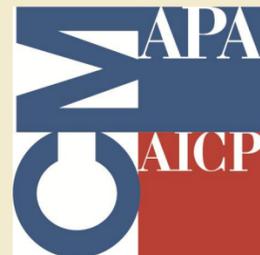


MARCH 18, 2026

# Leveraging Unobligated Funding: How to Fund Your Trail with Unspent Federal Funding



Camp Chase Trail | Photo courtesy Jay LaPrete

# Before we begin:

- Drop your questions in the Q&A box.
- Closed captioning has been enabled for this webinar.
- Recording and slides will be made available after the webinar.
- In the event you run into technical difficulties during the webinar, here's how to troubleshoot:
  - Log out and back into the webinar
  - Webinar ID: 821 2902 4707
  - Browse Zoom Customer Support topics & contact Customer Support: <https://support.zoom.us>

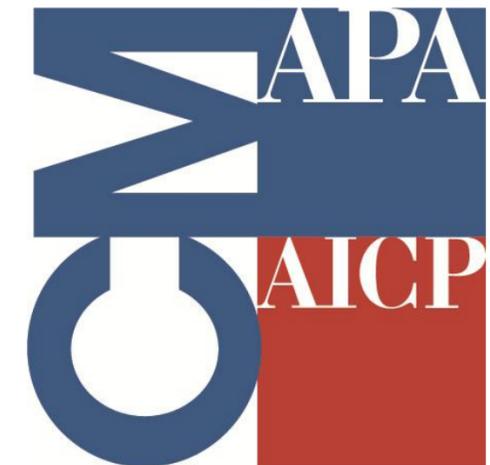
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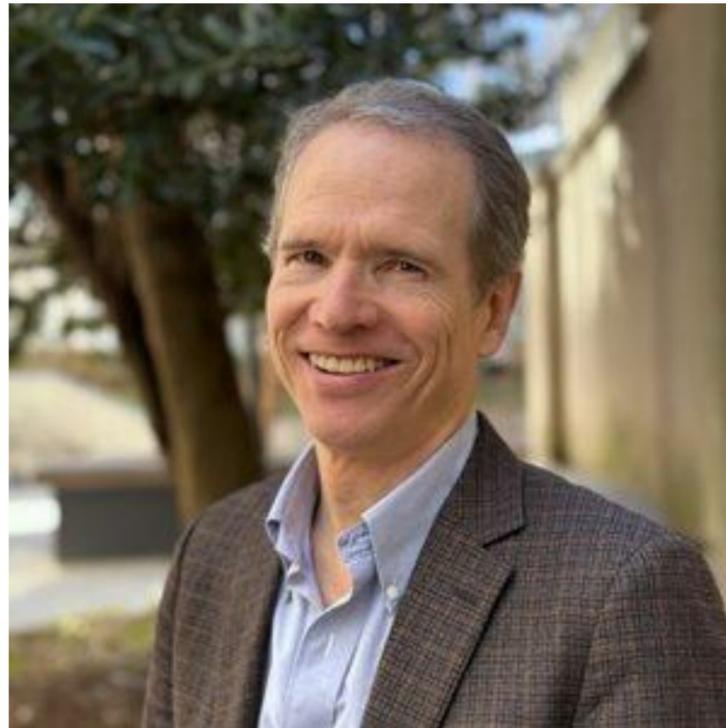
Leveraging Unobligated Funding: How to Fund Your Trail with  
Unspent Federal Funding

Event #9325381

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# Meet Our Panelists



Kevin Mills  
Vice President of Policy  
Rails to Trails Conservancy



Stephanie Pollack  
Senior Fellow  
MIT Mobility Initiative



Derek Shooster  
Manager of MPO activities and  
STIP development  
MassDOT

# Leveraging Unobligated Funding: How to Fund Your Trail with Unspent Federal Funding

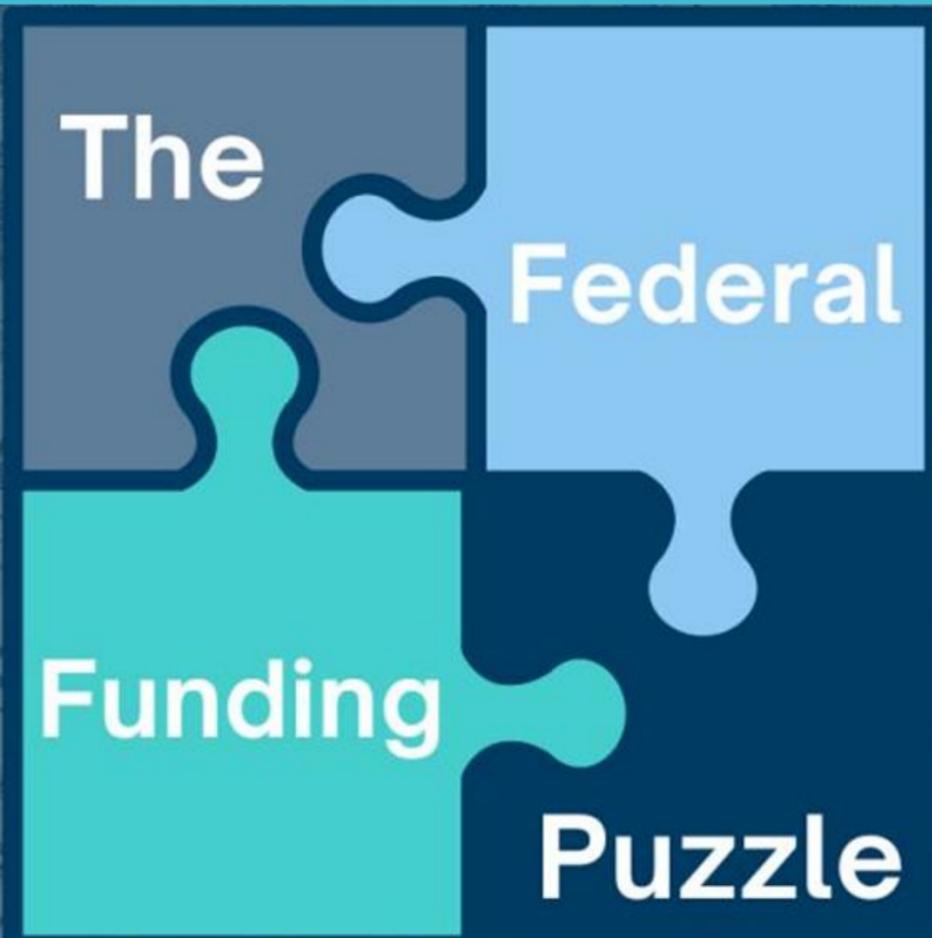
Webinar for the Rails-to-Trails Conservancy

March 18, 2026

Stephanie Pollack



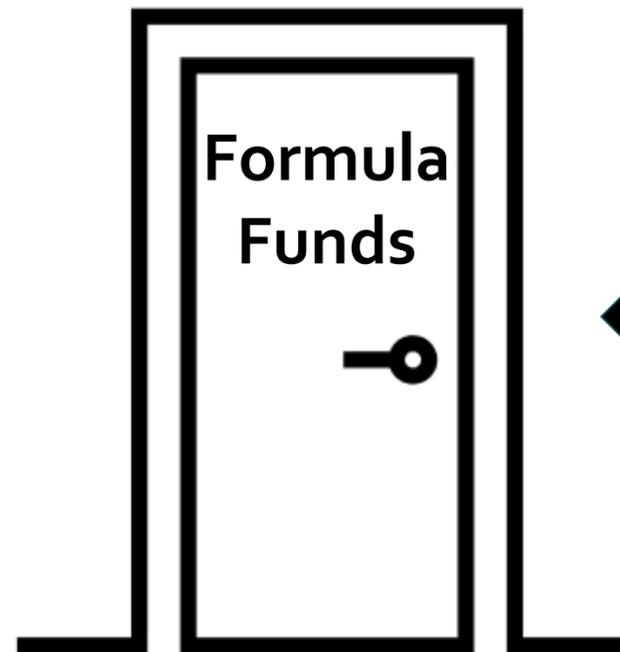
# Unlocking the Federal Funding Puzzle can allow you to



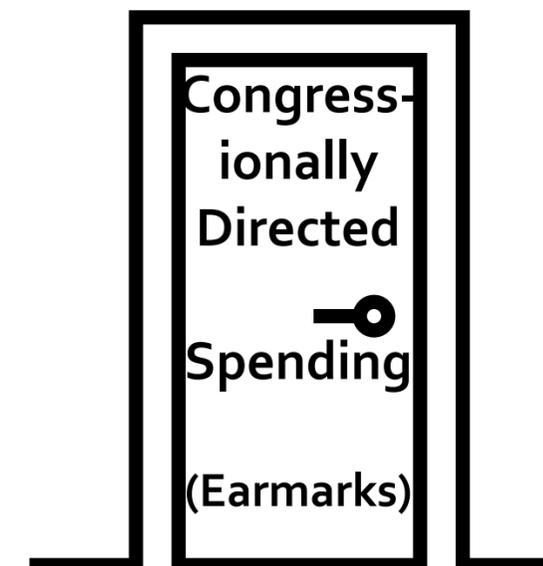
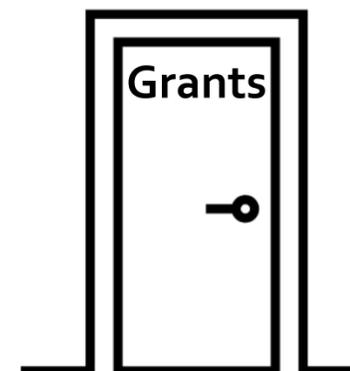
**Turn federal transportation funds into . . .**

