

# Transit and Passenger Rail Provisions

## Infrastructure Investment and Jobs Act Advisory Services Policy Brief #9

The Infrastructure Investment and Jobs Act (IIJA) marks a significant increase in investment toward more sustainable transportation options. It represents the largest investment in passenger rail since the creation of Amtrak and will provide needed funding to replace transit vehicles and rail rolling stock powered by carbon-intensive fossil fuels with clean, zero emissions vehicles. The IIJA, also known as the Bipartisan Infrastructure Law, provides for the largest investment in passenger rail and public transportation programs in the nation's history, including new funding of \$66 billion for passenger rail and \$31.5 billion for public transportation, in addition to reauthorized and increased funding for existing programs. These funds will be distributed on a formula and discretionary basis to support state-of-good-repair investments; safety, accessibility, and capacity improvements; and expansion projects. The bill also brings policy changes that will broaden the eligibility of certain types of projects for federal money.

This policy brief summarizes the significant public transportation and passenger rail provisions of the bill, as well as Federal-Aid Highway Program funds eligible to support transit and rail projects.

### About HDR's Advisory Services

The Advisory Services team has over 250 management consultants with premium, strategic advice that is rooted in the practical, solid-state service that our infrastructure clients around the world have come to expect. We have expertise in funding and finance, economics and decision analysis, strategic planning and policy, sustainability and resiliency, strategic communications and business improvement.

Advisory Services professionals review infrastructure policy developments and prepare summaries of key provisions to help keep our clients informed of the changing landscape in Washington, D.C.

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# Public Transportation

The IIJA appropriates \$91.2 billion in funding for federal transit programs administered by the Federal Transit Administration (FTA), including \$72.5 billion for federal transit formula programs, \$8 billion for the Capital Investment Grant (CIG) Program, and \$10.7 billion for other transit discretionary grant programs over a 5-year period.

The IIJA also authorizes an additional \$17 billion, potentially providing up to \$108 billion for federal public transportation programs<sup>1</sup>. The IIJA funds authorized and appropriated to transit programs are summarized in **Table 1** for the 5-year period of the bill, federal fiscal years 2022 through 2026.

<sup>1</sup> [Bipartisan Infrastructure Law | FTA \(dot.gov\)](#).

**Table 1. Federal Transit Program Funding (\$ Millions)**

PROGRAM CATEGORY	5-YEAR FUNDING TOTAL
<b>TRANSIT FORMULA PROGRAMS*</b>	
Urbanized Area Formula – Section 5307	\$33,541
State of Good Repair Formula – Section 5337	\$23,140
Rural Formula – Section 5311	\$4,581
Bus and Bus Facilities Formula – Section 5339 (a)	\$3,161
Elderly/Disabled Formula – Section 5310	\$2,193
Fast-Growth State Supplement – Section 5340	\$2,056
High-Density State Supplement – Section 5340	\$1,823
Planning Programs – Section 5305	\$966
Other Programs (FTA administrative and other federal spending)	\$1,028
<b>Total Transit Formula Programs</b>	<b>\$72,489</b>
<b>CAPITAL INVESTMENT GRANT PROGRAM - SECTION 5309</b>	
New Starts	\$4,400
Core Capacity	\$1,600
Small Starts	\$1,200
Expedited Project Delivery Pilot Program	\$800
Additional authorized CIG funding (subject to annual appropriation)	\$15,000
<b>Total Capital Investment Grant Program</b>	<b>\$23,000</b>
<b>OTHER DISCRETIONARY GRANT PROGRAMS</b>	
Low or No Emission Vehicle Program – Section 5339 (c)	\$5,625
Bus and Bus Facilities Competitive – Section 5339 (b)	\$1,966
All Station Accessibility Program	\$1,750
Ferry Service for Rural Communities**	\$2,000
Electric or Low-Emission Ferry Program**	\$500
Pilot Program for Transit Oriented Development Planning – Section 2005(b)	\$69
<b>Total Other Discretionary Grant Programs</b>	<b>\$11,910</b>
<b>OTHER AUTHORIZED FUNDING (SUBJECT TO ANNUAL APPROPRIATION)</b>	
Washington Metropolitan Area Transit Authority Funding	\$750
<b>TOTAL FEDERAL TRANSIT PROGRAM</b>	<b>\$108,150</b>

\* Section numbers correspond to the section of Chapter 49 U.S. Code under which each program is codified.

\*\* Half of the funding for Ferry Service for Rural Communities and Electric or Low-Emission Ferry Program is subject to annual appropriation.





