



## Federal Transit Funding Update

Congress has come to agreement on the FY 2024 Transportation, Housing and Urban Development Appropriations Act (THUD). The 2024 appropriations cycle takes us past the midpoint (year 3 of 5) of the Infrastructure Investment and Jobs Act (IIJA). The THUD Appropriations Act, H.R. 4366, overall is very good for public transit and passenger rail continuing funding at historic levels, but slightly below the record levels of FY 2023. President Biden signed H.R. 4366 into law on March 8, 2024.

The THUD bill is one of six appropriation bills agreed to this week. The other six are still being negotiated with a current deadline of March 22, 2024. It is important to note that if Congress fails to pass all 12 bills this month for the president to sign by April 1, existing law requires a one percent reduction across the board from enacted 2023 appropriations levels for FY 2024 funding. Congressional leaders have publicly stated they are striving to pass all 12 bills this month.

In addition, the Biden Administration released its FY 2025 budget request on March 11, which unofficially begins the “budget season” for Congress. This Update summarizes both FY 2024 appropriations and the Administration’s FY 2025 budget proposal.

### Public Transit Appropriations

FY 2024 appropriation for public transit is \$20.9 billion, a slight decrease of \$364 million from the FY 2023 enacted level, a total that includes IIJA Advanced Appropriations. This is an increase of \$7.9 billion (61%) from the pre-IIJA level just three years ago in FY 2021. The Consolidated Appropriations Act includes \$593 million for specific discretionary transit programs: \$468 million for bus and bus facilities Competitive Grants; \$75 million for low-no emission bus grants; and \$50 million for electric or low-emitting ferry grants.

### Capital Investment Grant Program

The Capital Investment Grant (CIG) Program’s FY 2024 appropriation is \$2.205 billion, which is \$430 million less than the FY 2023 appropriation and \$795 million less than the IIJA authorized level. The global CIG picture includes the IIJA Advanced Appropriations added to the annual appropriation. Including the \$1.6 billion Advanced Appropriation brings the total CIG Program FY 2024 total to \$3.8 billion, a 10% reduction from 2023. Although this is a significant funding level, it does not keep pace with the ever-increasing demand for CIG funding. The CIG Dashboard, dated March 1, 2024, includes 61 projects in the CIG pipeline seeking CIG construction grants in addition to the five active multi-year Full-Funding Grant Agreements (FFGA). The CIG Dashboard is forecasting 14 construction grants yet to be executed this calendar year totaling \$11.2 billion of CIG funding, nearly three times the 2024 CIG funding level.



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March 18, 2024



The summary table below looks different than the first two years of IIJA. Congress did not abide by its Advanced Appropriation sub-allocations established in the IIJA to the CIG sub-programs this year, as you can see with the \$0 sub-program values. The Manager’s Statement from the THUD Appropriations Committees states that the combination of Advanced Appropriation set-asides from IIJA and unallocated balances from the two prior appropriation cycles will provide a total level of funding to satisfy all projects with executed grant agreements and projects that satisfy CIG requirements in FY 2024. Essentially, Congress is providing FTA greater flexibility to program all the CIG funding where most pressing demand exists which is New Starts. If Core Capacity or Small Starts projects satisfy all CIG grant requirements, Congress expects FTA will fund from available balances.

Capital Investment Grant Sub-Program	2024 IIJA Advanced Appropriations	2024 Consolidated Appropriations	2024 Total CIG Appropriations
<b>New Starts</b>		Any eligible entity	\$2,545 M
<b>Core Capacity</b>		\$0	\$0
<b>Small Starts</b>		\$0	\$0
<b>EPD</b>		\$52 M	\$52 M
<b>Existing New Start FFGAs</b>		\$1,186 M	\$1,186 M
<b>PMOC Oversight</b>		\$22 M	\$22 M
<b>Total</b>	<b>\$1,600 M</b>	<b>\$2,205M</b>	<b>\$3,805 M</b>

The 2024 Omnibus Appropriations Act did include policy direction on two important topics:

1. No funds made available under the appropriations act shall be used to hinder a project’s advancement who is seeking more than 40% federal share. This is a conscious effort to override any lingering FTA practice from the prior FTA Administration who implicitly threatened project sponsors that ability to advance to secure a construction grant would be delayed if they sought federal participation greater than 40%. This is critical as 77% of project sponsors who have currently identified a federal CIG share include a federal share greater than 40%.
2. Appropriations bill language blocks application of the “Rostenkowski Test” thus preventing a potential across-the-board cut of FY 2024 transit formula funds.