**. . . Your highest priority project**

Federal funds  
can find their  
way to your  
project in  
several ways

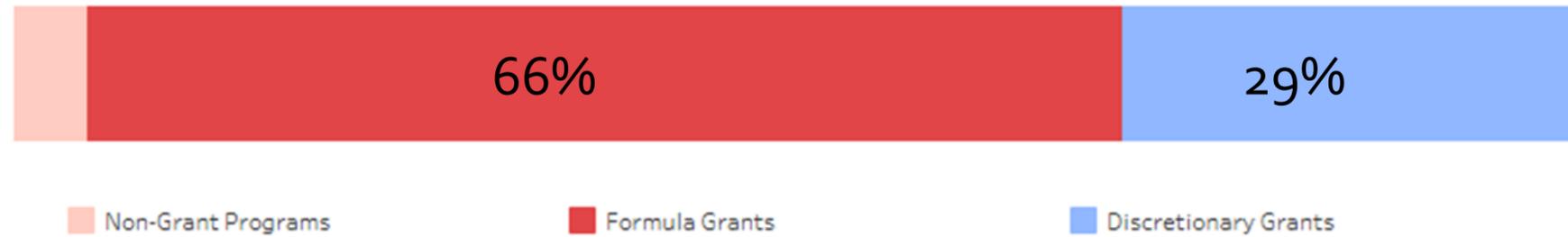


That's  
where the  
money is

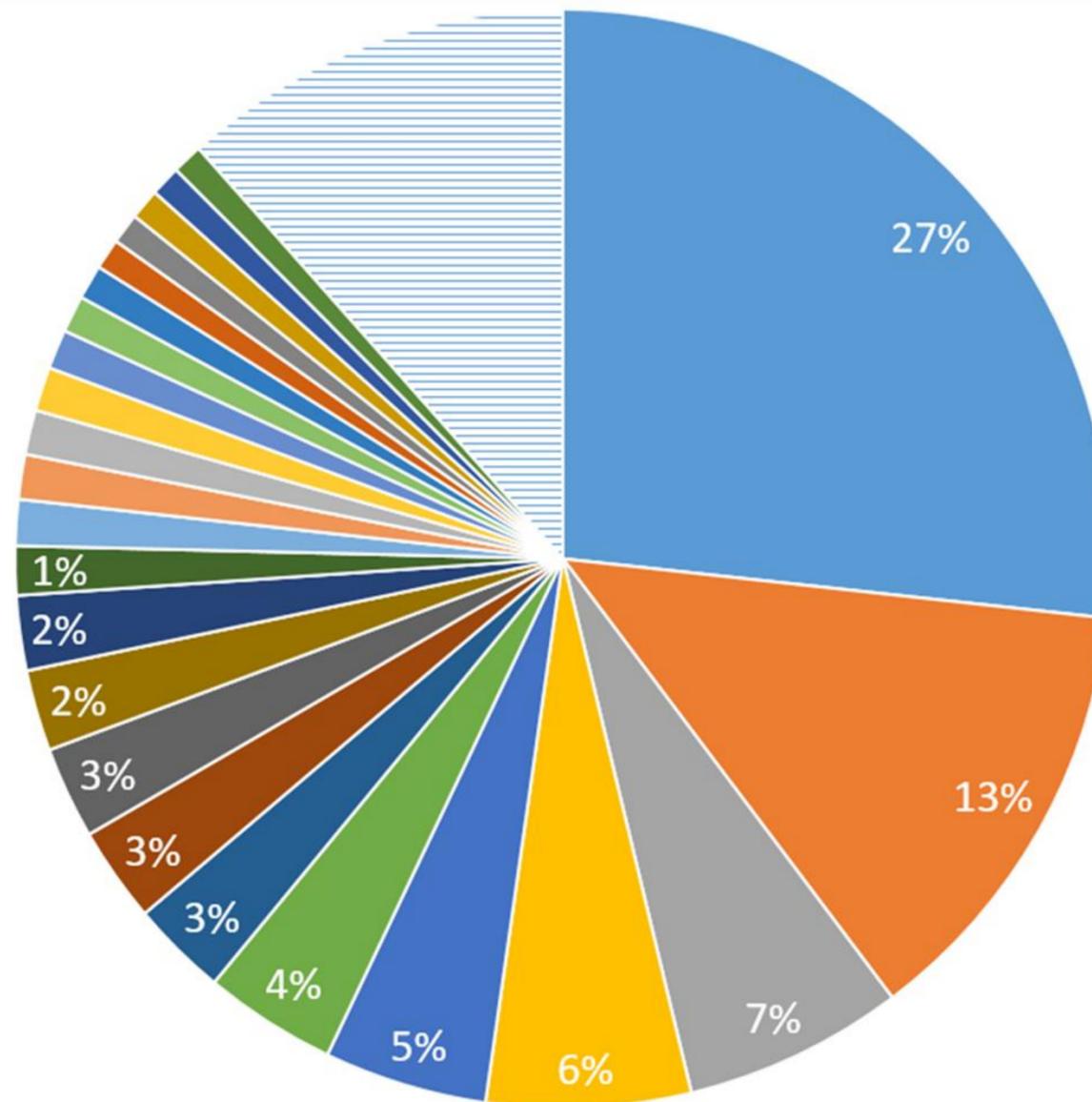


Roughly two-thirds of USDOT funding under IIJA consists of formula funds

Distribution of Funds for Grant Programs Across IIJA (billions)



BIL Fund Programs for USDOT (5-year total: \$554B)

