KEEPING LOCAL PROJECTS ACTIVE AND FEDERAL DOLLARS WORKING

Managing Inactive Projects

LOCAL ASSISTANCE DAY Presentation

November 10, 2026



What makes a project inactive, and how it escalates

- An inactive project is a federally obligated local-assistance project that has experienced an extended period without invoicing activity.
- Local agencies must invoice Caltrans regularly- every 6 months (LAPM 5.2.5 and Master Agreement).
- The purpose of FHWA's <2% inactive rate target (23 CFR 630.106) is to improve financial efficiency in the administration of Federal funds by-
  - ✓ Preventing Funds from Idle-ness,
  - ✓ Freeing up Capital for Active Projects,
  - ✓ Reducing Government Financial Liability
- DLA escalates inactive projects in three stages:

6 months	9-23 months	≥ 24 months
Posted on Caltrans' public Inactive Project List; Contributes to FHWA's Future Inactive Project List	Inactive Projects Justification required by FHWA	Repeat Inactive Project List

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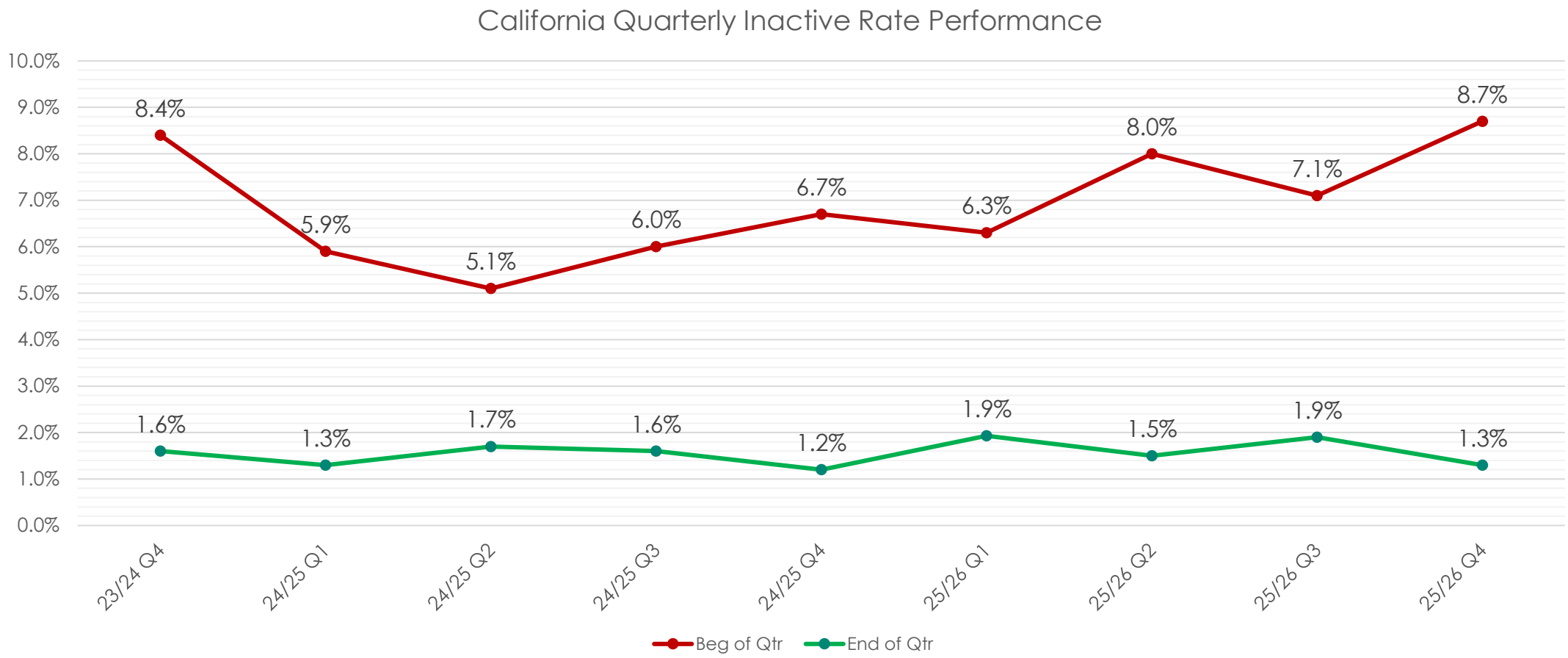
We hit the target at quarter-end, but start every quarter at 5%–9%



Takeaway: quarter-end rates land at 1.2%–1.9%, but the work happens in a last-minute rush. The proposal moves that effort upstream.