Federal transit formula funds are distributed on the basis of specific legislated criteria, including population, transit passenger, transit capital asset, and operating statistics. The formulas for distributing funding through these programs are unchanged, although the IIJA did increase the total amount of funding to be distributed. Most grantees will see significant increases in their formula funding, but not all grantees will see the same percentage increase due to the decennial census results that drive the formulas.

The Urbanized Area Formula and State of Good Repair Formula programs provide funding directly to transit agencies. The Rural and Elderly/Disabled formula programs provide funding to states. The Bus and Bus Facilities Formula program provides funding to states and transit agencies. Planning grants are provided to states and metropolitan areas.

Each of the major categories for federal transit program funding is described below.

## Transit Formula Grant Programs

Funding for transit formula programs represents a 32 percent increase over the final years of the previous surface transportation authorization bill. This includes funding for several long-standing transit formula programs, including the Urbanized Area Formula, State of Good Repair Formula, Rural Formula, Bus and Bus Facilities Formula, Elderly/Disabled Formula, Fast-Growth State Supplement, and High-Density State Supplement programs.

The IIJA establishes a new competitive award category within the Section 5337 State of Good Repair Grants Program to replace rail rolling stock past its useful service life (or projected to exceed its useful service life within five years of grant award). This program has an advance appropriation of \$1.5 billion over five years. The FTA may award no more than three new awards to eligible projects per year, with a maximum grant of 50 percent and maximum federal participation of 80 percent. The program allows multiyear grants for light rail, heavy rail, and commuter rail rolling stock.



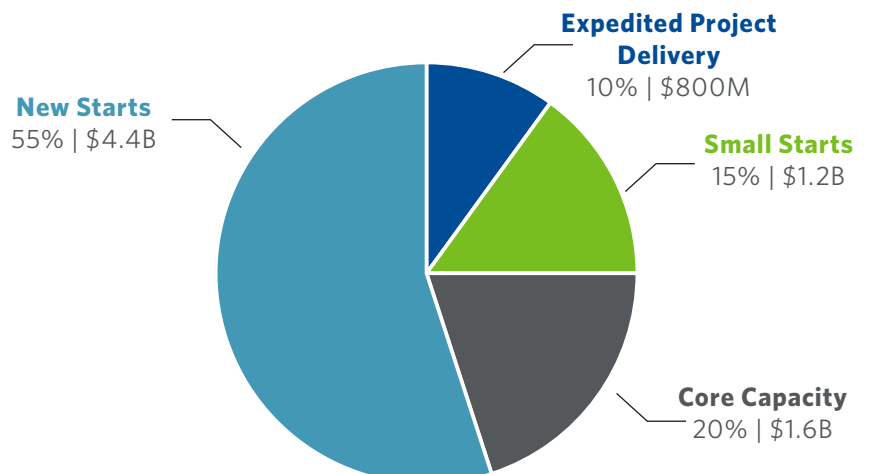
## Capital Investment Grants Transit Discretionary Program

The Capital Investment Grant (CIG) program is FTA's long-standing discretionary grant program for fixed guideway transit capital expansion and capacity improvement projects, including bus rapid transit (BRT), commuter rail, light rail and heavy rail modes. The IIJA provides advance appropriations of \$8 billion for CIG, with an additional authorized total of \$15 billion over five years. Advance appropriated funds are apportioned to the CIG program funding categories as summarized in **Figure 1**. The IIJA incorporates a number of policy changes for the CIG program, as described below:

- Increases the maximum eligible Small Starts project cost to \$400 million (up from \$300 million), and the maximum Small Starts grant to \$150 million (up from \$100 million).
- For the Core Capacity category, doubles the amount of time within which a transit system can forecast reaching capacity. Specifically, the planning horizon for projecting fixed guideway capacity needs for Core Capacity program eligibility is extended from 5 to 10 years, which should enable more projects to qualify for funding.
- Continues to authorize the Expedited Project Delivery (EPD) Pilot Program, which provides a streamlined application process for qualified fixed guideway transit projects featuring a public-private partnership. The program caps the maximum federal grant for EPD projects at 25 percent of total project capital costs.
- Requires applicants to make progress toward meeting performance targets for asset management.
- Enables program bundling to coordinate simultaneous grants to multiple CIG projects in a region. This should facilitate grant applications for agencies with multiple projects.
- Transfers responsibility for administering before-and-after studies, which evaluate the outcomes of funded projects, from FTA to the Government Accountability Office.

