



U.S. Department of Transportation
Federal Transit Administration

FY 2024 Annual Report on Leasing Arrangements

Transit providers can receive grant funding from the Federal Transit Administration (FTA) for capital leases. A capital lease allows a provider to make periodic payments to use capital assets without owning them at the end of the leasing period. Eligible capital assets include bus and rail rolling stock as well as associated maintenance items like tires and fuel.

This report describes FTA's capital leasing activities for fiscal year (FY) 2024 (October 1, 2023–September 30, 2024) and fulfills an annual Congressional reporting requirement. It also provides final data for FY 2023 activities. The report uses data available as of September 1, 2024; next year's report will include final data for FY 2024.

Legislative background

The Fixing America's Surface Transportation Act, enacted in 2015, changed the requirements for transit providers to receive Federal grant funding for capital leases.¹ The Act also requires the Secretary of Transportation to make public an annual report that:

- Details capital leasing activities the Department of Transportation conducted under the law
- Evaluates its capital leasing program with available data, including data from reporting requirements introduced in the act

FTA prepares and posts an annual report to fulfill the requirement. The report is due December 31 after the Federal fiscal year ends September 30.

Capital lease activities in FY 2023 and FY 2024²

In FY 2024, FTA has awarded 17 capital lease grants totaling \$6.3 million as of September 1. FTA awarded \$5.1 million for capital maintenance items (11 grants) and \$1.3 million for leases of bus and van rolling stock (6 grants). No rail rolling stock leases were awarded. Ten of the 11 grants for capital maintenance items were made for new or existing tire leases. The lease awards account for 0.3 percent of the \$2.7 billion FTA has awarded in FY 2024 for rolling stock and associated capital maintenance items. FTA awarded five grants for new leases of capital maintenance items and two grants for new leases of van rolling stock; the remaining grants were for existing leases.

¹ Fixing America's Surface Transportation Act, Pub. L. No. 114-94, 129 Stat. 1490 (2015). Section 3019(c)(5), "Leasing Arrangements."

² Amounts in this report may not add due to rounding.

FTA awarded the 17 capital lease grants to 14 grantees, including two State departments of transportation. The agencies were mostly in large urbanized areas (with populations of 200,000 or more) and had an average service area population of 567,000 in 2022.

In FY 2023, FTA awarded 22 capital lease grants totaling \$9.4 million. FTA awarded \$5.2 million for bus rolling stock (9 grants), \$2.7 million for capital maintenance items (11 grants), and \$1.6 million for rail rolling stock (1 grant). The awards accounted for 0.3 percent of the \$3.6 billion in total funding FTA awarded for rolling stock and associated capital maintenance items in FY 2023. FTA awarded two of the grants for new leases of bus rolling stock and one for a new lease of rail rolling stock—the first new lease of rolling stock since FTA began reporting on capital leases in FY 2016.

The 22 FY 2023 grants totaling \$9.4 million differ from the 14 grants totaling \$4.6 million that were reported in the Fiscal Year 2023 Annual Report on Leasing Arrangements, which was recent as of September 1, 2023. This is due to obligations made after September 1, 2023, and late reporting to TrAMS.

Capital lease activities since FY 2016

FTA has awarded \$660 million in capital lease grants since FY 2016, although capital leasing activities have decreased over time (Table 1). The number of grants decreased from 35 awards in FY 2016 to 17 awards in FY 2024, and total funding decreased from \$47.2 million to \$6.3 million, an 86 percent decrease. More than two-thirds of the funding since FY 2016 (\$460.5 million; 70 percent) was for a lease of electric rail rolling stock by NJ Transit, which ended in FY 2021.

Table 1: FTA funding for capital leases by fiscal year, 2016–2024

Fiscal year	Grant awards	Total funding	Change from previous year
2016	35	\$47,193,050	—
2017	38	\$226,616,152	380%
2018	34	\$111,268,022	-51%
2019	37	\$96,304,591	-13%
2020	25	\$85,806,097	-11%
2021	29	\$71,727,898	-16%
2022	14	\$7,392,669	-90%
2023	22	\$9,434,629	28%
2024 (as of September 1)	17	\$6,338,450	-32%
Total	251	\$660,357,720	

Source: FTA Transit Awards Management System (TrAMS)

While FTA awards many of its capital lease grants for ongoing leases, it has also awarded grants for 59 new capital leases totaling \$45.9 million since 2016 (Table 2). FTA awarded 24 grants (41

percent) for bus rolling stock (buses, vans, cars, and ferry boats) and rail rolling stock, as well as 35 awards (59 percent) for capital maintenance items consisting mainly of tire leases.

Table 2: New capital leases by fiscal year, 2016–2024

Fiscal year	Rolling stock	Capital maintenance items	Total
2016 (partial)	2	2	4
2017	1	6	7
2018	4	8	12
2019	0	3	3
2020	1	1	2
2021	2	6	8
2022	3	0	3
2023	6	7	13
2024 (as of September 1)	5	2	7
Total	24	35	59

Source: FTA Transit Awards Management System (TrAMS)

Evaluation reports for grantees leasing rolling stock

The FAST Act requires grantees leasing rolling stock to submit an evaluation report to FTA within three years of executing the lease. The evaluation report must include:

- An evaluation of the overall costs and benefits of leasing rolling stock
- A comparison of the expected short- and long-term maintenance costs under a lease versus maintenance costs for buying rolling stock

The number of reports submitted in a fiscal year may not align exactly with the number of awards in Table 2 because leases are occasionally executed with a delay after award. Grantees may also submit reports before the three-year deadline.

For FY 2024, no grantees had report deadlines that fell within the fiscal year. While FTA awarded one grant for a new rolling stock lease in FY 2020, the lease was executed in November 2021. No other grantees submitted reports in FY 2024.

More information

FTA continues to provide technical assistance and outreach on capital leasing to applicants and grantees. More information is available at <https://www.transit.dot.gov/funding/funding-finance-resources/capital-leasing/capital-leasing>.