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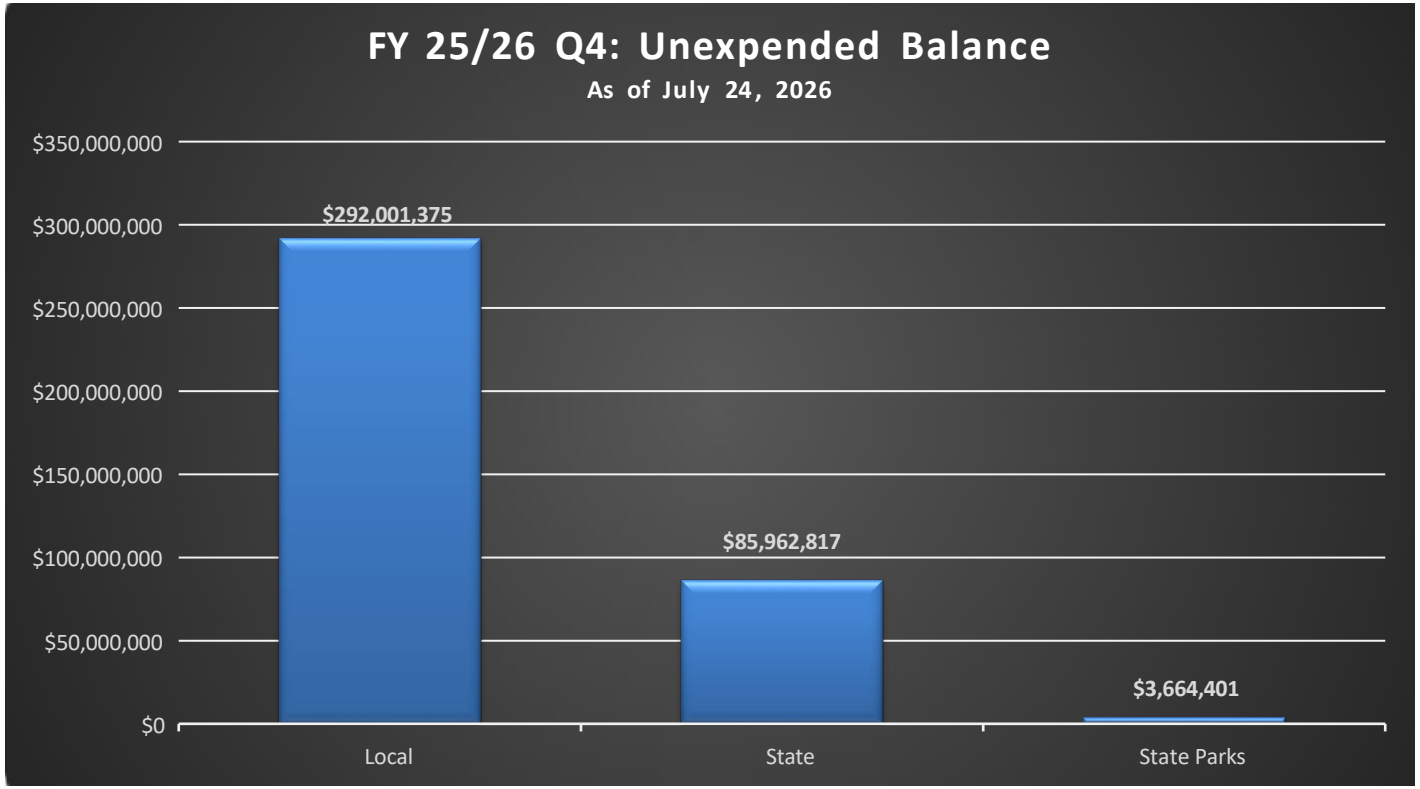
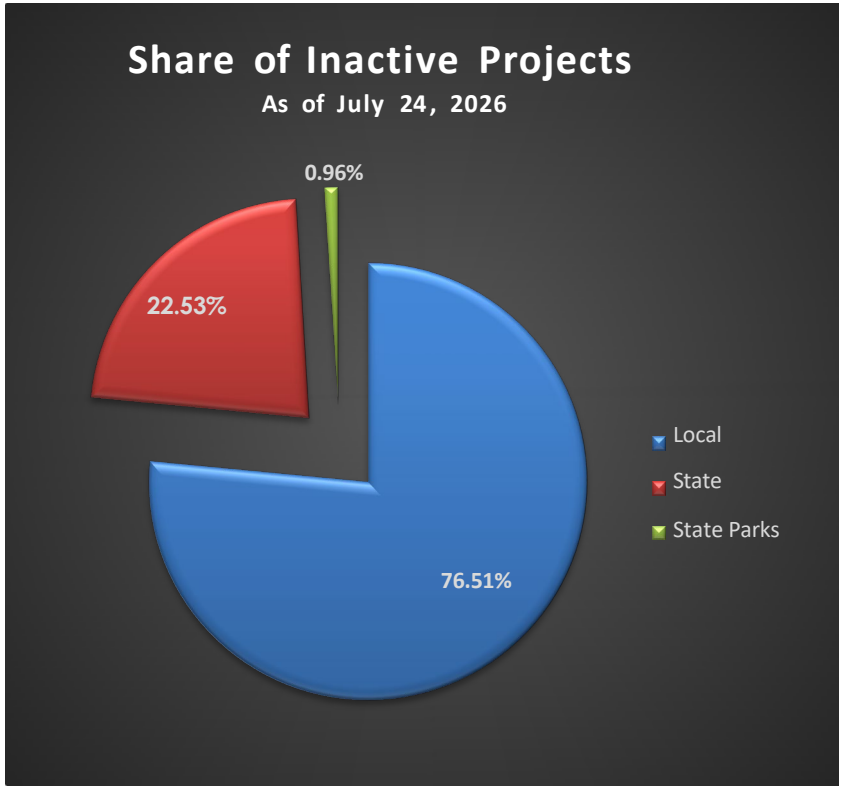
FY 26-Q4: Local Assistance holds 76.5% of unexpended funds

