



*TO: Local Public Agency (LPA) Partners*  
*FROM: Sarah Okerlund, P.E.*  
*SUBJECT: Federal-aid Transportation Funding Status Update*  
*DATE: February 26, 2025*  
Local Public Agency (LPA) Partners:

We have received a lot of questions related to potential impacts of recent actions at the federal level. This is still an active and evolving situation. However, we wanted to take this opportunity to relay the most current information we have as of the time this email is being sent. The target audience for this email is our City, County, Consultant, and other industry partners who help develop and administer our LPA Federal-aid transportation projects here in Iowa.

First and foremost, Iowa DOT remains committed to being a cooperative partner with the Iowa Division of FHWA and our LPAs. As fellow public servants, we will continue to navigate this together to best serve the traveling public and taxpayers of our state. Now what does that mean when it gets down to your transportation improvement projects that are either under construction or within the Project Development phase? That depends on the project status and funding source(s) involved. For assistance understanding where the Federal-aid funds you received falls, please see our new [Local Systems Federal-Aid Programs](#) website.

We are unaware of any sweeping Local Systems administered Federal-aid transportation programs being put "ON HOLD" with the below exceptions. If we learn otherwise, it will be relayed to the impacted parties or via a future Gov Delivery if there are wide-spread impacts.

- **NEVI** (National Electric Vehicle Infrastructure) – ON HOLD pending further program review
- **All Discretionary Grants not already "obligated"** – ON HOLD pending further program review

Federal-aid obligation is a commitment by the Federal government to pay the Federal share of a project's eligible cost. Typically, on your transportation projects, this occurs when the project is authorized by FHWA via an electronic signature within the Fiscal Management Information System (FMIS). In the Instructional Memorandums, this is referred to as FHWA authorization. Please see

the Glossary of Terms within the [Federal-aid Project Development Guide for Local Public Agencies](#) for additional definitions.

Below is a summary of potential project status situations and the potential for delays to help guide you as you continue to move forward with your Federal-aid transportation projects.

**1. Federal-aid transportation projects of any funding already let / bid:**

**No impact at this time.** We are unaware of any valid, obligated transportation Federal-aid reimbursement requests that have been delayed, put on pause, or rejected here in Iowa.

**2. Federal-aid Formula transportation projects in Final Development Phase:**

- NEPA Cleared
- Accurate STIP Programming

**No impact at this time.** We are unaware of any current restrictions on authorizing formula funded transportation projects within FMIS that are already in the approved STIP ahead of Iowa DOT lettings. See [I.M. 4.020](#), NEPA Process for NEPA guidance and Section 2.1 of the [Federal-aid Guide](#) for STIP Programming guidance.

**3. Federal-aid Formula transportation projects needing any of the following minor clearances, and none of the major clearances noted below in Situation #4:**

**Minor Clearances not requiring FHWA HQ Approval**

- NEPA Clearance – Programmatic CE, without 4(f) considerations (See [I.M. 4.020](#))
- STIP Administrative Modification / Minor Revision (See page 30-32 of [Iowa TIP & STIP Guidelines](#))

**Potential delay, minor impact.** As we have for years, the above actions have been delegated to the Iowa DOT by FHWA. It is our understanding that these actions can be maintained within Iowa DOT. However, we would recommend early/proactive action on the above items in the event guidance from FHWA were to change unexpectedly.

**4. Federal-aid transportation projects of any funding source that need any of the following major clearances:**

**Major Clearances requiring FHWA HQ Approval**

- NEPA Clearance – Programmatic CE with 4(f) considerations, Individual CE, EA, or EIS (See [I.M. 4.020](#))
- STIP Amendment / Major Revision (See page 30-31 of [Iowa TIP & STIP Guidelines](#))
- Executed Federal-aid Discretionary Grant Agreement (This is required for ALL Discretionary Grants)

**Potential letting delay, impact and duration unknown.** Several official FHWA approvals now require additional review and/or clarification. They are not “on hold” or “on pause” but will take longer to process. Decisions previously made in the Iowa FHWA Division Office must now flow to Headquarters (HQ) into the FHWA chief counsel’s office, which then interfaces with USDOT’s general counsel office. This includes NEPA decisions, TIP/STIP amendments, planning documents, program plans, civil rights documents, and asset management plans. Please see the respective I.M. from the [I.M. Table of Contents](#) for topic specific guidance. Keep in mind the Iowa Division is just one of 52 FHWA Divisions being required to funnel these documents through the same channel.

In summary, previous FHWA approvals and reimbursements can and have continued to proceed as noted in situations 1 & 2. We understand navigating all of this is confusing and overwhelming. We want you to know Iowa DOT’s Executive Leadership Team has been closely monitoring this situation and actively coordinating with Iowa FHWA and our internal DOT Teams. Fortunately, we have a strong partnership among Iowa FHWA, Iowa DOT, and our LPA partners.

We will continue to monitor and coordinate with our partners as long as it takes to stabilize and clarify new guidance when available. Please know we are committed to communicating and keeping everyone as informed as we can when information becomes available.

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