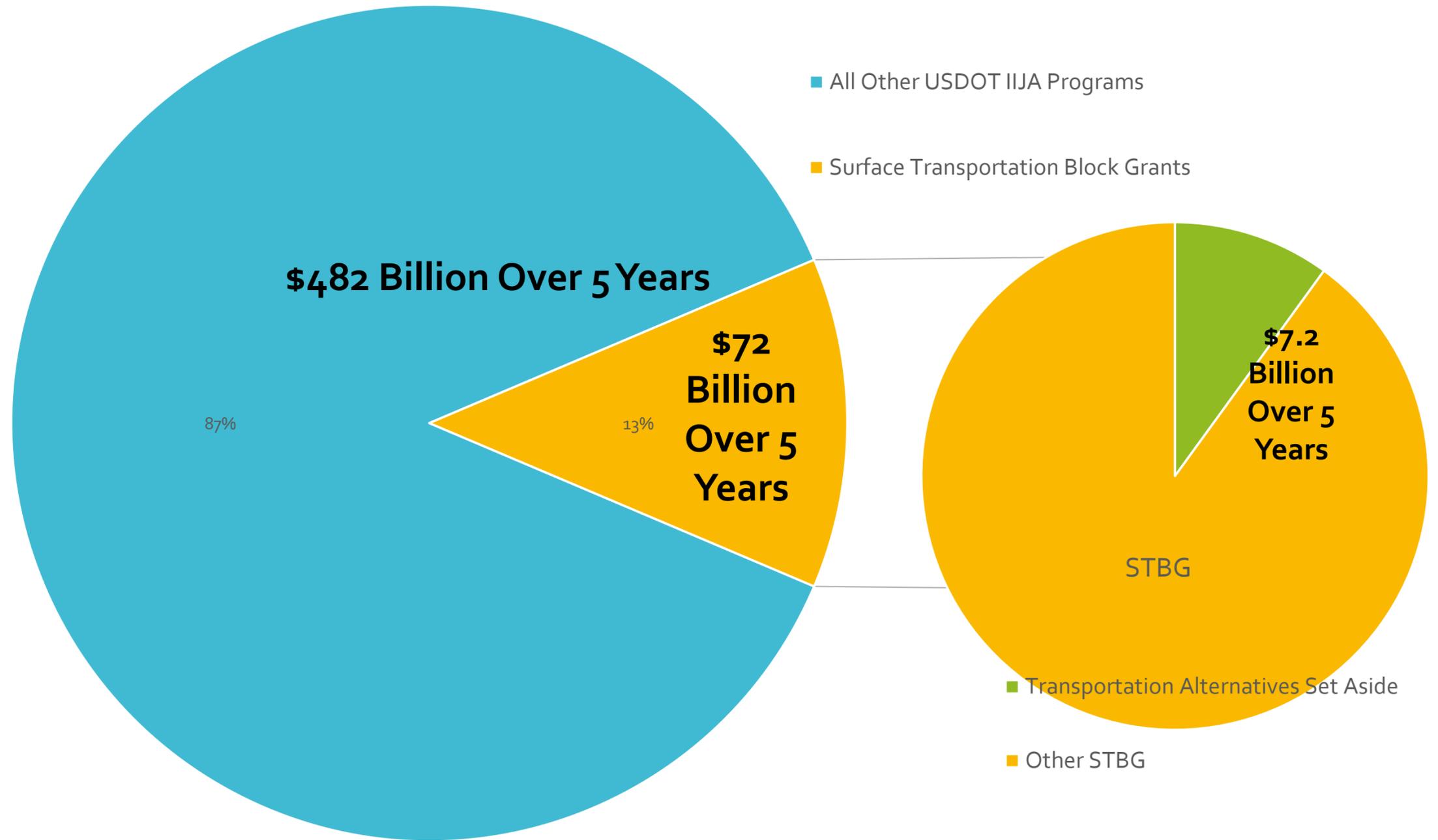


- National Highway Performance Program
- Surface Transportation Block Grant Program
- Federal-State Partnership for Intercity Passenger Rail Grants
- Urbanized Area Formula Grants
- Bridge Formula Program
- State of Good Repair Grants
- Amtrak National Network Grants
- Highway Safety Improvement Program
- Airport Infrastructure Grants
- Congestion Mitigation & Air Quality Improvement Program
- Bridge Investment Program
- Capital Investment Grants
- Local and Regional Project Assistance Grants (RAISE)
- Promoting Resilient Operations... (PROTECT) - Formula
- Nationally Significant Freight & Highway Projects (INFRA)
- National Highway Freight Program
- Carbon Reduction Program
- Amtrak Northeast Corridor Grants
- Low or No Emission (Bus) Grants (w/ competitive set aside)
- Airport Terminal Program
- Infrastructure and Safety Improvement Grants
- National Electric Vehicle Infrastructure Formula Program
- National Infrastructure Project Assistance (Megaprojects)
- Safe Streets and Roads for All
- Programs with less than \$5B in funding

Sources: Bureau of Transportation Statistics <https://data.bts.gov/stories/s/cvki-zubk>  
 Georgetown Climate Center <https://www.georgetownclimate.org/blog/federal-transportation-funding-flexibility.html>

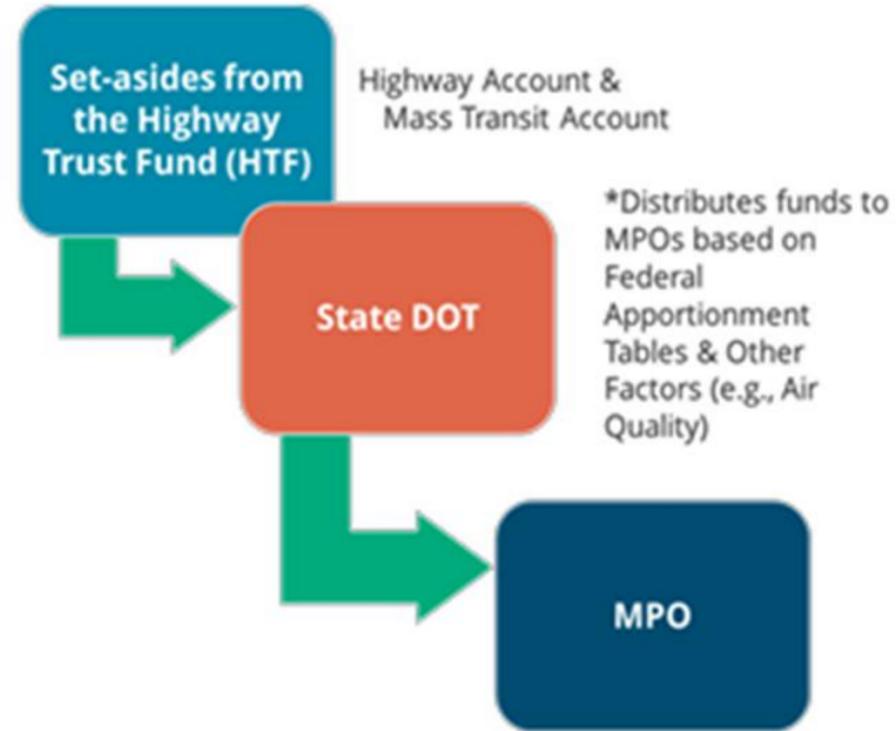
The Transportation Alternatives Set-Aside in the STBG Formula Program is a great funding source – but amounts to **1.3%** of USDOT IIJA Funds

USDOT Funding Programs Under IIJA



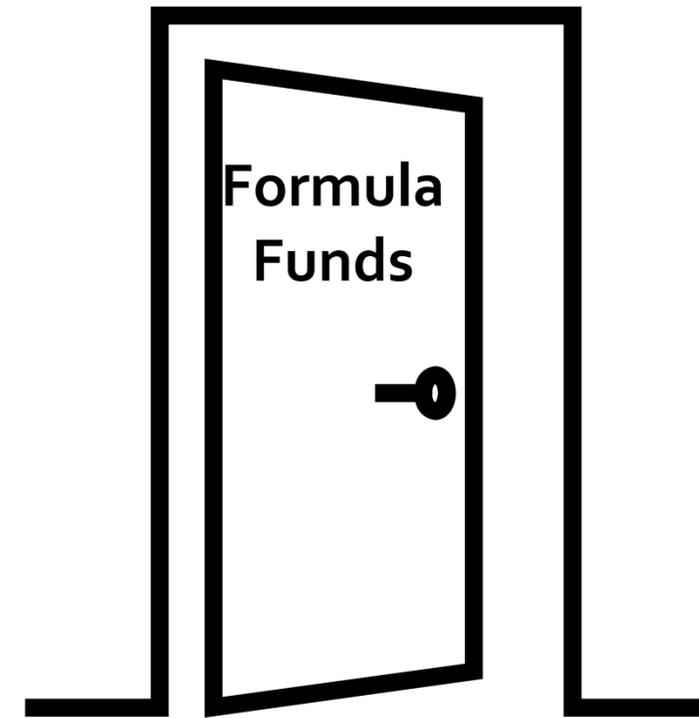
Formula funds are where the money is

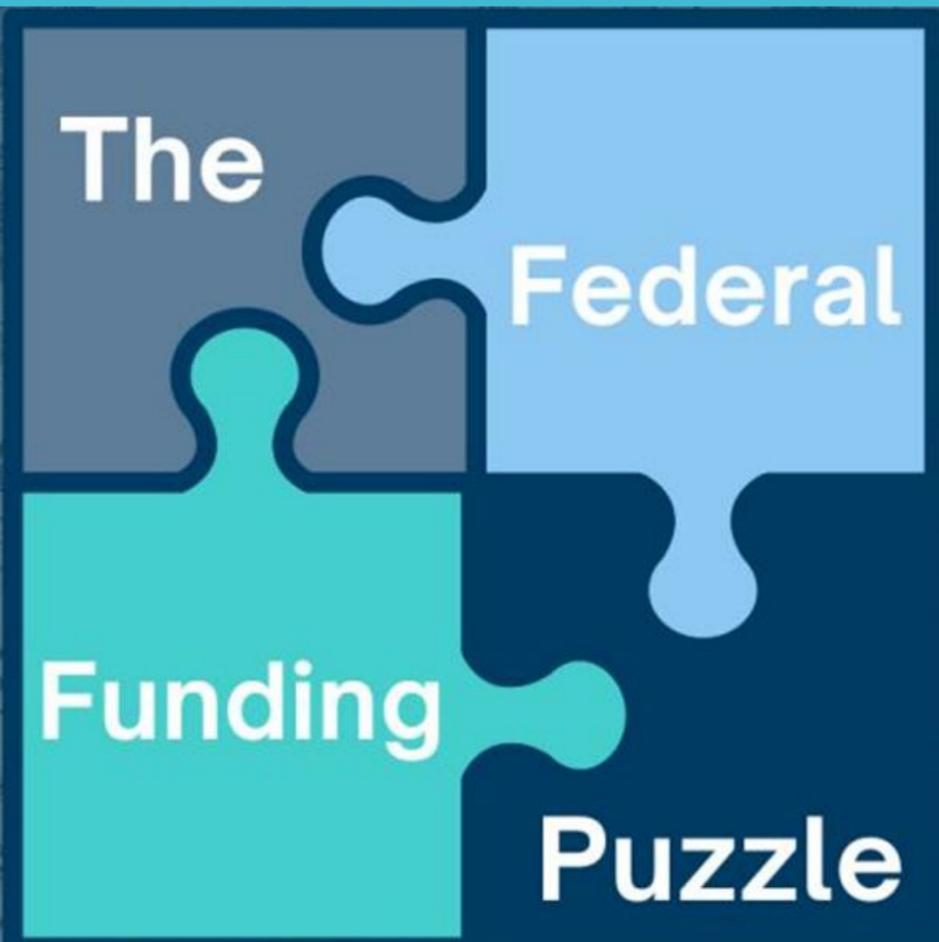
How do you open the door to getting federal funds for your project?



