Annual Report on Funding Recommendations

Fiscal Year 2026

Capital Investment Grants Program and Expedited Project Delivery Pilot Program

Report of the Secretary of Transportation
to the United States Congress
Pursuant to 49 U.S.C. § 5309(o)(1),
Section 3005(b)(11) of the Fixing America's Surface Transportation Act,
and Division J of the Infrastructure Investment and Jobs Act

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Introduction

This *Annual Report on Funding Recommendations* (Report) is issued by the United States Secretary of Transportation (Secretary) to help inform the appropriations process for the upcoming fiscal year (FY) by providing information on projects that have been submitted to the Federal Transit Administration's (FTA) discretionary Capital Investment Grants (CIG) Program and Expedited Project Delivery (EPD) Pilot Program.

The Capital Investment Grants Program

The CIG Program, set forth in 49 U.S.C. § 5309 (Section 5309), was most recently authorized by the Infrastructure Investment and Jobs Act (IIJA). In addition to funding Congress may appropriate annually, the IIJA also provided $1.6 billion per year in advance appropriations for the CIG Program from FY 2022 through FY 2026.

The CIG Program is the Federal Government's primary financial resource for supporting transit capital projects that are locally planned, implemented, and operated. It provides funding for fixed guideway investments such as new and expanded heavy rail, commuter rail, light rail (LRT), streetcars, bus rapid transit (BRT), and ferries, as well as corridor-based bus rapid transit investments that emulate the features of rail. Over the years, the program has helped to make possible dozens of new or extended transit systems across the country. These public transportation investments, in turn, have improved the mobility and quality of life for millions of Americans, provided alternatives to congested roadways, and fostered the development of more economically vibrant communities.

There are three categories of eligible projects under the CIG Program: New Starts, Small Starts, and Core Capacity. New Starts and Core Capacity projects are required by law to go through a three-phase process – Project Development, Engineering, and Construction. Small Starts projects are required by law to go through a two-phase process – Project Development and Construction. As defined in Section 5309, as amended by the IIJA, New Starts projects are those for which the sponsors request $150 million or more in CIG Program funds or have an anticipated total capital cost of $400 million or more. Core Capacity projects are substantial investments in existing fixed-guideway corridors that are at capacity today or will be at capacity within ten years, where the proposed project will increase capacity by not less than ten percent. Small Starts projects are those for which sponsors request less than $150 million in CIG Program funds and have an anticipated total capital cost of less than $400 million.

FTA awards Section 5309 CIG Program funding for a portion of the total project cost, including planning, design, and construction. Federal public transportation law limits New Starts projects to a maximum Section 5309 CIG Program share of 60 percent of the total project cost, while Core Capacity and Small Starts projects are limited to a maximum Section 5309 CIG Program share of 80 percent of the total project cost.

The law requires FTA to evaluate and rate all CIG projects on a set of statutorily defined project justification and local financial commitment criteria found in Section 5309. Projects must receive and maintain a "Medium" or better overall rating to advance through the various phases of the CIG process and be eligible for CIG funding. Ratings are point-in-time evaluations by FTA and

may change as proposed projects proceed through planning and design, when information concerning costs, benefits, financial plans, and impacts is refined. The law does not require FTA to evaluate and rate projects once a construction grant agreement is awarded.

The Expedited Project Delivery Pilot Program
Section 3005(b) of the Fixing America's Surface Transportation (FAST) Act established the EPD Pilot Program, which allows FTA to select up to eight projects for participation in the pilot. Eligible projects include New Starts, Small Starts, and Core Capacity projects that are seeking no more than 25 percent in Federal grant funding, are supported in part through a public-private partnership and will be operated and maintained by an existing public transportation provider. Similar to the requirements for the CIG Program, Section 3005(b)(11) of the FAST Act requires FTA to submit to Congress an annual report on the proposed amount of funding for this pilot program.

This Report provides general information about the CIG and EPD Programs, including the guidelines that the United States Department of Transportation (DOT) uses to make funding recommendations. Table 1 identifies the FY 2026 funding amount recommended for individual CIG projects, with information on each project's cost and funding history, as well as projects that may become ready for a construction grant.