A policy provision sought by FTA but not included in the THUD Act was to expand transit agencies ability to acquire property prior to completion of the NEPA review.

## CIG Policy Guidance

Following APTA’s TRANSform Conference in October 2023, the FTA staff stated at their CIG Workshop that they continue to work on updating the Final Interim Policy Guidance from 2016. Though the FTA could not specify exactly when they hope to publish the Notice of Proposed Rulemaking (NPRM), they hinted it would likely be sometime in 2024. The industry will be given the opportunity to respond and comment to the NPRM which FTA will use to inform their final policy guidance which will likely be published by the administration in late 2024. Until published in the Federal Register, there will be no change to the CIG project justification or financial rating criteria unless Congress legislates a specific change. This means the CIG guidance to be published in May/June 2024 for CIG Annual Reporting for FY 2026 will not include new Final Policy Guidance.





## Passenger and Freight Rail

The 2024 Omnibus Appropriations Act provides \$16.3 billion for passenger and freight rail programs. This is a decrease of \$382 million from FY 2023 but an increase of \$13.5 billion from 2021 pre-IIJA funding levels. The 2024 funding level is \$4 billion below the IIJA authorized level.

Amtrak 2024 funding levels are broken down between the Northeast Corridor (NEC) and the National Network. For the NEC, 2024 Consolidated Appropriations include \$1.1 billion in addition to the Advanced Appropriations of \$1.2 billion for a total of \$2.3 billion. Amtrak's National Network's Consolidated Appropriations include \$1.3 billion and Advanced Appropriations of \$3.2 billion for a total of \$4.5 billion. The NEC funding level decreased \$119 million in FY 2024 while the Amtrak National Network funding increased \$93 million.

The Consolidated Rail Infrastructure and Safety Improvements (CRISI) Program 2024 Consolidated Appropriations include \$199 million and IIJA Advanced Appropriations of \$1 billion, creating total CRISI funding of \$1.2 billion, which is \$361 million less than 2023 funding levels. Appropriations language states CRISI grants may be used for commuter rail projects that implement or sustain positive train control (PTC) systems and for planning.

The Federal-State Partnership for Intercity Passenger Rail 2024 appropriations include \$75 million which supplements the IIJA Advanced Appropriations of \$7.2 billion, which is a reduction of \$25 million from the 2023 funding level.

## CRISI, Mega and INFRA Discretionary Grant Opportunities

USDOT is planning to publish Notices of Funding Opportunity (NOFO) for these significant DOT grant programs. HDR's Transportation Funding and Financial Advisory Services has an excellent track record winning \$4.9B of discretionary grant awards since 2009, including \$1.6B of grant awards just in 2023!



## FTA FY 2025 Budget Request

The Biden Administration released its FY 2025 budget request on March 11, which unofficially begins the “budget season” for Congress. The release of the budget request comes on the heels of the passage of the THUD Appropriations bill signed into law on March 8. The administration usually waits to publish its next fiscal year budget request until after passage of the current year’s budget. Technically this sequence of passage of FY 2024 and subsequent release of FY 2025 request follows this process. Given the delay for the passage of FY 2024, the FY 2025 request could not pivot from an approved budget, rather the FY 2025 budget request assumed funding levels included in the Continuing Resolution that kept THUD monies flowing since October 1, 2023.

Congress now has the administration’s proposal to discuss/debate over the coming months as it conducts hearings with the cabinet agencies. The dynamics of election year will likely push Congressional approval of the FY 2025 budget past the start of the new fiscal year on October 1. The budget request represents year four of five of the Infrastructure Investment and Jobs Act (IIJA). This update will focus on the 2025 request levels for the Federal Transit Administration (FTA) with an emphasis on the CIG Program as well as Federal Railroad Administration (FRA).

The administration is requesting \$16.8 billion for FTA, when combined with the \$4.6 billion of IIJA Advanced Appropriations, the overall request is \$21.4 billion. This represents a \$198 million increase over the FY 2024 enacted level. The CIG Program request from the General Fund is \$2.4 billion which is \$450 million less than the FY 2024 request but \$160 million more than the 2024 enacted level. When aggregated with the IIJA Advance Appropriations of \$1.6 billion, the CIG budget request totals nearly \$4 billion.

The request also includes \$1.955 billion for major competitive transit infrastructure grants broken into three grant programs, \$1.127 billion for low or no emission competitive grants, \$478 million for bus and bus facilities, and \$350 million for the All Stations Accessible Program (ASAP). This requested funding is \$12 million more than the FY 2024 enacted level.