## Other Transit Discretionary Grant Programs

Figure 1. IIJA CIG Advance Appropriation Apportionments





The IIJA includes several other transit discretionary grant programs, summarized below. The FTA is required to prepare guidelines for administering new programs established under the IIJA.

- **Low or No Emission Vehicle Program:** This existing discretionary program provides annual funding to state and local governmental authorities for the purchase or lease of zero-emission and low-emission transit buses as well as acquisition, construction, and leasing of required support facilities. The IIJA provides an advance appropriation of more than \$5.6 billion over five years, a sixfold increase in funding. Applicants for zero-emission vehicle grants must prepare a zero-emission fleet transition plan, including a workforce transition plan.
- **Bus and Bus Facilities Competitive Program:** The discretionary component of this program supports rehabilitation and replacement of buses and bus-related equipment, as well as rehabilitation of existing or construction of new bus-related support facilities, transfer stations, and intermodal facilities. IIJA provides an advance appropriation of nearly \$2 billion over five years. At least 25 percent of program funds must support lower-emission buses and vehicles, including natural gas-powered buses and vehicles. At least 15 percent of funds are reserved for rural areas. Applicants for zero-emission vehicle grants must prepare a zero-emission fleet transition plan, including a workforce transition plan.
- **All Station Accessibility Program:** With an advance appropriation of nearly \$1.8 billion over five years, the program funds capital projects to upgrade the accessibility of rail transit systems to disabled individuals and supports the improvement, modification, retrofit, or relocation of passenger stations and facilities. The new program also funds planning for accessibility projects, accessibility assessments, and station/facility assessments. The program may not support facilities already compliant with Americans with Disabilities Act standards.
- **Ferry Service for Rural Communities:** This new program provides competitive grants to states to support eligible capital and operating costs of essential scheduled ferry service in rural areas. The program has an advance appropriation of \$1 billion, plus \$1 billion in potential annual appropriations, for a 5-year total of \$2 billion.
- **Electric or Low-Emission Ferry Program:** This new pilot program, with an advance appropriation of \$250 million over five years, provides grants for the purchase of electric or low-emitting ferries and the electrification (or other reduction of emissions) from existing ferries. Eligible ferries include those that reduce emissions by utilizing alternative fuels or an onboard energy storage system and related charging infrastructure, or produce zero onboard emissions under normal operation.
- **Pilot Program for Transit Oriented Development Planning:** This existing discretionary program provides funds to local communities to integrate land use and transportation planning with a new fixed guideway or core capacity transit capital investment. Funded plans must examine ways to improve economic development and ridership, foster multimodal connectivity and accessibility, improve transit access for pedestrian and bicycle traffic, engage the private sector, identify infrastructure needs, and enable mixed-use development near transit stations. The IIJA expanded grant eligibility to include TOD planning for site-specific station areas. The IIJA provides an advance appropriation for this program of \$69 million over five years.







## Passenger Rail

The IIJA provides significant focused funding for passenger rail programs administered by the Federal Railroad Administration (FRA), including Amtrak and discretionary grant programs. The \$66 billion appropriated and \$34.2 billion authorized for each program over the 5-year bill is summarized in **Table 2**.

Amtrak's National Network has an advance appropriation of \$16 billion, plus \$6.6 billion in potential annual appropriations, for a 5-year total of \$22.6 billion. Amtrak's Northeast Corridor has an advance appropriation of \$6 billion, plus \$12.7 billion in potential annual appropriations, for a 5-year total of \$18.7 billion. These funds may support capital expenditures for railroad track, signal and structures; facilities; rolling stock; and other qualified purposes.

The passenger rail discretionary grant programs are summarized below:

- Federal-State Partnership for Intercity Passenger Rail Grants:** The IIJA renames the FRA's State of Good Repair passenger rail program as the Federal-State Partnership for Intercity Passenger Rail and expands eligibility beyond improving Amtrak- and state-owned assets to also include expanding or establishing new intercity passenger rail service, including privately operated services. Program funds may be used for procurement of rolling

stock, in addition to other qualified capital expenditures. The program has an advance appropriation of \$36 billion over five years, a substantial increase from the \$291 million available in FY 2020. USDOT intends to support \$24 billion in Northeast Corridor investments, with \$12 billion for projects in the rest of the country. In addition, the program authorizes \$7.5 billion in potential annual appropriations for a 5-year total of \$43.5 billion.

