

**Guidance for Use of Federal-aid State Core Program Funds for
Training, Education and Workforce Development
Title 23, United States Code, Section 504(e)**

These questions and answers provide guidance for the application of Section 504(e) of Title 23, U.S.C., Surface Transportation Workforce Development, Training, and Education under the Fixing America's Surface Transportation Act (FAST Act).

What are the general provisions for Section 504(e)?

Section 504(e) provides for the use of core formula apportioned program funds to support workforce development, training, and education activities. Section 504(e)(1) allows States to use funds apportioned for the National Highway Performance Program (NHPP), the Surface Transportation Block Grant Program (STBG), the Highway Safety Improvement Program (HSIP), and the Congestion Mitigation and Air Quality Improvement (CMAQ) Program to support workforce development, training, and education activities. The Federal share of the cost of activities carried out under subsection (e) shall be 100% except for local technical assistance programs for which the Federal share is 50% (23 U.S.C. 504(b)(3)(A)(i)).

What is the significance of the 100% Federal funding provision?

Section 504(e) provides for 100% Federal funding if the core program funds are used for workforce development, training, and education. The 100% funding provides for enhanced opportunities for State transportation department investment in all levels and disciplines of current and future transportation workforce development (23 U.S.C. 504(e)(2)).

Is it necessary for workforce development, training, and education activities to align with a core program's purpose?

Section 504(e) should be considered in the context of relevant formula program statutes, OMB Cost Principles (2 CFR 200, Subpart E) and the "purpose rule" under appropriations law (31 U.S.C. Sec.1301(a)). NHPP and STBG funds must only be used for workforce development, training, and education activities related to or benefiting the purposes of these programs.

The use of HSIP funds for safety-related workforce development could include any number of workforce development, training, and education programs which are deemed to reasonably support highway safety. CMAQ funds generally have a more defined purpose. CMAQ core funds can only be used for workforce development, training, and education activities that can be related to the CMAQ program, such as air quality training, and those activities and expenses associated with furthering the CMAQ program.

Section 504(e)(1)(E) provides "education activities, including outreach, to develop interest and promote participation in surface transportation careers" as eligible activities to be supported with 504(e) funds. However, career awareness and preparation support activities are more difficult to align with any particular core program as these efforts are generally broader in nature and are not program or discipline-specific. Core program support for career awareness and preparation should be funded so as not to disproportionately pull resources from any single core program (23 U.S.C. 504(e)(1)).

What are some examples of education programs that the core funds could support?

Funds may be used for education activities including:

- (A) tuition and direct educational expenses, excluding salaries, in connection with the education and training of employees of State and local transportation agencies;
- (B) employee professional development;
- (C) student internships;
- (D) university or community college support;
- (E) education activities, including outreach to develop interest and promote participation in surface transportation careers;
- (F) activities carried out by the National Highway Institute (NHI) under 23 U.S.C. 504(a); and
- (G) Local Technical Assistance Program (LTAP) under subsection 23 U.S.C. 504(b).

Examples could include, but are not limited to, transportation-related curriculum development, teacher education and training, cooperative education programs, work-study programs, scholarships, Federal/State transportation related education, training workforce development programs, and other efforts associated with transportation career awareness, preparation and development (23 U.S.C. 504(e)(1)(A-G)).

Some of the more recognized programs that can be supported with core funds for career awareness and development are the Summer Transportation Institute Programs, the Construction Career Days Programs, the American Association of State Highway and Transportation Officials (AASHTO) Transportation and Civil Engineering (TRAC) Programs, and the Roadways Into Developing Elementary Students (RIDES) Programs.

How can the funds be used for employee education, training and professional development?

The core program funds may be used for a range of professional development activities. Examples of more common activities include training programs, academic course study, apprenticeship programs, and support for short-term work details or “rotational” assignments for employee development. Core program funds may also be used for employee training and professional development necessary to support a specific surface transportation capital project, such as a major roadway or bridge construction project. Core program funds may not be used to pay any portion of employee salaries.

How do the 504(e) provisions relate the NHI and LTAP?

Sections 504(e)(1)(F) and (G) allow States to use core formula programs funds for tuition and direct educational expense activities carried out by the NHI and LTAP. Core funds may be used for the development of, or to support participation in, NHI courses. It is important to note that Section 504(b)(1) requires a 50% non-Federal share for the LTAP program. However, core program funds may also be used to support the non-Federal share for LTAP (23 U.S.C. 504(b)(3)(A)(ii)), and there is no limitation on the amount of core program funds that may be provided to support the non-Federal share for LTAP.

Can the core program funds be used for travel, equipment, or materials purchases?

The funds may be used for travel that benefits workforce development and training. Travel must be directly related to a defined employee training or professional development need, program, or activity, or directly associated with student transportation career awareness or preparation. Travel to and from an industry meeting where training was only one of several topics of discussion would not qualify for use of core funds.

Core funds to support employee travel to and from a training or professional development program may only be used if the program would improve the employee's skill, knowledge, or abilities in surface transportation management or a technical discipline. There must be a clear, programmatic rationale for the employee's participation with relevance to professional responsibilities and benefit to the employee's professional development or technical knowledge. Activities that issue Professional Development Hours (PDH) or Continuing Education Units (CEU) are eligible for support by core funds.

Events incidental to the program that provide networking opportunities to share information with other practitioners would be eligible. However, fees and other costs associated with purely social activities (i.e., golf tournaments or sightseeing excursions), including the cost of additional lodging and per diem incurred to participate in the social event(s) are not eligible for core funds support.

The government-wide Uniform Administrative Requirements, Cost Principles, and Audit Requirements regulation (2 CFR 200), authorizes participation in material and supply costs that benefit, and are dedicated to, the Federal award activity (workforce development training) in accordance with 2 CFR 200.453.

However, general equipment costs (equipment that has a useful life in excess of a year and a per-unit cost which equals or exceeds the lesser of the capitalization value of the non-Federal entity for financial statement purposes, or \$5,000) are generally unallowable as a direct charge to the Federal award. Participation in these costs may be charged back to a Federal award on a depreciation basis (see 2 CFR 200.439, 200.436).

How do the 504(e) provisions affect the funding available in the core programs?

The use of core program funds for workforce development is at the State's discretion with approval by the FHWA Division (23 U.S.C.504 (e)(1)). This allows the States the flexibility to determine whether to invest core funds in projects or in workforce development, training, and education initiatives and programs.

Contact: Clark Martin
Center for Transportation Workforce Development
Office of Innovative Program Delivery
Federal Highway Administration
clark.martin@dot.gov, 703-235-0547