



DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

[FTA-2025-0068]

Notice of Availability of Final Policy Guidance for the Capital Investment Grants Program

AGENCY: Federal Transit Administration (FTA), Department of Transportation (DOT).

ACTION: Notice of availability of final policy guidance for the Capital Investment Grants program.

SUMMARY: The Federal Transit Administration (FTA) is making available the agency's final policy guidance for the Capital Investment Grants (CIG) program. This version amends FTA's CIG Policy Guidance published in December 2024 and incorporates input, as appropriate, FTA received from the public comment on its proposed Policy Guidance published in the *Federal Register* in August 2025. The final guidance has been placed in the docket and posted on the FTA web site. The policy guidance complements FTA's regulations governing the CIG program.

DATES: This final policy guidance is effective immediately. FTA will not exempt projects from following the new amended final CIG policy guidance.

FOR FURTHER INFORMATION CONTACT: Mark Ferroni, FTA Office of Planning and Environment, telephone (202) 366-3233 or mark.ferroni@dot.gov.

SUPPLEMENTARY INFORMATION: This final policy guidance document contains binding obligations, which 49 U.S.C. 5334(k) defines as "a substantive policy statement, rule, or guidance document issued by the Federal Transit Administration that grants rights, imposes obligations, produces significant effects on private interests, or effects a significant change in existing policy." Under 49 U.S.C. 5334(k), FTA may issue binding obligations if it follows applicable rulemaking procedures under 5 U.S.C. 553. Prior to making the amendments announced today, FTA followed such procedures. The policy guidance FTA periodically issues for the CIG program complements the FTA regulations governing the CIG program, codified at

49 CFR part 611. The regulations set forth the process grant applicants must follow to be considered for discretionary grant funding under the CIG program, and the procedures and criteria FTA uses to rate and evaluate projects to determine their eligibility for discretionary CIG program funding. The policy guidance provides a greater level of detail about the methods FTA uses and the sequential steps a sponsor must follow in developing a project.

Pursuant to 49 U.S.C. 5309(g)(5), FTA is required to publish policy guidance for the CIG program each time the agency makes significant changes to the review and evaluation process and criteria, but not less frequently than once every two years. In August 2025, FTA published a notice in the *Federal Register* (90 FR 40465) seeking comment on proposed changes to FTA's CIG Policy Guidance issued in December 2024 (89 FR 102248). The amended Final CIG program policy guidance is being made available today on the agency's public website at <https://www.transit.dot.gov/funding/grant-programs/capital-investments/capital-investment-grants-program-regulations-guidance>, and in the docket at <https://www.regulations.gov/docket/FTA-2025-0068>. Companion documents to the CIG Policy Guidance such as reporting instructions, CIG reporting templates, and standard cost category worksheets will be updated and will also be posted on the FTA website at a future date. Until such time, project sponsors should continue to use the reporting instructions, CIG reporting templates, and standard cost category worksheets dated January 2025.

Response to Comments

FTA received comments from 16 respondents on the proposed policy guidance for the CIG program. Four of the 16 respondents were transit agencies. FTA received six comments from interest groups or policy organizations, five comments from individuals, and one comment from an anonymous respondent. One of the comments was submitted to a separate docket for FTA's Request for Information Concerning the Capital Investment Grants Program (FTA-2025-0069). FTA is partially responding to that comment in this Notice because a portion of the comment relates to FTA's environmental benefits proposal.

Environmental Benefits

Regarding the proposed changes to the calculation of environmental benefits in the proposed policy guidance, roughly half of the 16 respondents supported the change. Many of these commenters expressed support for the proposed methodology, stating it would result in a simpler and more streamlined evaluation of environmental benefits, reduce administrative burden, and expedite the CIG process. Some commenters specifically criticized the existing vehicle miles traveled (VMT)-based methodology, noting it is complex, subject to varied interpretations, data-intensive, complicated, and burdensome. One of these commenters additionally requested FTA continue working with the industry in the future regarding the environmental benefits methodology. Two of these commenters argued the proposed methodology would capture air quality improvements and reduced emissions without the need to use a complex methodology. An additional commenter supported the removal of the social cost of carbon, arguing the metric is deeply flawed and artificially inflates the dollar value of reducing greenhouse gas emissions. It also noted the underlying statute governing the CIG program does not require consideration of carbon emissions or the social cost of carbon.

Two commenters requested FTA modify its proposal by assigning a "Medium-High" rating for projects located in areas formerly designated as nonattainment but that have since achieved attainment through local planning and policy decisions, suggesting FTA should reward

projects in such areas. One of these commenters stated it nevertheless supported FTA's measure as proposed, as it believed resolution of the issue may stand in the way of FTA allocating CIG funding and making funding recommendations in the FY26 CIG report to Congress.