- Consolidated Rail Infrastructure and Safety Improvement (CRISI) Program:** This existing annual discretionary grant program funds projects that improve the safety, efficiency, and reliability of intercity passenger and freight rail. It has an advance appropriation of \$5 billion over five years and authorizes \$5 billion in potential annual appropriations for a 5-year total of \$10 billion.
- Railroad Crossing Elimination Program:** This new program funds highway-rail and pathway-rail grade crossing improvements to improve safety and mobility. It aims to eliminate grade crossings frequently blocked by trains and improve public health and safety. The program supports track relocation, protective devices/signals, grade separation or closure, including planning, environmental review, design, and construction costs. The program has an advance appropriation of \$3 billion (\$600 million per year), plus \$2.5 billion in potential annual appropriations, for a 5-year total of \$5.5 billion. The minimum grant size is \$1 million, with 25% of funds targeted to rural and sparsely populated areas.

**Table 2. Passenger Rail Program Categories (\$ Millions)**

PROGRAM CATEGORY	ADVANCE APPROP.	AUTHORIZED*	5-YEAR TOTAL
Federal-State Partnership for Intercity Passenger Rail Grants	\$36,000	\$7,500	\$43,500
Amtrak National Network	\$16,000	\$6,570	\$22,570
Amtrak Northeast Corridor	\$6,000	\$12,650	\$18,650
Consolidated Rail Infrastructure & Safety Improvement (CRISI) Grants	\$5,000	\$5,000	\$10,000
Railroad Crossing Elimination Grant Program	\$3,000	\$2,500	\$5,500
<b>Total Passenger Rail Program Categories</b>	<b>\$66,000</b>	<b>\$34,220</b>	<b>\$100,220</b>

\* Subject to future appropriation

## Other Transportation Grant Funding Opportunities for Transit and Rail Programs

The IIJA includes a number of Federal-Aid Highway Program and other grant programs potentially eligible to support rail and public transportation projects. These are summarized in **Tables 3 and 4**. Funding recipients and eligible uses vary by program, and allocation approaches vary by state and region. Advance appropriations are summarized for the 5-year period of the bill, federal fiscal years 2022 through 2026. Some programs authorize annual appropriations in addition to these amounts.

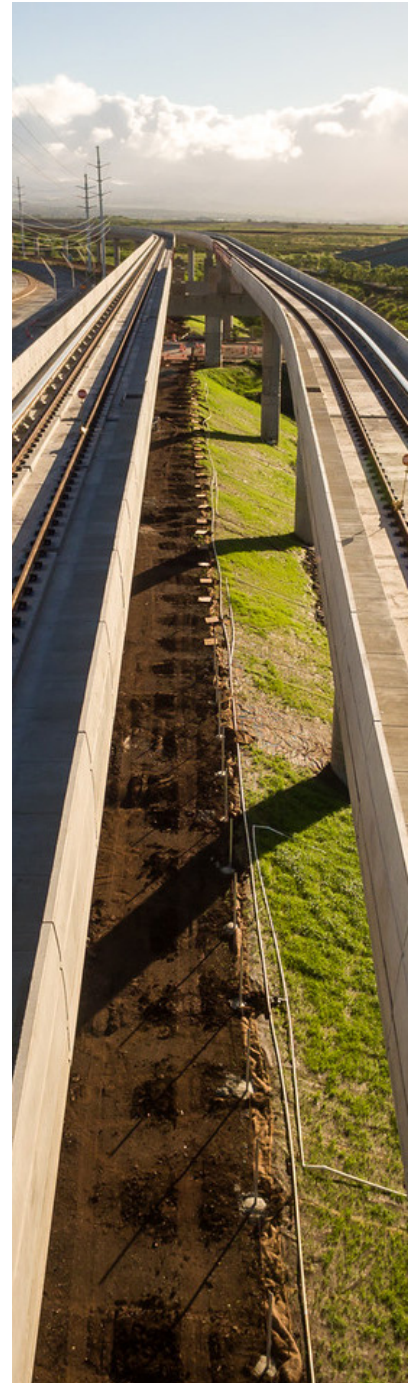
**Table 3. Highway Trust Fund Authorizations for Transit- and Rail-Eligible Federal Aid Programs (\$ Millions)**

FEDERAL AID PROGRAM	5-YEAR AUTHORIZATION FROM HIGHWAY TRUST FUND
Surface Transportation Block Grant Program	\$64,800
Congestion Mitigation and Air Quality Improvement Program	\$13,200
PROTECT Formula Program	\$7,300
STBG Transportation Alternative Set-Aside	\$7,200
Carbon Reduction Program	\$6,420
Railroad-Highway Grade Crossing Programs	\$1,225
Ferry Boats and Facilities	\$912
<b>Total</b>	<b>\$101,057</b>