Your Metropolitan Planning Organization (MPO) runs the processes that decide which projects receive funding in a multi-year, financially constrained Transportation Improvement Program (TIP)

Get to know your MPO





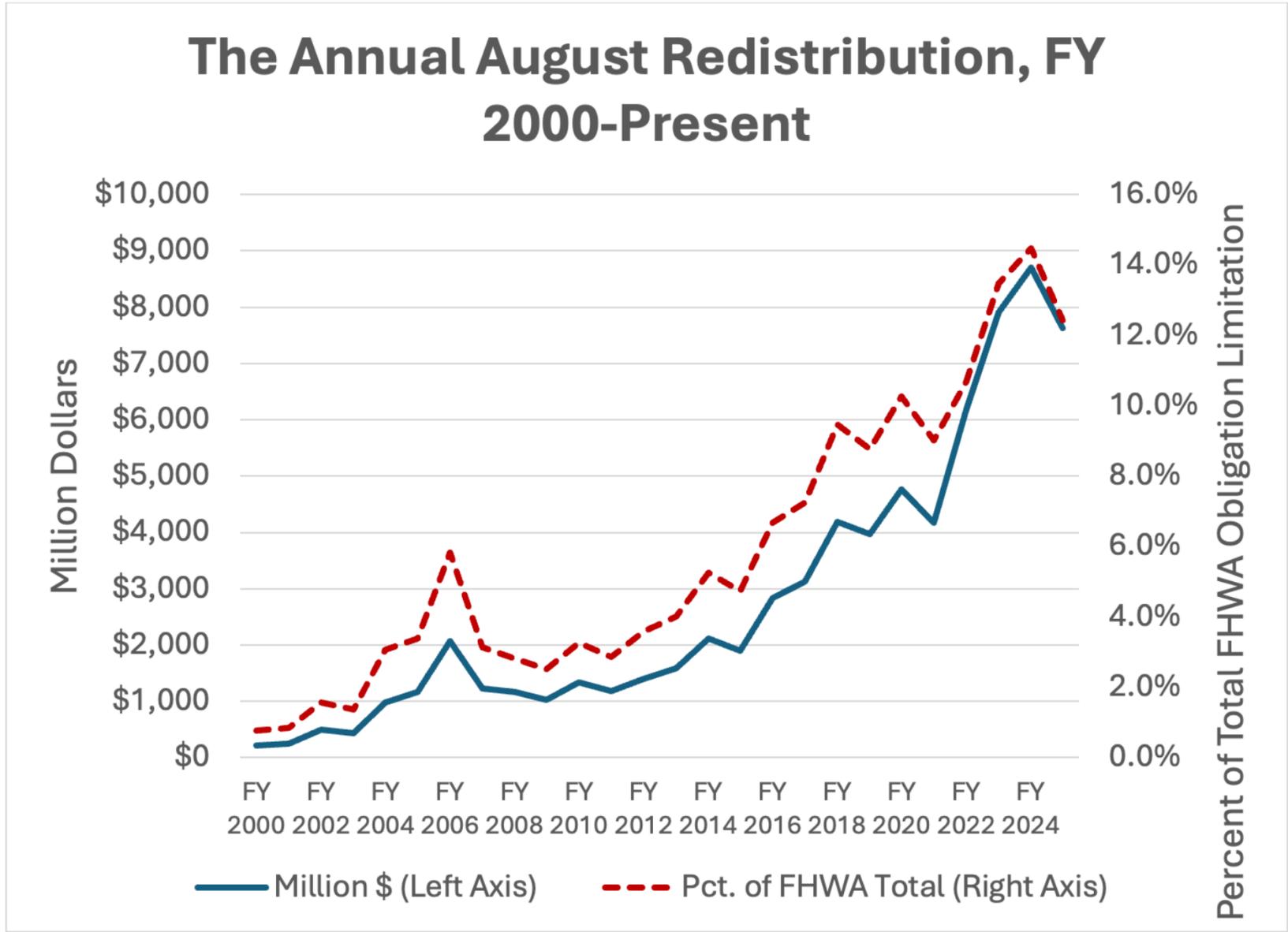
There's one final piece of the puzzle you need to understand – the August Redistribution process that reallocates unobligated funding

# Federal funds need to be **obligated** by a certain date or they **lapse** and become unavailable to that state transportation department

- In order to keep unused funds from lapsing, the Federal Highway Administration runs an annual process called **August redistribution**
- If either Federal programs or states have not used all of their funding authority, FHWA reallocates all funds that are “unobligated” at that point in the fiscal year
- To get August redistribution funds, states demonstrate they have projects that can use the funds before the end of the federal fiscal year on September 30

State departments of transportation need to be ready and act fast to secure additional funds during the **August Redistribution process**

The percentage and dollar amount of funds that states don't get until August redistribution has risen sharply in recent years



Source: Jeff Davis in *Eno Transportation Weekly* October 31, 2025  
<https://enotrans.org/article/grant-processing-slowdown-will-mean-larger-august-redistribution/>

“[E]very August, those allocated programs shut down and any unused obligation limitation associated with them gets given back to states at the end of August for a use-it-or-lose-it contract signing spree until the end of the fiscal year.”

For federal  
FY2026, there  
will likely be a  
large August  
Redistribution  
– and your  
state DOT  
already knows  
that



U.S. Department  
of Transportation

**Federal Highway  
Administration**

## Notice

Subject:

**DISTRIBUTION OF FEDERAL-AID HIGHWAY PROGRAM  
OBLIGATION LIMITATION FOR FISCAL YEAR 2026**

Classification Code

Date

Office of Primary Interest

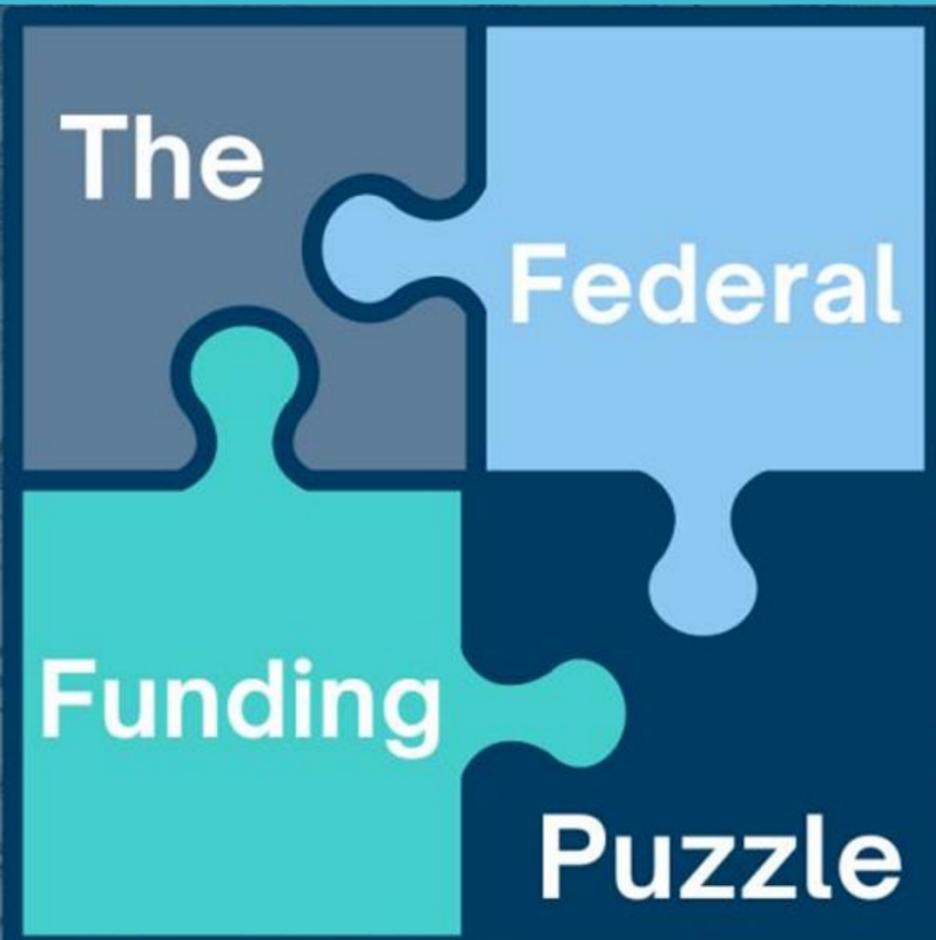
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February 18, 2026

