated Rail Infrastructure & Safety Improvements	17	19	Expansion of railroad systems and improvements to train stations, bridges, and parking
7.1	Office of the Secretary	Transportation Planning, Research, & Development	7	24	Support for mobility needs of older individuals and studies on expanding transit and electric vehicles

<sup>a</sup>Based on total amount appropriated for each of the budget accounts for fiscal year 2022.

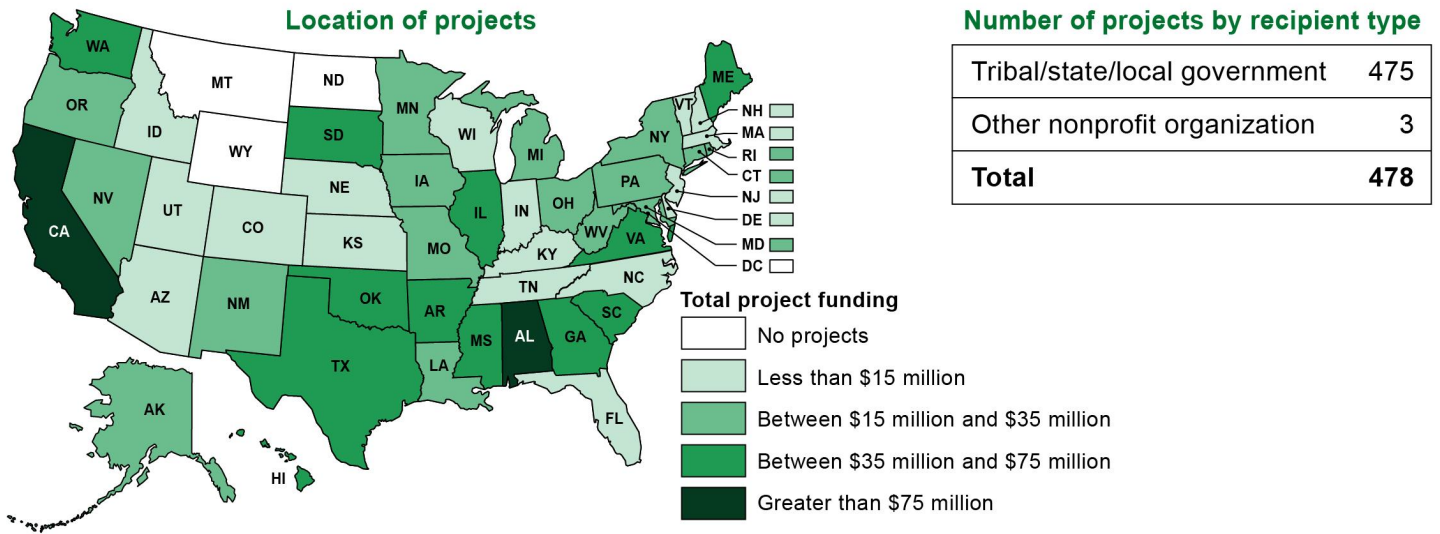
**Who are the designated recipients?**

Almost all of the designated recipients for these 478 projects are tribal, state, or local government entities. According to DOT officials, most of these recipients have existing relationships with subunits—which DOT refers to as operating administrations, e.g., the Federal Aviation Administration (FAA) and the Federal Highway Administration (FHWA)—because they have previously received federal assistance.

**Key Observations**

- Most recipients have previously received funding from DOT. For example, FHWA officials told us most recipients of its funding are state departments of transportation (state DOT) that have previously received funding from FHWA. Similarly, officials at FAA and the Federal Transit Administration (FTA) said most designated recipients of their funds, including many transit agencies receiving funding from FTA, have previously received financial assistance from them.
- According to DOT officials, all of these funds are to be provided as grants to designated recipients. Over 80 percent of these grants are for awards of less than \$5 million. The largest grant is \$100 million for an airport project in Alabama that includes construction of a new terminal and terminal access and perimeter roads. The smallest grant is \$30,000 for a project to install emergency signals at the entrance and exits of a police and fire department in North Carolina, according to the Congressional request letter for these funds.
- Designated recipients in two states, Alabama and California, are to receive a total of almost \$313 million. Grants to recipients in Alabama include the two largest Community Project Funding/Congressionally Directed Spending grants administered by DOT—the aforementioned airport project (\$100 million) and a port project (\$67.3 million). Recipients in California are to receive the largest number of DOT grants designated for recipients in a single state—68 grants totaling almost \$144 million.

