



**TO:** LPAs

**FROM:** Sarah Okerlund, P.E.

**SUBJECT:** Federal-aid Transportation Funding Status Update 3

**DATE:** March 14, 2025

Local Public Agency (LPA) Partners:

There has been some additional guidance released to restore various NEPA approvals to FHWA Division Offices, and clarifications on when to involve FHWA Headquarters (HQ). Among the most impactful is that CEs have returned to the Iowa Division Office.

Below is updated guidance on potential impacts to your transportation improvement projects that are either under construction or within the Project Development phase. It still 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.

**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 or in Preliminary Development Phase requiring a CE:**

- NEPA Cleared
- NEPA determined to be a Categorical Exclusion (CE) NEPA Classification

**No impact at this time.** We are unaware of any current restrictions on authorizing formula funded transportation projects. And all CE NEPA Classification approvals have been returned to standard practice meaning they will follow our existing guidance. 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 transportation projects of any funding source that need any of the following major clearances:

**Major Clearances requiring FHWA HQ Approval**

- NEPA Clearance – EA, or EIS (See [I.M. 4.020](#))
- 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 updated list includes NEPA decisions, planning documents not listed above, program plans not listed above, 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.

For previous Gov Delivery updates on this same topic, please see our [Local Systems Guidance Sent to LPAs](#) website. We will continue to monitor and coordinate with our partners as long as it takes to stabilize and clarify new guidance when available.

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