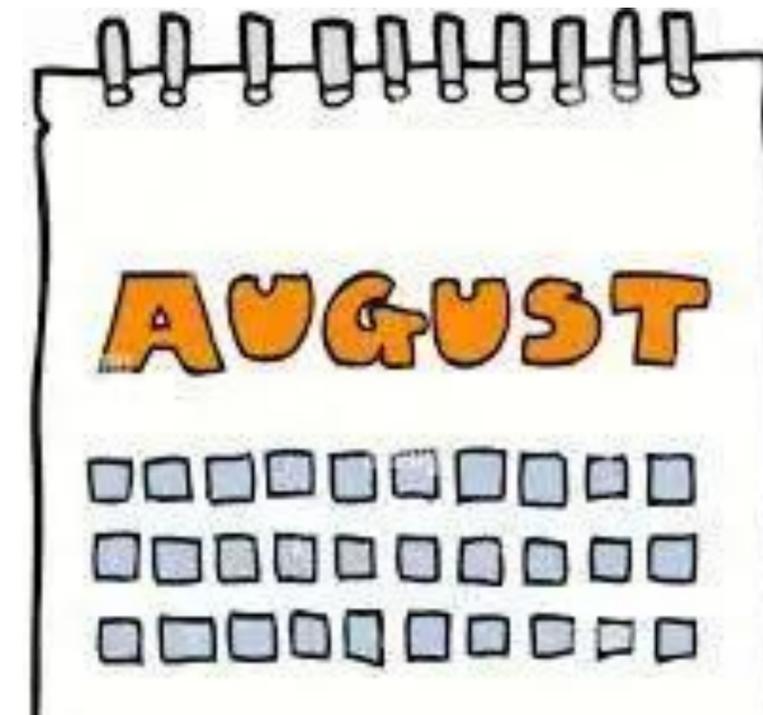
HCFB-10

The ratio between the remaining amount of obligation limitation and the remaining FY 2026 contract authority subject to obligation limitation is determined. The ratio calculated for FY 2026 under the Department of Transportation Appropriations Act, 2026, is 87.3 percent.

After August 1, 2026 the Secretary will revise the distribution of obligation authority made available if a State does not plan to obligate the amount distributed during FY 2026 and redistribute such amount to those States able to obligate amounts in addition to those previously distributed during FY 2026. Procedures for this process (known as August Redistribution) will be provided via a separate Notice to be issued in July 2026.

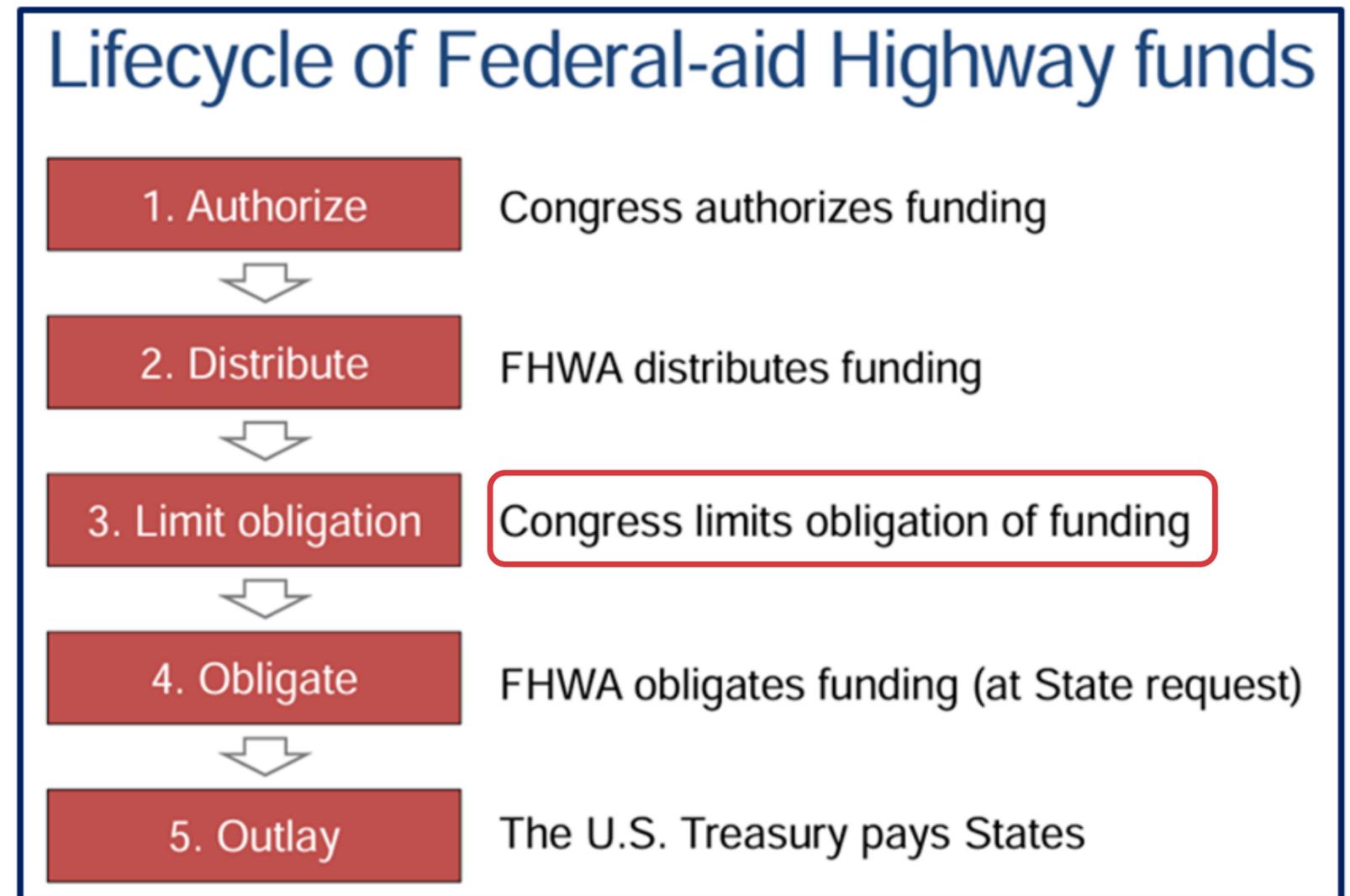


But not any project will do when it comes to getting and using available August Redistribution funds



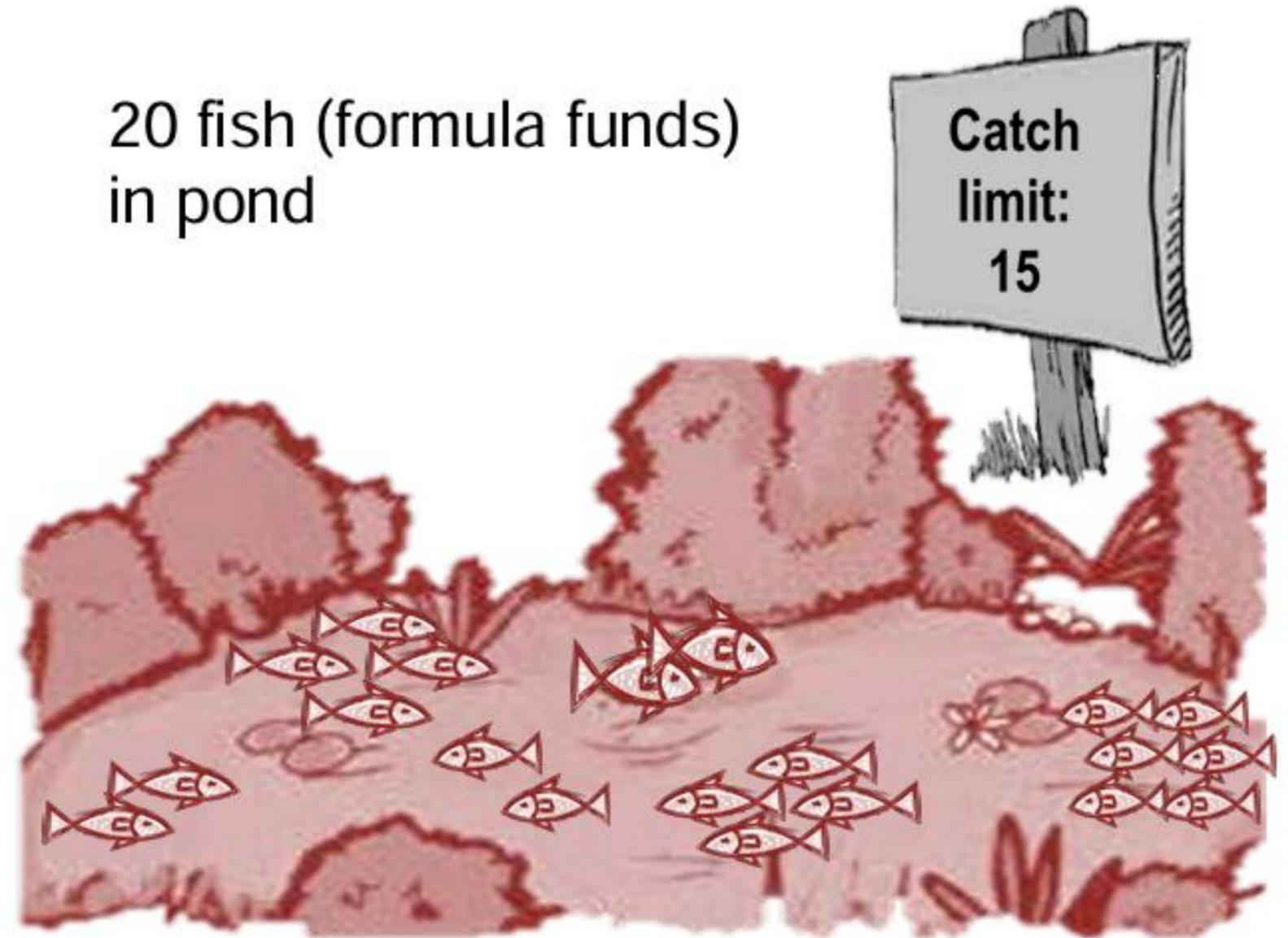
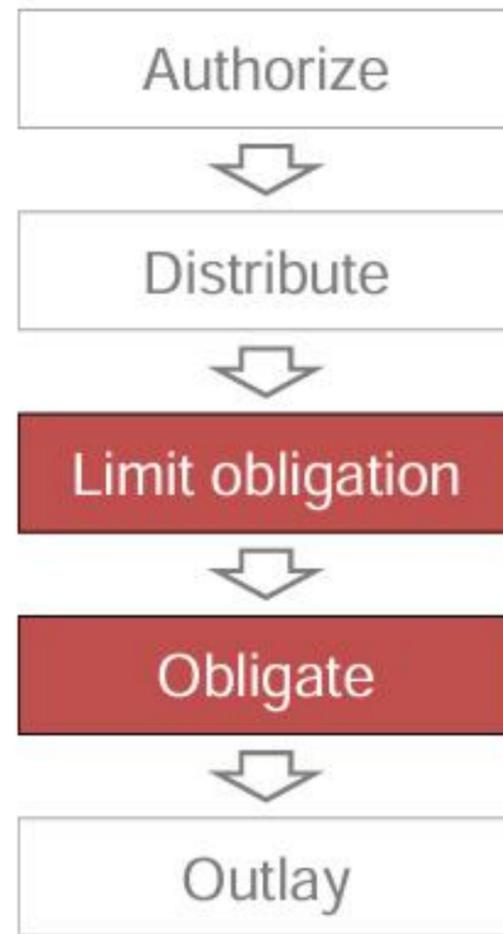
During August redistribution, what FHWA actually reallocates is unused “obligation limitation”