Information Available on the FTA Website
More information on the CIG Program can be found on FTA's website at https://www.transit.dot.gov/CIG. Project profiles are also available on the website in the section labeled "Current Projects" for each of the projects currently in the CIG Program pipeline.

More information on the EPD Pilot Program can be found on FTA's website at https://www.transit.dot.gov/funding/grants/grant-programs/expedited-project-delivery-pilot-program-section-3005b.

A current list and status of CIG and EPD projects in these programs can be found on FTA's website at https://www.transit.dot.gov/funding/grants/grant-programs/capital-investments/capital-investment-grant-cig-dashboard.

General Funding Recommendation and Funding Commitment Guidelines for CIG Projects

- Any project recommended for CIG funding by FTA in the *Annual Report* must meet the project justification, local financial commitment, and process criteria established in Section 5309, and should be consistent with Executive Order 12893, *Principles for Federal Infrastructure Investments*, issued January 26, 1994.
- Funding recommendations are based on the results of the project evaluation process and resulting project justification, local financial commitment, and overall project ratings, as well as considerations, such as project readiness and the availability of CIG funds.

The decision whether to enter into a construction grant agreement is discretionary. Even if FTA decides to proceed with such an agreement, FTA does not sign a construction grant agreement

committing CIG funding until after the project sponsor has demonstrated that its project is ready for such an agreement. This includes assurance that the project's development and design have progressed to the point where its scope, costs, schedule, benefits, and impacts are considered firm and final, the project sponsor has obtained all non-CIG funding commitments, and the project sponsor has completed all critical third-party agreements. Under the longstanding CIG Program framework, FTA establishes a maximum fixed CIG dollar amount upon entry into the Engineering phase for New Starts and Core Capacity projects, or at award of the construction grant agreement for Small Starts projects. Thereafter, the project sponsor assumes the risk for any cost overruns or funding shortfalls that may occur on a project.

The construction grant agreement, called either a Full Funding Grant Agreement (FFGA) for New Starts and Core Capacity projects or a Small Starts Grant Agreement (SSGA) for Small Starts projects, defines the project, including its cost, scope, schedule, and level of service; commits to a maximum level of annual and total CIG financial assistance (subject to Congressional appropriation); establishes the terms and conditions of Federal financial participation; defines the period of time for completion of the project; and helps FTA oversee and the project sponsor manage the project in accordance with Federal law. Upon completion of the payment schedule outlined in an FFGA or SSGA, the CIG funding commitment has been fulfilled. Any additional costs are the responsibility of the project sponsor. FTA works closely with project sponsors to identify and implement strategies for containing capital costs at the level indicated in the executed FFGA or SSGA.

When preparing funding recommendations for the upcoming fiscal year, FTA's priority is to honor the commitments made in existing construction grant agreements. FTA recommends new projects not yet under construction grant agreements for funding only if proposed CIG Program funding levels are sufficient.

Initial planning efforts conducted prior to entry into the first phase of the CIG process are not eligible for CIG funding, but funding may be provided for that work through grants under the Section 5303 Metropolitan Planning Program, the Section 5307 Urbanized Area Formula Program, or Title 23 "flexible funding."

FTA encourages project sponsors to provide an overmatch as a means of funding more projects and leveraging State, local, and private financial resources.

FTA emphasizes that the process of CIG project evaluation and rating is ongoing. As a proposed CIG project proceeds through planning and design, information concerning costs, benefits, financial plans, and impacts is refined and the project rating may be reassessed to reflect new information.