## CIG 2025 Annual Report and Funding Recommendations

Based on the CIG 2025 Annual Report, [FY 2025 Annual Report on Funding Recommendations \(dot.gov\)](#), FTA is requesting the following:

Capital Investment Grant Sub-Program	2024 Total CIG Appropriations	2025 Budget Funding Request	Change 2024 to 2025 Funding Request
<b>Existing New Starts</b>	\$1,186 M	\$1,030 M	-\$156 M
<b>New Starts</b>	\$2,545 M	\$2,183 M	-\$362 M
<b>Core Capacity</b>	\$0 M	\$60 M	+\$60 M
<b>Small Starts</b>	\$0 M	\$592 M	+\$592 M
<b>EPD</b>	\$52 M	\$60 M	+\$8 M
<b>PMOC Oversight</b>	\$22 M	\$40 M	+\$18 M
<b>Total</b>	<b>\$3.805 M</b>	<b>\$3,965 M</b>	<b>+\$160 M</b>

The president’s FY 2025 funding request follows the same model as the FY 2024 appropriation whereby there are no pre-set funding amounts by CIG project type from the IIJA Advanced Appropriation. This will provide FTA greater flexibility to fund CIG projects no matter the type of project when all CIG grant requirements are satisfied.

FTA is recommending funding for 14 CIG projects in 11 states in FY 2025 at a funding level nearly \$4 billion for construction grants. Last year, FTA recommended funding for 18 CIG projects in 11 states. With the additional funding authorized in the IIJA, FTA awarded its largest ever CIG grant in the amount of \$3.4 billion for the Second Avenue Subway Extension last fall. FTA is recommending three New Starts FFGAs each with a grant amount exceeding \$1 billion. Overall, the CIG project pipeline has remained relatively constant at around 60 projects in the last year competing for discretionary CIG construction grants; however, cost of New Starts rail projects has significantly increased.

In the first three years of the Biden Administration, 17 New Start and Small Start grants have been awarded for a total of \$4.75 billion federal funds, with 71% awarded in the single FFGA for Second Avenue Subway Extension. The current CIG pipeline for those projects that have quantified their budget have a total project cost of \$80.1 billion with federal funding requests totaling \$26.5 billion. Note only 39 of the 60 projects have quantified their federal funding request to date. Assuming constant annual appropriations with 2024 and request for 2025 at \$4 billion and \$4 billion per year beyond post IIJA, available CIG obligation authority would take until FY 2031 to fully fund the current pipeline of 39 projects that have quantified their CIG request.

The modal mix of projects currently in the pipeline vying for CIG grants includes four heavy rail, seven commuter rail, seven light rail, three streetcar and 39 bus rapid transit. Two heavy rail projects are recommended for funding this year, Chicago Red Line Extension and Inglewood Transit Connector. Two commuter rail projects are recommended, San Francisco Transbay Downtown Rail Extension and Secaucus Hudson Tunnel. These four projects comprise a total CIG funding level of \$13.9 billion, slightly more than half of the total demand for CIG funding. FTA will need to fund a mix of other projects beyond New York, Chicago and California to maintain a broad base of Congressional support for the CIG Program.





## FRA FY 2025 Budget Request

The Biden Administration is requesting \$3.2 billion General Fund for FRA in FY 2025 which is a \$180 million increase over the enacted FY 2024 level of \$3 billion. When combined with the IIJA Advanced Appropriations of \$13.2 billion, the total request is \$16.4 billion.

The request includes \$2.5 billion General Fund for Amtrak which increases to \$6.9 billion when IIJA funding is included. Of this amount, \$4.5 billion is for the National Network and \$2.4 billion for Northeast Corridor grants. The budget request includes \$7.3 billion for Federal-State Partnership (FSP) for Intercity Passenger Grants; \$1.25 billion for Consolidated Rail Infrastructure and Safety Improvement (CRISI) grants; and \$600 million for Railroad Crossing Elimination (RCE) grants. These budget request amounts are comparable to the FY 2024 enacted funding levels.

The president's budget proposes to eliminate the preference for projects that maximize benefits (pursuant to a cost-benefit analysis) for certain CRISI-eligible projects including regional rail and corridor service development plans. This would complement the policy language in the FY 2024 THUD bill, permitting the CRISI grant to fund planning activities for commuter rail. HDR is working on several projects around the country where this expanded CRISI funding eligibility may apply.

**HDR's Advisory Services professionals stand ready to assist transit agencies seeking to navigate their federal funding options.**

**If you need any assistance or have questions, please contact:**

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