- Each year when Congress gives states highway funds based on a formula, it also sets a limit of how much of that money can be used
- This “obligation limitation” is a ceiling on the amount of Federal assistance that may be promised (obligated) during a specific time period
- Obligation limitation does not affect how highway funds are allocated, but does control the rate at which those funds may be used



Source: Federal Aid Highway Program 101 downloaded from [https://www.fhwa.dot.gov/policyinformation/hisconf/tue01\\_federal-aid\\_highway\\_program\\_101\\_todd\\_kohr.pdf](https://www.fhwa.dot.gov/policyinformation/hisconf/tue01_federal-aid_highway_program_101_todd_kohr.pdf)

**August  
Redistribution  
increases the  
“catch limit”  
for state DOTs  
– but right near  
the end of  
fishing season**

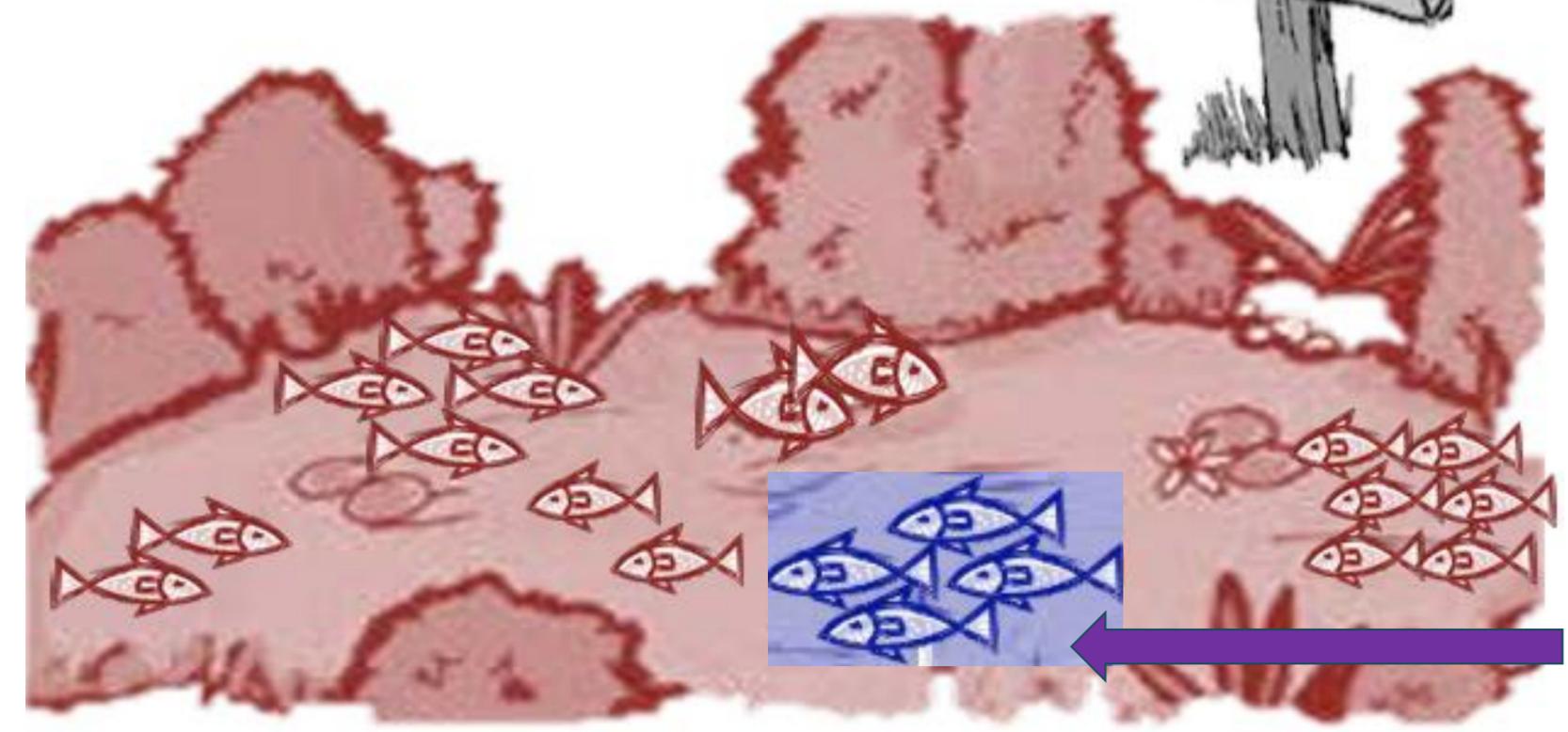


**Fish = contract authority**  
**Fishing limitation = obligation limitation**

*Source: Federal Aid Highway Program 101 downloaded from  
[https://www.fhwa.dot.gov/policyinformation/hisconf/tueo1\\_federal-aid\\_highway\\_program\\_101\\_todd\\_kohr.pdf](https://www.fhwa.dot.gov/policyinformation/hisconf/tueo1_federal-aid_highway_program_101_todd_kohr.pdf)*

In addition, available funds are further divided into different “colors” of money for different formula programs

20 fish (formula funds)  
in pond



These are STGB fish, which are different from NHPP fish

State DOTs are looking for projects to fund that are ready to obligate and can make use of the right amount of available funding and have costs that are eligible for the “color of money” available to that state DOT