Table 1 - FY 2026 Funding Recommendations for the Capital Investment Grants (CIG) Program and the Expedited Project Delivery (EPD) Pilot Program

		Mode	Total Project Cost	Section 5309 CIG Amount	Section 5309 CIG Share	CIG Funds Allocated/Proposed through FY 2025*	Remaining Funding Needed After FY 2025*	FY 2026 Recommended Funding
Existing New Starts Full Funding Grant Agreements (FFGAs)								$1,357,300,000
Other Projects That May Become Ready for CIG or EPD Funding During FY 2026								$2,409,700,000
Oversight - 1% takedown								$38,050,000
Total								**$3,805,050,000**
Existing New Starts FFGAs								
IL	Chicago, Red Line Extension	HR	$5,750,004,647	$1,973,978,348	34.3%	$1,096,000,000	$877,978,348	$350,000,000
NY	New York, Second Avenue Subway Phase 2	HR	$7,699,030,840	$3,404,883,991	44.2%	$1,253,984,764	$2,150,899,227	$307,300,000
NY-NJ	Secaucus, Hudson Tunnel	CR	$14,576,170,721	$6,880,000,000	47.2%	$1,500,000,000	$5,380,000,000	$700,000,000
Subtotal			$28,025,206,208	$12,258,862,339		$3,849,984,764	$8,408,877,575	$1,357,300,000
Other Projects That May Become Ready for CIG or EPD Funding During FY 2026 (Illustrative List)								$2,409,700,000
CA	Los Angeles, Southeast Gateway Line	LRT						
CA	Sacramento, Downtown Riverfront Streetcar	SC						
FL	Miami Northeast Corridor Rapid Transit Project	CR						
GA	Atlanta, MARTA Rapid Campbellton	BRT						
GA	Atlanta, MARTA Rapid Southlake	BRT						
MD	Montgomery County, Viers Mill Road Flash BRT	BRT						
NC	Chapel Hill, North-South BRT	BRT						
OH	Cincinnati, Reading Road Corridor BRT	BRT						
OH	Columbus, East Main Street BRT	BRT						
OH	Columbus, West Broad Street BRT	BRT						
SC	Charleston, Lowcountry Rapid Transit	BRT						
TX	San Antonio, Advanced Rapid Transit East-West Corridor	BRT						
UT	Salt Lake City, FrontRunner 2X	CR						
VA	Fairfax County Richmond Highway BRT	BRT						
WI	Madison, North-South BRT	BRT						

NOTES:
BRT = Bus Rapid Transit, CR = Commuter Rail, HR = Heavy Rail, LRT = light rail transit, SC = Streetcar
* Amounts subject to change pending approval of proposed FY25 CIG funding allocations

FY 2026 Funding Allocations and Recommendations

FTA is requesting in the FY 2026 President's Budget an appropriation of $2.205 billion for the Section 5309 CIG Program and EPD Pilot Program. When that amount is combined with the $1.600 billion in advance appropriations, there is a combined total of $3.805 billion for the Programs.[1] As noted in Table 1, the proposed distribution of this funding is as follows:

- $1.357 billion for three existing New Starts FFGAs
- $2.410 billion in funding for other New Starts, Core Capacity, Small Starts, and EPD Pilot Program projects that may become ready for a construction grant agreement (e.g., Section 5309 CIG funding) during FY2026; and
- $38.1 million for management and oversight (1.0% of the FY 2026 funding level).

The funding proposed for the existing FFGAs includes the negotiated payment outlined in each FFGA or the amount needed to complete the CIG commitment if the project is in the last year of its payment schedule. The requested funds also support projects in the Expedited Project Delivery Pilot Program.

FTA is proposing funding for New Starts, Core Capacity, Small Starts, and EPD Pilot Program projects that are not yet currently ready for a funding recommendation but might successfully advance and become ready for construction funding in FY 2026. The 15 illustrative projects that may become ready for funding in FY 2026 are captured above in Table 1. By providing projects in the pipeline the potential to advance to construction grant agreements when they are ready, rather than making them wait for the next federal budget cycle to be completed, those projects can advance more quickly and thereby minimize cost escalation and possible financing costs.