# Department of Transportation: Distribution of Fiscal Year 2022 Community Project Funding/Congressionally Directed Spending Provisions



Sources: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; and information provided by the Department of Transportation; Map Resources (map). | GAO-22-105892

## Who within the agency will be responsible for identifying and monitoring these funds?

According to DOT officials, officials and staff within operating administrations are responsible for identifying and monitoring these funds.

DOT officials and staff responsible for identifying these funds generally include the Chief Financial Officer, Budget Director, and Office of Chief/General Counsel within each operating administration as well as congressional affairs and program staff.

The staff responsible for monitoring these funds will include operating administration program staff and a mix of headquarters and regional office staff. For example, FHWA officials told us their state division offices would monitor these funds. Additionally, officials in FAA told us its Office of Airports would monitor these funds, with responsibilities divided between headquarters and regional staff.

## How does the agency intend to ensure recipients are ready to receive and are able to use these funds?

DOT officials stated that staff in each operating administration administering these funds would generally follow standard processes and use government-wide systems to ensure recipients are ready to receive and able to use these funds. For example, officials in the Federal Railroad Administration (FRA) said they would require recipients to submit applications for funding and statements of work describing their projects and to complete FRA's Applicant Financial Capability Questionnaire. FRA officials told us they would then initiate the funding process.

Officials in all but one operating administration we met with told us they planned to use the System for Award Management—through which entities must register to receive federal funds—to determine whether the recipient has completed the administrative steps required to receive these funds. FHWA officials said that checking the system is not necessary for their recipients because they are either state DOTs or tribes with established capacity to receive and use federal funds. Officials said they rely on FHWA's stewardship and oversight plan with each state, among other processes, to ensure recipients are able to use the funds.

DOT officials in some operating administrations said if they found that a recipient did not have adequate capacity (such as financial, human capital, or organizational) to use the funds, officials would take steps to address the situation. For example, they could provide technical assistance to the recipient to help it develop sufficient capacity. Alternatively, officials could impose additional reporting requirements to more closely monitor the project.

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## How does the agency intend to ensure these funds are spent properly?

DOT officials told us they would follow their standard process for ensuring funds are spent properly and preventing fraud, waste, and abuse. Examples of processes that officials identified differed by operating administration and included:

- **Recipient reporting.** At FRA, officials told us they plan to require quarterly reporting on financial and qualitative factors such as significant activities accomplished during the quarter and significant activities planned for the next quarter. Officials also plan to review the recipient's statement of work to ensure the recipient is delivering the project as intended. In addition, FRA officials said they may require additional reporting if they find a recipient does not have adequate capacity to use the funds. At FTA, officials told us they would require recipients to file Federal Financial Reports and Milestone Progress Reports. FTA will require recipients to file these reports monthly, quarterly, or annually depending on project-specific factors.
- **Reimbursement process.** FAA officials told us they plan to monitor these funds by reviewing supporting documentation on the project costs before approving project reimbursements. Under FAA's process, recipients are reimbursed for amounts that FAA considers reasonable, given the effort expended or progress obtained in fulfilling the statement of work. This process typically occurs monthly but may vary based on the type of project.
- **Recipient monitoring of subrecipients.** FHWA officials told us that, consistent with their existing processes, if the recipient (generally a state DOT) passes the funding through to a subrecipient, then the recipient is required to monitor the subrecipient to ensure the subrecipient spends the funds properly. According to FHWA officials, FHWA still oversees the state DOT, as it is the recipient of the funds and responsible under the project agreement. FHWA division offices use risk-based stewardship and oversight and project involvement guidance to monitor the use of these funds in each state.
- **Inspector General.** According to an official in the DOT Office of Inspector General (OIG), projects carried out with these funds are included in the OIG's review of infrastructure funding, internal controls, compliance with laws and federal regulations, and improper payments. Further, projects carried out using these funds are subject to sampling and inclusion in the OIG's review of infrastructure funding. In addition, the OIG plans to periodically assess whether recipients are using funds in a timely manner, considering risks, and adjusting plans accordingly.