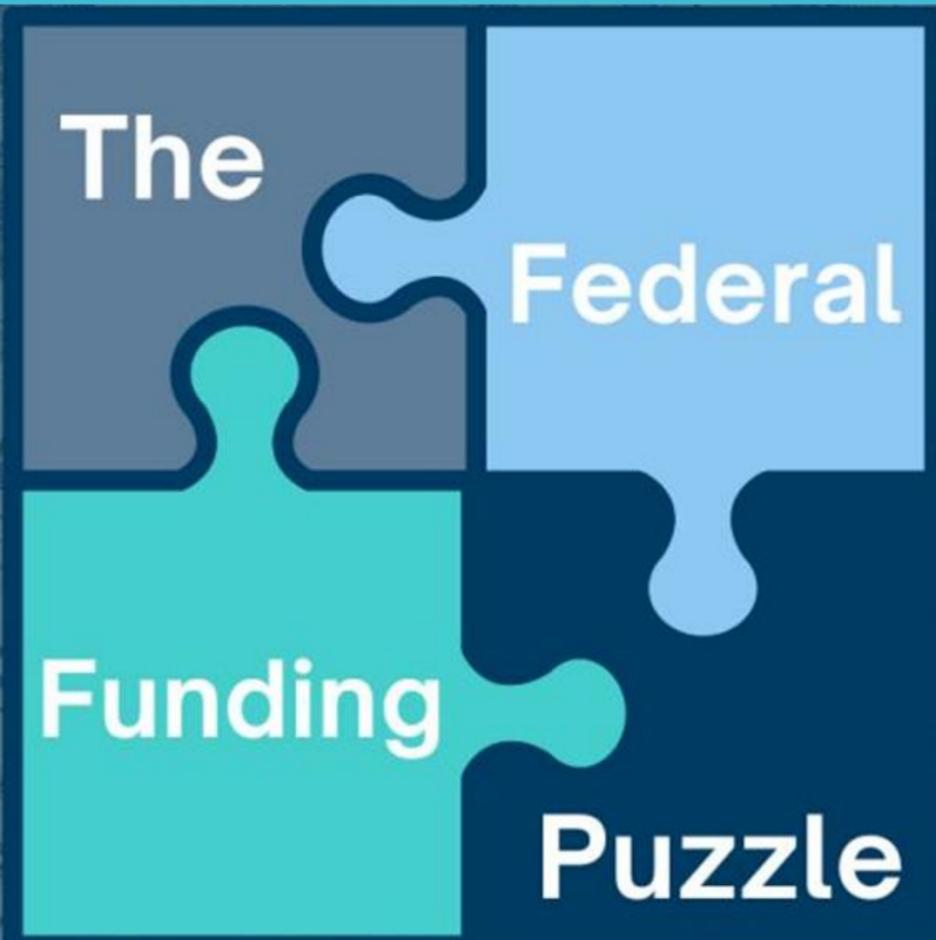


**August redistribution funds must be obligated by September 30, so not every project is a good candidate**

- ✓ The project must be ready-to-go, which usually either a project
  - Already underway that can absorb more in the last months of federal FY2026
  - Ready to be advertised by September 30
- ✓ The project must be eligible under a formula funding program for which the state DOT has remaining federal FY2026 obligation limitation
- ✓ If the project is not in the Transportation Improvement Program for federal FY2026, the Metropolitan Planning Organization needs to amend the TIP
- ✓ All of the non-federal match for the project needs to be identified



**Talk to your MPO and state DOT to better understand what projects not previously funded in federal FY 2026 might be good candidates for using August Redistribution funds when they become available this summer**

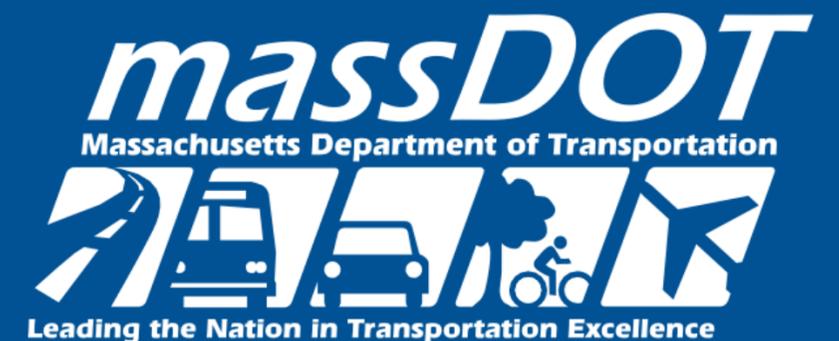


Thanks for listening.

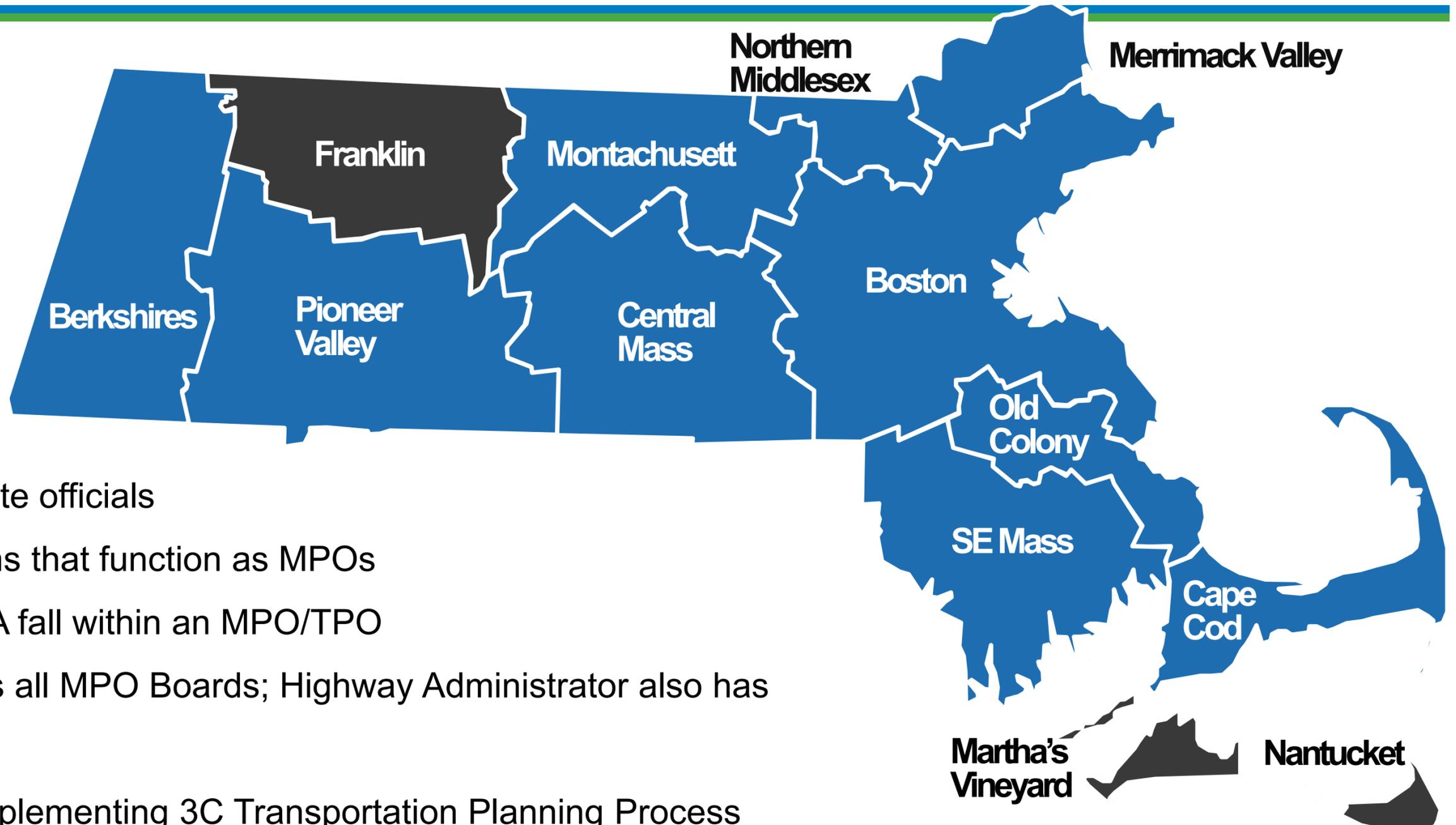
QUESTIONS?

# August Redistribution in Practice

Rails to Trails Conservancy Webinar  
March 18, 2026



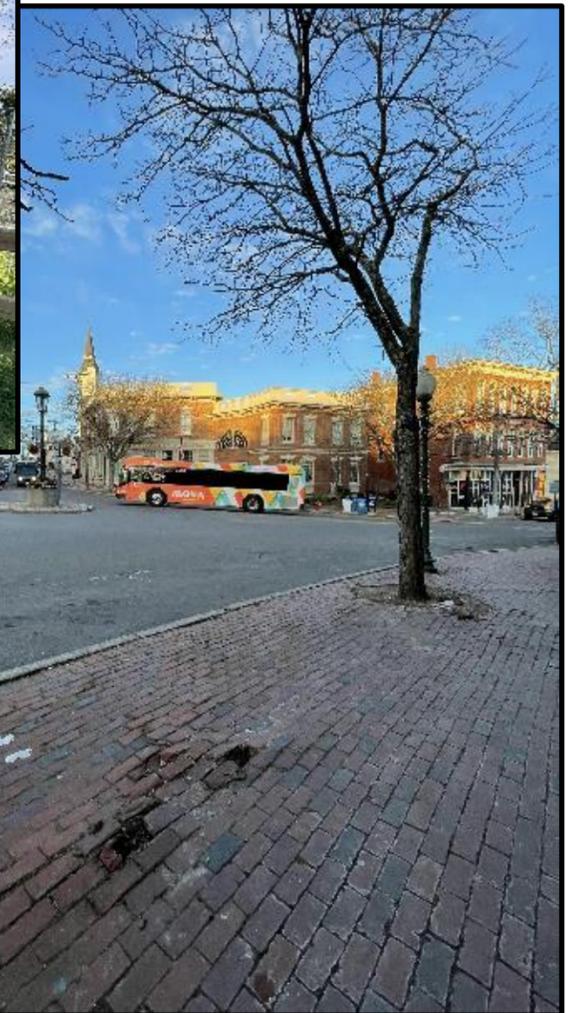
# Context About Massachusetts



- Composed of local and state officials
- 10 MPOs/RPAs + 3 regions that function as MPOs
- All 351 municipalities in MA fall within an MPO/TPO
- MassDOT Secretary chairs all MPO Boards; Highway Administrator also has a seat on MPO.
- MPOs are charged with implementing 3C Transportation Planning Process

