

**Metropolitan Transportation Commission
Programming and Allocations Committee**

July 9, 2025

Agenda Item 2i-25-0988

FY 2025 Federal Earmark Repurposing

Subject:

Potential projects to receive Federal Highway Administration (FHWA) repurposed earmark funds under the earmark repurposing provision of the Consolidated Appropriations Act of 2025.

Background:

The Full-Year Continuing Appropriations Act of 2025 carries forward the provision enabling states to repurpose unused earmark balances. To be eligible for repurposing, the earmark projects must have been appropriated or authorized more than 10 years ago and be completed and closed or not substantially progressed (with less than 10% of the earmark funds having been obligated).

Repurposed funds can be directed to any new or existing project that is eligible to receive Surface Transportation Block Grant Program (STBGP) funds. The project must also be located within 25 miles of the original earmark designation.

Earmarks Available for Repurposing

At this time, MTC has not received a list of potential eligible earmarks for repurposing from the California Department of Transportation (Caltrans). Staff expect to receive guidance and a potential project list from Caltrans by the end of July. Upon receipt of this list, staff will work with project sponsors and Caltrans to identify specific earmark funds to be repurposed. In recent years, the balance available for repurposing has been limited, as many unused earmarks have already been repurposed in prior years. If additional earmark balances are available for repurposing, staff will seek to maximize their use on priority projects to ensure available funds are not lost to the region.

Recommendation for Projects to Receive Repurposed Funds

Once Caltrans releases the list of eligible earmarks for repurposing, Caltrans will request regions submit a recommended list of projects to receive repurposed funds (or the projects to which the earmark funds will be directed). Staff will work with project sponsors and County Transportation Agencies (CTAs) to develop this list and forward repurposing recommendations to Caltrans by the required deadline, which is anticipated for early August. Should there be significant earmark balances available for repurposing this year, staff will seek to consolidate the repurposed funds where possible.

Staff will follow up with an informational item for the Programming and Allocations Committee in early fall to report on the status of repurposed earmarks.

Issues:

Federal regulations require repurposed funds to be fully obligated within three fiscal years of repurposing, or by September 30, 2028, for this year's repurposing effort. To reduce the risk of funds being lost to the region, and consistent with MTC's Project Delivery Policy (MTC Resolution No. 3606), Bay Area sponsors are required to fully obligate any repurposed earmark balances one year in advance of federal deadlines. Additionally, once repurposed onto a new project, the earmark funds cannot be repurposed again.

Recommendation:

Direct staff to develop the FY 2025 repurposed earmark list and submit necessary documentation to Caltrans by the required deadline.

Attachments:

None.



Andrew B. Fremier