Officials in all operating administrations administering these funds told us they would monitor the use of these funds by reviewing annual submissions under the Single Audit Act. The act requires an audit of a recipient's financial statements and federal awards, or a program-specific audit, for recipients that expend \$750,000 or more in federal awards in a fiscal year.

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## When does the agency expect recipients will have access to these funds, and when might the funds be spent?

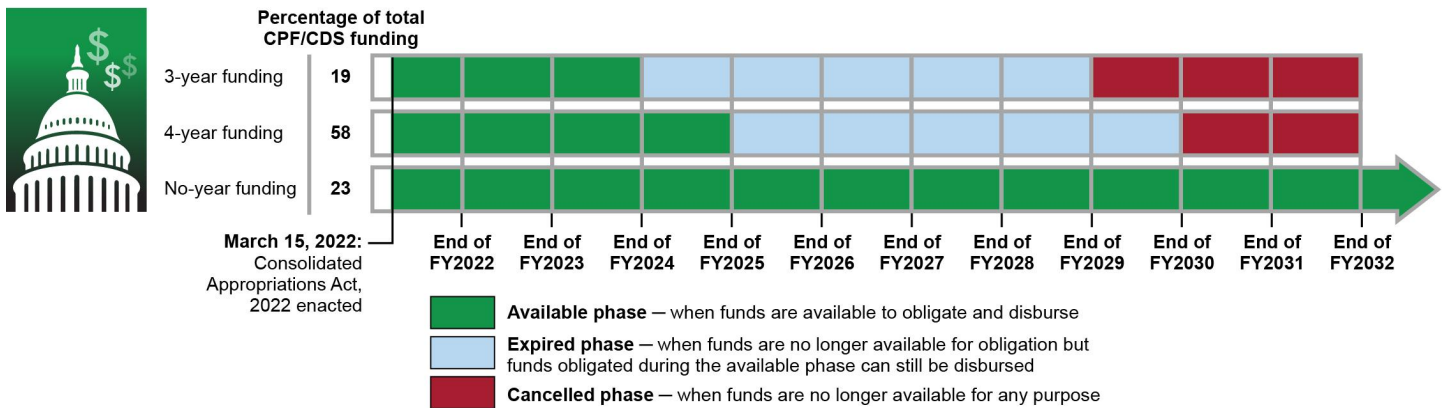
DOT officials told us they began obligating funds at the end of June 2022. However, exactly when all recipients will have access to these funds, and when the funds might be spent, will depend on project-specific factors such as project readiness and schedule.

- **When recipients will have access to these funds.** DOT officials did not have a firm estimate of when all recipients will have access to these funds. For example, FAA officials told us they made the first grant offers in June 2022 and would begin obligating grants in summer 2022. FHWA officials told us they began obligating funds at the end of June 2022. FHWA officials initially anticipated starting to obligate these funds in May 2022. However, because of competing priorities, they delayed this start date. Officials within other operating administrations told us that a recipient's access to these funds would depend on the recipient's ability to satisfy prerequisites, such as meeting any applicable project-based environmental requirements.

- **When these funds might be spent.** DOT officials told us that the timing of when recipients will spend these funds also depends on project-specific factors, including project complexity and schedule. For example, FTA officials told us that completing a planning study and spending the funds to do so could take a year, while completing a full construction project and spending the funds for that project could take multiple years.

DOT's time limits for fully disbursing funds provided in the Consolidated Appropriations Act, 2022 vary by account. For example, DOT has until the end of fiscal year 2030 to fully disburse funds appropriated to the Highway Infrastructure Programs account to the designated recipients. In contrast, funding appropriated to the Transit Infrastructure Grants account is no-year and is therefore available to DOT until fully expended to the designated recipients (see figure below). For more information on the time availability of these funds, see [GAO-22-105467](#).