Total CA Apportionment = $5,263,294,154

- California Unexpended Balance = $381,104,366
- Local Assistance Unexpended Balance = $292,001,375
- Local Assistance Statewide share of Unexpended Balance = 76.51%

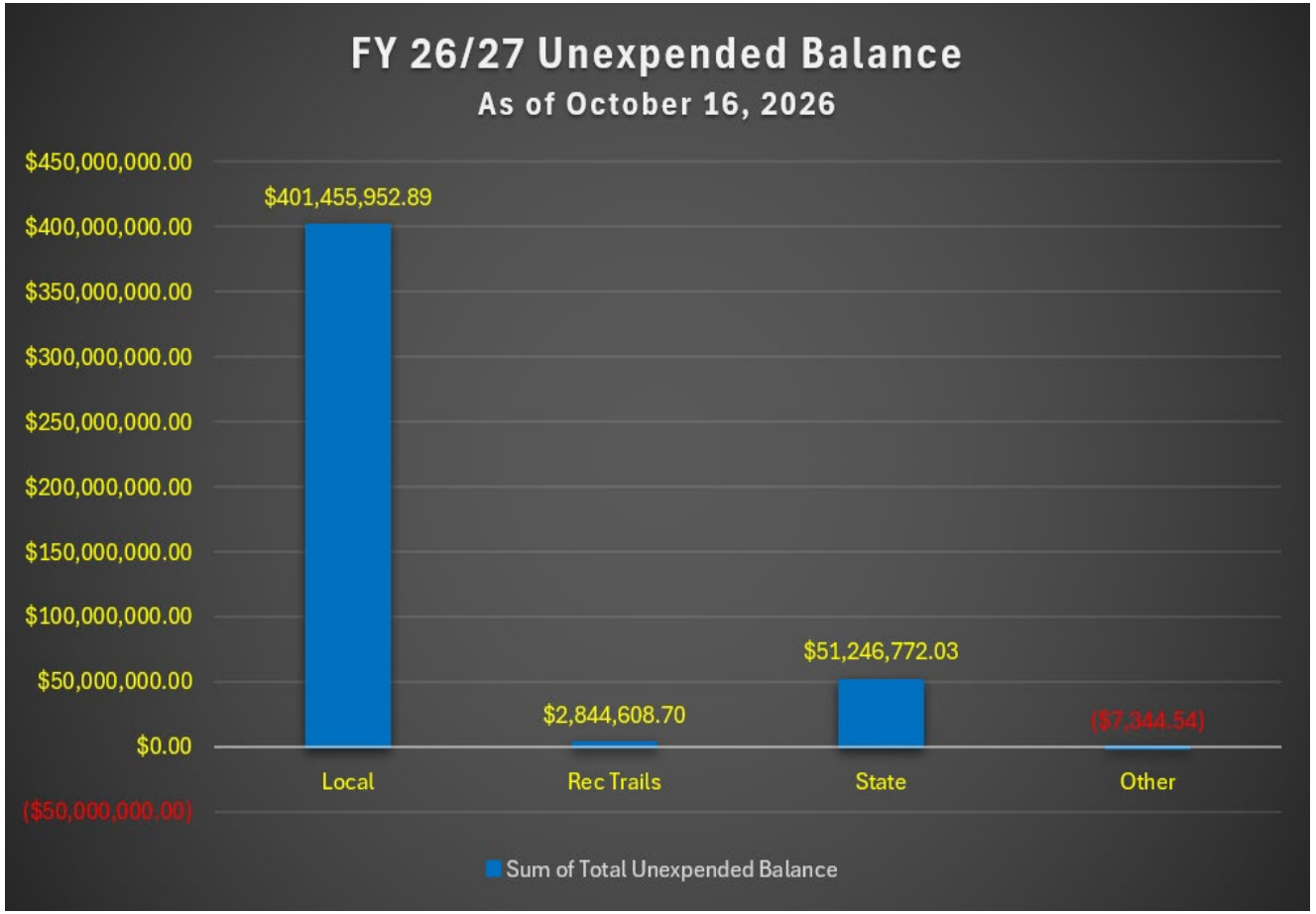


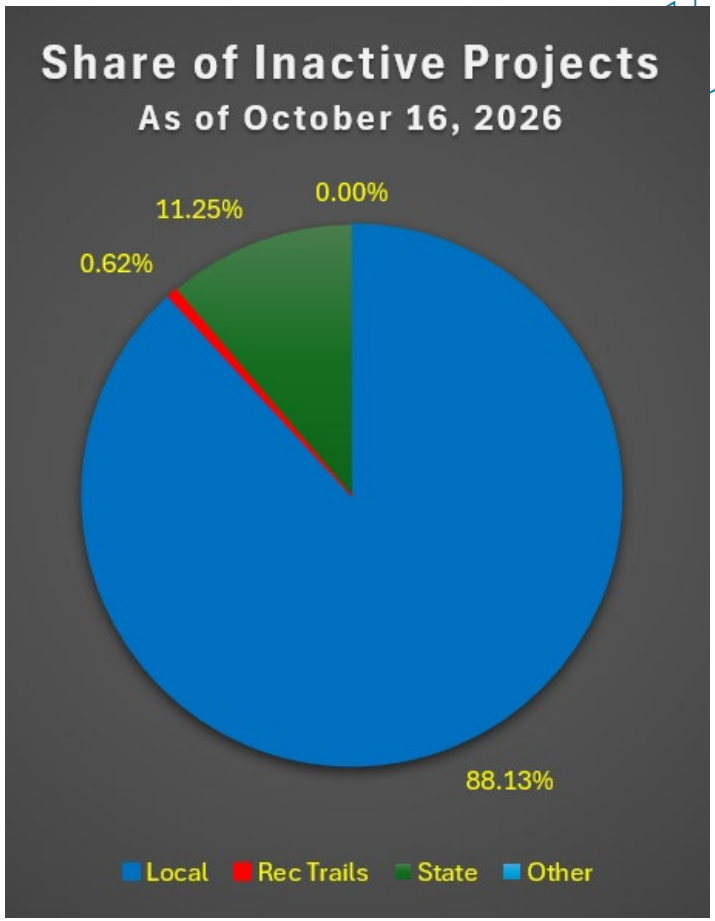


FY 27-Q1: Local Assistance holds 88% of unexpended funds

Total CA Apportionment = $5,263,294,154

- California Unexpended Balance = $455,539,989 at 8.7%
- Local Assistance Unexpended Balance = $401,455,952 at 7.6%
- Local Assistance Statewide share of Unexpended Balance = 88%





What we need from you

- Local Agencies in assistance with District Local Assistance Team/DLAEs to commit invoice dates for Future Inactive projects over $500K.
- For any new authorization, track the authorization date to submit invoice at least once within 6 months of new authorization.
- Encourage your team to have early plans to reduce inactive balance with identification of invoice submittal date and de-obligation plan.
- Hold District Inactive rate at or below 1.9% as early in the quarter as possible.

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Thank You!

