

Annual Report on Funding Recommendations

Fiscal Year 2027

Capital Investment Grants Program and Expedited Project Delivery Pilot Program

Report of the Secretary of Transportation
to the United States Congress
Pursuant to 49 USC 5309(o)(1) and
Section 3005(b)(11) of the Fixing America's Surface Transportation Act

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Introduction

This *Annual Report on Funding Recommendations* is issued by the United States Secretary of Transportation 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 and EPD Programs are authorized under 49 U.S.C. § 5309 (Section 5309) and Fixing America's Surface Transportation (FAST) Act, Section 3005(b), respectively, as amended by the Infrastructure Investment and Jobs Act (IIJA).

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 BRT 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. Under Section 5309, New Starts and Core Capacity projects are required to go through a three-phase process: Project Development, Engineering, and Construction. Section 5309 requires Small Starts projects to go through a two-phase process: Project Development and Construction. As defined in Section 5309, New Starts projects are those for which the project 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 project 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 funding for a portion of the total project cost, including planning, design and construction. By law, New Starts projects are limited to a maximum Section 5309 CIG program share of 60 percent, and Core Capacity and Small Starts projects are limited to a maximum Section 5309 CIG program share of 80 percent of the total project cost.

Section 5309 requires FTA to evaluate and rate all CIG projects on a set of statutorily defined project justification and local financial commitment criteria. 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 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 the EPD 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 2027 funding amount available for CIG and EPD projects with existing Full Funding Grant Agreements (FFGA) or that may become ready for a construction grant in FY 2027.

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 “Current Projects” section 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>.

The 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, 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 an 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 Program 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. Additional CIG funding will not be recommended for the project. 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 prioritizes honoring the commitments made in existing construction grant agreements. New projects not yet under construction grant agreements are recommended for funding only if proposed CIG funding levels are sufficient.

Initial planning efforts conducted prior to entry into the first phase of the CIG process are ineligible for CIG funding, but funding may be provided for that work through grants under the Section 5303 Metropolitan Transportation 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 and local financial resources as well as other Federal financial resources.

FTA emphasizes that the process of 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 2027 Funding Recommendations for the Capital Investment Grants (CIG) Program and the Expedited Project Delivery (EPD) Pilot Program

Existing Full Funding Grant Agreements (FFGAs) and other projects that may become ready for CIG or EPD funding during FY 2027	\$1,202,355,000
Oversight - 1% takedown	\$12,145,000
Total	\$1,214,500,000

The FY 2027 Funding Allocations and Recommendations

The FY 2027 President's Budget requests an appropriation of \$1.215 billion for the Section 5309 CIG Program and the EPD Pilot Program. As noted in Table 1, the proposed distribution of this funding is as follows:

- \$1.202 billion for existing FFGAs and other projects that may become ready for construction funding during FY 2027;
- \$12.15 million for management and oversight (1.0% of the FY 2027 funding level).

On February 3, 2026, Congress made \$1,683 million available for the CIG and EPD programs through the Consolidated Appropriations Act, 2026 (Pub. L. 119-750), and allocated a total of \$3,360.7 million in FY 2026 and prior year funding to current and proposed projects. This included \$1,584.4 million in advanced appropriations provided under IJA for FY 2026, and \$388.8 million in unallocated funds from FY 2025 and prior years. The table of allocations was incorporated by reference in the FY 2026 appropriations act through the joint explanatory statement, which was published in the Congressional Record (172 Cong. Rec. H1740, daily ed. Jan. 22, 2026).

Project Evaluation and Ratings

FTA conducts CIG project evaluations and ratings based on the 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. Receipt of CIG program funding is only awarded once the project sponsor can assure FTA that the proposed project scope, cost estimate, and budget are firm and reliable, all funding commitments are in place, and all critical third-party agreements are completed.

FTA does not require project sponsors to submit information annually for evaluation and rating for the *Annual Report*. Rather, FTA only requires sponsors to submit information for an updated evaluation and rating of the project for the *Annual Report* when: 1) the project sponsor wants the project to be considered as a candidate for a funding recommendation in the President's budget; 2) significant issues have been raised in prior year evaluations that warrant a rerating; or 3) there has been a significant change to the project since the last evaluation.

Often, projects change as they progress through the development process. Hence, the ratings referred to 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 and may change in the future as the projects complete a series of readiness requirements, particularly if there are changes to the project scope or cost.

In conjunction with the publication of this *Annual Report*, FTA has posted detailed project ratings tables formerly included in this *Annual Report* on its website at transit.dot.gov/CIG:

- Summary of FY 2027 CIG Project Ratings (Table 2A);
- Detailed Summary of FY 2027 Local Financial Commitment Ratings for CIG Projects (Table 2B); and
- Detailed Summary of FY 2027 Project Justification Ratings for CIG projects (Table 2C).

The tables present information on CIG projects currently in the Project Development or Engineering phase of the CIG Program, as of the publication of this *Annual Report* and regardless of whether the projects have received a rating. Currently, there are no projects seeking funding under the EPD Pilot Program.