## Department of Transportation: Appropriations Life Cycle for Fiscal Year (FY) 2022 Community Project Funding/Congressionally Directed Spending (CPF/CDS) Provisions



Source: GAO analysis of Consolidated Appropriations Act, 2022 and accompanying joint explanatory statement; 31 U.S.C. § 1552; and information provided by the Department of Transportation. | GAO-22-105892

Note: While the phases depicted in this figure serve as general limitations for the Department of Transportation's use of funds, agency officials said they began obligating funds at the end of June 2022. For more information about the obligation and expenditure of these funds, see [GAO-22-105467](#).

### What risks and challenges may the agency face distributing and monitoring these funds?

DOT officials do not anticipate significant challenges in distributing or monitoring these funds. DOT officials stated that the number of grants involved in disbursing these funds is manageable compared with the size of their overall programs. The officials reiterated that throughout the federal funding award life cycle, the operating administrations would rely on established systems and procedures, as well as on staff with demonstrated experience.

In addition, DOT is taking steps to address two potential challenges regarding the distribution and monitoring of these funds. First, the surge in DOT funding from COVID-19 relief legislation and the Infrastructure Investment and Jobs Act (IIJA) could create administrative and workload challenges. We recently reported on challenges FAA has faced administering grants ([GAO-22-105397](#)). Specifically, in April 2022, we reported that FAA experienced workload challenges administering COVID-19 grant program funding under tight timelines. To address these challenges, FAA established a dedicated team to process payment requests and hired four additional employees to assist with COVID-19 grant programs.

Looking forward, DOT officials told us COVID-19 and IIJA funding would not affect their ability to administer Community Project Funding/Congressionally Directed Spending. FTA officials told us they plan to use IIJA funding to cover administrative and oversight expenses for Community Project Funding/Congressionally Directed Spending. Meanwhile, FRA officials told us they would not issue notices of funding of opportunity for IIJA funding for several months. FRA officials said this would allow them time to focus on Community Project Funding/Congressionally Directed Spending.

Second, a recent DOT OIG report identified weaknesses in the agency's process for reviewing submissions under the Single Audit Act that could challenge DOT's ability to

monitor these funds using single audit review. See U.S. Department of Transportation, Office of Inspector General, *DOT Does Not Ensure Compliance with All Single Audit Provisions of OMB's Uniform Guidance*, FS2022024 (Washington, D.C.: March 23, 2022). The OIG report made recommendations for ensuring that FHWA and other DOT operating administrations (1) verify the complete and timely submission of their recipients' single audits and (2) follow up on findings to ensure recipients have taken corrective actions. According to the OIG, DOT concurred with the recommendations and is taking steps to address them. Furthermore, in [GAO-17-159](#), we reported that FHWA and FTA did not effectively design policies and procedures to reasonably assure the single audit process was carried out in a timely manner. We made three recommendations to address this issue, which DOT implemented in fiscal year 2019.

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## Why GAO did this study

The joint explanatory statement accompanying the Consolidated Appropriations Act, 2022 includes a provision for us to review agencies' implementation of Community Project Funding/Congressionally Directed Spending. In addition to issuing this and other reports in this series, we will follow and review agencies' efforts to distribute, monitor, and audit these funds by sampling agencies and recipients and examining whether funds were spent as intended.

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## Agency comments

We provided DOT with a draft of this report. DOT provided technical comments, which we incorporated as appropriate.

### GAO Contact

For more information, contact Heather Krause at (202) 512-2834 or [KrauseH@gao.gov](mailto:KrauseH@gao.gov).

**Staff Acknowledgments:** Susan Zimmerman (Assistant Director), Travis Schwartz (Analyst in Charge), Emily Crofford, Adam Gomez, Bonnie Ho, Delwen Jones, and Christine Stenglein.

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We conducted this performance audit from March 2022 to September 2022 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Source (cover photo): [ungvar/stock.adobe.com](https://www.ungvar.com).  
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