**Table 4. Other Transit- and Rail-Eligible Federal Discretionary Grant Programs (\$ Millions)**

PROGRAM CATEGORY	ADVANCE APPROP.	AUTHORIZED*	5-YEAR TOTAL
Projects of National and Regional Significance (INFRA)	\$8,000	\$6,000	\$14,000
Local and Regional Project Assistance (RAISE) Discretionary Grants	\$7,500	\$7,500	\$15,000
National Infrastructure Project Assistance (MEGA) Discretionary Grants	\$5,000	\$10,000	\$15,000
PROTECT Discretionary Grants	\$1,400	N/A	\$1,400
<b>Total</b>	<b>\$21,900</b>	<b>\$23,500</b>	<b>\$45,400</b>

\*Subject to future appropriations







The IIJA includes provisions in Section 11130 to expand eligible uses of flexed highway funds to include BRT or dedicated bus lane projects, including the construction or installation of traffic signals and prioritization, intersection design, on-street stations, fare collection systems, information and wayfinding systems, and depots. This should enable more BRT projects to flex highway funding to support construction costs.

Public transportation and rail projects are specifically eligible for MEGA and RAISE (Rebuilding American Infrastructure with Sustainability and Equity) program project funding. These two discretionary grant programs are administered by the Office of Multimodal Freight Infrastructure and Policy to support projects that improve transportation infrastructure with significant national or local/regional impacts, respectively.

- **MEGA** (the National Infrastructure Project Assistance program) has an advance appropriation of \$5 billion, plus \$10 billion in potential annual appropriations, for a 5-year total of \$15 billion. The program funds projects exceeding \$100M in capital cost warranting significant federal investment. Projects must be cost effective and have stable funding/financing. The program funds project development, construction, and financing costs. The maximum grant is 60 percent, with maximum federal participation of 80%. Half of the funding is reserved for projects costing \$100-\$500 million.

- **RAISE** (the Local and Regional Project Assistance program) has an advance appropriation of \$7.5 billion, plus \$7.5 billion in potential annual appropriations, for a 5-year total of \$15 billion. The program funds projects to improve transportation infrastructure with significant local and regional impacts. It offers minimum grants of \$1 million for rural areas and \$5 million for urban areas. It requires USDOT to split funding 50/50 between projects in urban and rural areas.

The new **PROTECT program** (Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation) provides grants for resilience improvements through formula and competitive grants. It has an advance appropriation of \$7.3 billion for formula grants and \$1.4 billion over five years for discretionary grants to support the following:

- **Planning Grants** to develop resilience improvement plans, design, and development
- **Resilience Improvement Grants** to withstand weather events, natural disasters, or adopt to climate change
- **Community Resilience & Evacuation Route Grants** to protect emergency routes
- **At-Risk Coastal Infrastructure Grants** to protect highways from climate impacts

Details on other transit- and rail-eligible federal transportation grant programs are summarized in HDR's [Transportation Discretionary Grants](#) policy brief.



## What Does This Mean and How Can We Help?

The IIJA advances public transportation and passenger rail through investments that enhance safety and service reliability, bring facilities and other assets into a state of good repair, address resiliency and the climate crisis, and promote greater equity. The objectives are achieved through changes to existing programs, as well as through the creation of new programs. With these transformative changes, leveraging opportunities created by the legislation requires a deep understanding of the policies and processes that govern implementation. HDR brings that understanding and a deep bench of subject matter experts who can help our clients navigate and leverage the IIJA to advance their mobility agendas.

From starter streetcar lines and light rail extensions to bus rapid transit systems and complete commuter and intercity rail networks, HDR has the experience to help our clients identify and implement optimal transit and rail solutions. With every project we undertake, HDR builds on our solid reputation for unrivaled technical excellence. We also help our clients maximize value by enhancing transit corridors with smart and sustainable features. It's all done in concert with our tailored approach to planning and delivery that directly responds to each client's vision and goals.

Our comprehensive teams offer a full suite of services, including:

- Funding and Financing Strategies
- Grant Application Support
- Organization and Management Strategies
- Transit and Rail Corridor Development and Operations Planning
- Environmental Clearance and Permitting
- Operations and Maintenance Facility Planning and Design
- Transit and Rail Engineering, Architecture and Environmental Services
- Transit and Rail Construction Management and Commissioning
- Program Management
- Construction Management
- Strategic Communications and Branding
- Fleet Zero Emissions Conversion
- Transit Oriented Communities and Development

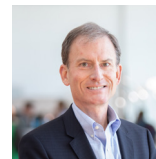
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