# Context About Massachusetts

- **Federal Aid Program:** Although there is broad eligibility on which phase to program formula federal aid funding, Massachusetts prioritizes nearly all federal aid funding on the construction phase of projects.
- **Matching Federal Aid:** Massachusetts provides a 'state' match on nearly all formula federal aid program investments.
- **Five-Year STIP, Updated Annually:** Massachusetts has a 5-year Capital Investments Plan (cash flow document) that is updated annually and reflects the statewide match on most federal aid investments for the highway and transit programs. As such, MA updates its 5-year STIP annually as well.
- **3C is Key:** MassDOT coordinates *very* closely with MPO, RTA, and federal partners in implementing 3C Planning Process. Regional and Statewide modal priorities are often mutual, and routine communication (monthly or better) is critical for project delivery on the federal aid program.



# August Redistribution

- MassDOT uses an eSTIP platform to track STIP implementation and development with our planning partners across the MPOs, RTAs, MassDOT Highway Division, MassDOT Rail & Transit Division, Federal Aid Programming & Reimbursement Office (FAPRO), FHWA, and FTA.
- eSTIP not only tracks estimated apportionment and obligation authority detail across federal funding categories, but also tracks actual obligations as tracked in FMIS.
- Throughout the federal fiscal year, MassDOT tracks the estimated and actual balances remaining across formula funding categories. By late June, this informs dollar-wise what's possible to request for redistribution.
- The funding category (AKA funding color) affects which project types are on the table for redistribution request consideration.

Funding Category	Anticipated Net Apportionment of Federal Funds	Estimated Carryover Balance	Anticipated Transfer of Funds	Total Funds Available (10/1) Subject to Obligation	Programmed Obligations	Estimated Balance Remaining	Actual Obligations as of 09/22/2025	Actual Balance Remaining
Statewide Planning	\$15,958,250	\$0	\$0	\$15,958,250	\$15,958,250	\$0	\$57,393	\$15,900,857
Metropolitan Planning	\$12,584,228	\$29,044,442	\$0	\$41,628,670	\$11,325,805	\$30,302,865	-\$1,414,311	\$43,042,981
PROTECT	\$19,352,581	\$7,542,897	-\$10,850,000	\$16,045,478	\$3,531,258	\$12,514,220	\$5,936,645	\$10,108,833
PROTECT (90%)	\$2,375,161	\$0	\$0	\$2,375,161	\$2,375,161	\$0	\$0	\$2,375,161
Carbon Reduction (FLEX)	\$6,687,978	\$0	\$0	\$6,687,978	\$1,928,997	\$4,758,981	\$0	\$6,687,978
Carbon Reduction (NON-FLEX)	\$12,419,779	\$13,598,406	\$0	\$26,018,185	\$15,657,286	\$10,360,899	\$4,733,653	\$21,284,532
Boston Urban Area	\$7,610,154	\$0	\$0	\$7,610,154	\$7,610,154	\$0		
Barnstable Urban Area	\$535,819	\$1,416,086	\$0	\$1,951,905	\$1,116,746	\$835,159		
Springfield, Chicopee, Holyoke	\$779,520	\$2,683,712	\$0	\$3,463,232	\$1,500,000	\$1,963,232		
Worcester Urban Area	\$849,536	\$2,470,700	\$0	\$3,320,236	\$1,500,000	\$1,820,236		
Providence, Pawtucket	\$554,946	\$1,483,877	\$0	\$2,038,823	\$1,000,000	\$1,038,823		
Other Areas (Rural & Small Urban)	\$2,089,804	\$5,544,031	\$0	\$7,633,835	\$2,930,386	\$4,703,449		
<b>FEDERAL AID SUB-TOTAL &gt;</b>	<b>\$865,135,965</b>	<b>\$98,568,270</b>	<b>\$0</b>	<b>\$963,704,235</b>	<b>\$838,478,797</b>	<b>\$125,225,438</b>	<b>\$741,662,201</b>	<b>\$222,042,034</b>
<b>ESTIMATED OBLIGATION AUTHORITY &gt;</b>					<b>\$838,478,798</b>	<b>\$1</b>		
Earmarks	\$0	\$64,465,652	\$0	\$64,465,652	\$64,465,652	\$0	\$5,840,381	\$58,625,271
<b>FEDERAL AID TOTAL &gt;</b>	<b>\$1,604,122,660</b>	<b>\$1,949,469,721</b>	<b>\$0</b>	<b>\$3,553,592,381</b>	<b>\$1,472,542,430</b>	<b>\$2,081,049,951</b>	<b>\$1,070,133,150</b>	<b>\$2,483,459,231</b>
STATE MATCH FOR FEDERAL AID					\$296,309,530		\$168,963,494	
Non-Federal Aid	\$26,680,000	\$86,049,945	\$0	\$112,729,945	\$33,803,000	\$78,926,945		
Next Generation Bridge Program	\$131,336,835	\$0	\$0	\$131,336,835	\$32,813,906	\$98,522,929		
<b>NON-FEDERAL AID + FEDERAL AID TOTAL</b>					<b>\$1,835,468,866</b>		<b>\$1,239,096,644</b>	

# Lawrence to Manchester Rail Trail



- **Project ID:** 608930
- **Project Description:** LAWRENCE- LAWRENCE MANCHESTER RAIL CORRIDOR (LMRC) RAIL TRAIL
- **Region:** Merrimack Valley Metropolitan Planning Organization (Lawrence, Haverhill, and Newburyport, MA)
- **Total Project Cost:** \$30M+
- **August Redistribution Use:** Project advertised for construction at end of FFY 2024 with \$13,800,000 of CMAQ, and remaining balance programmed across FFY 2025 (\$7,938,600) and FFY 2026 (\$6,000,000) with CMAQ. During FFY 2025, MA had available balances remaining of CMAQ. MassDOT requested the redistribution of these funds to convert some advanced construction earlier into FFY 2025, adjusting them into the program in early September 2025.

# Twin Cities Rail Trail

- **Project ID:** 609411
- **Project Description:** FITCHBURG- TWIN CITIES RAIL TRAIL CONSTRUCTION (PHASE 2)
- **Region:** Montachusett Metropolitan Planning Organization (Greater Fitchburg and Leominster, MA)
- **Total Project Cost:** \$27M+
- **August Redistribution Use:** Project advertised for construction at end of FFY 2024 with \$1,000,000 of CMAQ, and remaining balance programmed across FFY 2025 (\$12,972,492) and FFY 2026 (\$13,814,980) with CMAQ, STBG, and TAP. During FFY 2025, MA had available balances remaining of CMAQ and suballocated STBG & TAP in the Montachusett region. MassDOT requested the redistribution of these funds to convert advanced construction earlier into FFY 2025, adjusting them into the program in early September 2025.



# Things to Know

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- August Redistribution is complicated.
- See previous bullet. (seriously)
- August Redistribution can only be leveraged for projects that would otherwise be deliverable/ready in the active TIP year. And a State can only leverage it for projects eligible under the funding category definitions as spelled out by FHWA.
- The most successful project proponents are ones that understand the project development process in their community/state and are active with their respective decision-making bodies (i.e. the MPO/TPO).
- Opportunity: Redistribution in one year often creates an opportunity to fund something(s) new in the next year. Paying close attention to this is a capital planning pro tip.

# Advice

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- **Learn the funding.** Check out [FHWA Fact Sheets](#) that detail each of the federal funding categories that are subject to obligation limitation and how they can be used.
- **Participate in the MPO process.** Learn who manages the TIP for your region/state, and read the publicly-available STIP where you reside to learn more about transportation planning priorities. For redistribution, pay attention to the fiscal constraint analysis/summary, and always look for the most recently-approved version.
- **Think outside the box.** August Redistribution is an inherently creative exercise. When it comes to federal aid, there is always more than one way to fund a project. Remembering this often means the difference between either leveraging redistribution or ultimately letting funding balances lapse.

**Thank you.**

---

**Derek Shooster**

Manager of MPO Activities & STIP Development

MassDOT | Office of Transportation Planning

[Derek.Shooster@DOT.state.ma.us](mailto:Derek.Shooster@DOT.state.ma.us)



# **Audience Q&A**