Project Evaluation and Ratings

The CIG project evaluation and ratings included in the annual reports are based on a process specified in statute. Section 5309 establishes various criteria on which proposed projects must be evaluated and specifies a five-point rating scale: *High*, *Medium-High*, *Medium*, *Medium-Low*, and *Low*. To advance in the CIG process toward a construction grant agreement, a project must be rated *Medium* or better overall. FTA awards CIG construction grant agreements only once the project sponsor can assure FTA that the proposed project scope, cost estimate, schedule, and budget are firm and reliable, all non-CIG funding commitments are in place, and all critical third-party agreements are completed.

FTA does not require CIG project sponsors to submit information annually for evaluation and rating for the *Annual Report*. Rather, FTA only requires CIG project sponsors to submit information for an updated evaluation and rating of the project for the *Annual Report* if: 1) the project sponsor wants the project to be considered as a candidate for funding; 2) significant

[1] Pursuant to Division J of the IIJA, the potential projects that may receive FY 2026 advance appropriations funding are those that have entered the CIG or EPD programs. As new projects enter the CIG or EPD Programs, the Department updates the relevant congressional committees.

issues have been raised in prior year evaluations that warrant a re-rating; or 3) there has been a significant change to the project since the last evaluation.

Projects can be expected to continue to change as they progress through the CIG process. Hence, the ratings included in this *Annual Report* should not be construed as statements about the ultimate success or failure of those projects. Rather, the ratings provide assessments of the projects' strengths and weaknesses at the point in time when they were rated.

Pursuant to Executive Order (EO) 14154, Unleashing American Energy, FTA will release an updated FY 2026 CIG Annual Report and associated project ratings (Tables 2A and 2B, similar to previous year Annual Reports) once the 2024 CIG Policy Guidance has been updated to remove the social cost of carbon calculation.

Between publication of the FY 2025 *Annual Report* in March 2024, and publication of this report in May 2025, FTA awarded 12 construction grant agreements. In addition, FTA approved four projects into the New Starts Engineering phase. Lastly, three projects entered the New Starts Project Development phase, and five projects entered the Small Starts Project Development phase. There are two Small Starts project pending entry into Project Development phase. These are listed below:

New Starts Projects Awarded Construction Grant Agreements since March 2024

- IL Chicago Red Line Extension
- NJ-NY Secaucus Hudson Tunnels
- NV Las Vegas Maryland Parkway High Capacity Transit
- TX San Antonio VIA Advanced Rapid Transit North/South Corridor

New Starts Project Awarded Construction Grant Agreement under the Expedited Project Delivery (EPD) Pilot Program since March 2024

- CA Los Angeles San Fernando Valley Transit Corridor Phase I

Core Capacity Project Awarded Construction Grant Agreement since March 2024

- NY New York Canarsie Line Power Improvements

Small Starts Projects Awarded Construction Grant Agreements since March 2024

- CA Monterey SURF! Highway 1 Busway and BRT
- CO Denver Colfax Avenue BRT
- IN Indianapolis IndyGo Blue Line Bus Rapid Transit
- MN Rochester Rapid Transit
- UT Salt Lake County Midvalley Connector
- WA Seattle RapidRide I Line

New Starts Projects Approved into Engineering since March 2024

- CA San Francisco Transbay Downtown Rail Extension
- CA San Jose BART Silicon Valley Phase II
- FL Miami Northeast Corridor Rapid Transit Project
- VA Fairfax County Richmond Highway BRT

New Starts Projects that Entered Project Development since March 2024

- MD Montgomery County MD 355 Central BRT
- MO St. Louis Jefferson Alignment MetroLink Expansion Project
- TX Austin Light Rail Phase 1 Project

Small Starts Projects that Entered Project Development since March 2024

- CA Los Angeles Vermont Bus Rapid Transit Project
- MA Boston New Hill Avenue Transit Action Plan
- OH Columbus Northwest Corridor BRT
- OR Portland 82nd Avenue Transit Project
- OR Portland Montgomery Park Transit Project

Small Starts Project Pending Entry into Project Development as of May 2025

- NY Nassau County Nassau Hub Bus Rapid Transit
- OK Oklahoma City MAPS 4 Bus Rapid Transit Corridor