Response: FTA appreciates the comments supporting the proposal and agrees the new methodology will reduce burden and complexity for project sponsors. We agree with the suggestion to work with the industry in the future to "capture the specific environmental benefits of public transportation projects" without unduly burdening project sponsors with overly complex analysis. To clarify, however, FTA is not adopting the suggestion to assign a "Medium-High" rating for maintenance areas (*i.e.*, areas formerly designated nonattainment but have since achieved attainment) as suggested because FTA proposed to assign a "High" rating to such areas. The proposed methodology therefore already rewards areas formerly in nonattainment and that have since achieved attainment.

Of the multiple respondents in support of the change, one respondent suggested FTA clarify in the final policy guidance how a project will be rated when a project crosses more than one geographic area which may have varying air quality designations. The commenter requested FTA clarify that projects located either wholly or partially within maintenance or nonattainment areas will receive a "High" rating for the environmental benefits criterion.

Response: FTA agrees with this commenter because we recognize that an eligible CIG project may traverse areas with different air quality designations, perhaps by crossing urban area boundaries or even State lines. This might create confusion as to which specific air quality designation will be applied. In response, FTA will modify the environmental benefits measure language in the CIG Policy Guidance to read as follows:

Measure

FTA evaluates and rates the environmental benefits criterion for New Starts projects based on the EPA air quality designation given to the geographic area(s) in which the project is located for the transportation-related criteria pollutants, carbon monoxide (CO),

nitrogen dioxide (NO₂), ozone (O₃) (2015 standard), and particulate matter (PM_{2.5}) (2012 standard). This information is readily obtained from the EPA Green Book (<https://www.epa.gov/green-book>). Projects located wholly or partially in areas designated as nonattainment or maintenance for any of the four criteria pollutants will receive a High rating, and projects located wholly in areas designated as attainment in all four criteria pollutants will receive a Medium rating.

About half of the 16 commenters opposed FTA's proposal, one of whom expressed general opposition without providing a reason. Some commenters voiced concerns about the removal of the social cost of carbon, including concerns the change would negatively affect the evaluation of environmental impacts and that the social cost of carbon was an important metric to include in the analysis. One commenter opposed the elimination of VMT-based metrics, noting VMT is a valuable measure of the cost-effectiveness of a proposed project.

Response: FTA disagrees with these commenters because the social cost of carbon calculation is complex and depends heavily on assumed unit values, some of which are arbitrary and may vary over time. There is not consistent agreement that the social cost of carbon is a reliable metric in climate policy. The use of the social cost of carbon measure may lead to unsubstantiated policy decisions, which exceeds the marginal practical benefit of using the social cost of carbon in rating CIG projects. In addition, FTA disagrees that the VMT-based metric should be retained to measure the cost-effectiveness of a project. The cost-benefit of a CIG project is already captured in the collective evaluation of all six Project Justification criteria, one of which is cost-effectiveness.

One of the commenters opposed to the proposal provided legal arguments in support of opposing the proposal. First, the commenter argued the statute governing the CIG program at 49 U.S.C. 5309(d)(2)(A)(iii), (e)(2)(A)(iv), and (h)(4) requires FTA to conduct a "comprehensive review" of the environmental effects of the project. It stated further that for Core Capacity Projects, 49 U.S.C. 5309(e)(2)(B) requires FTA to evaluate, analyze, and consider whether the

project will improve environmental outcomes, and that for Small Starts Projects, 49 U.S.C. 5309(h)(4) requires FTA to analyze, evaluate, and consider environmental benefits as compared to a no-action alternative. The commenter contended FTA's proposal falls short of these statutory requirements because it would entail an oversimplified analysis requiring no "real analytical work" on the part of FTA.

Response: FTA disagrees its proposed approach is inconsistent with statute. As detailed in FTA's CIG policy guidance, FTA conducts a comprehensive project justification evaluation during the entry to engineering and construction grant phases, as applicable, of the proposed CIG project. This assessment gives due consideration to all six project justification criteria required by statute to determine a project's overall project justification rating comprehensively.

The commenter mischaracterizes the statutory requirements regarding FTA's CIG project justification evaluation. Sections 49 U.S.C. 5309(d)(2)(A)(iii), (e)(2)(A)(iv), and (h)(4) do not require FTA to evaluate a project's environmental "effects," but rather its environmental "benefits." Environmental effects are comprehensively addressed through the National Environmental Policy Act (NEPA) (42 U.S.C. 4321 *et seq.*) process which, by statute, must be satisfied during the Project Development stage of a CIG project (49 U.S.C. 5309(d)(2)(A), (e)(2)(A), and (h)(2)(B)).

The proposed methodology utilizing the EPA's National Ambient Air Quality Standards (NAAQS) designation serves as a basis for FTA to evaluate, analyze, and consider the environmental benefits of the applicable CIG project appropriately. One of the most distinguishable environmental benefits of public transportation is a reduction in transportation-related criteria pollutants under the Clean Air Act. FTA's proposed methodology assigns a higher rating to projects located in nonattainment areas, which have lower air quality as determined by the transportation-related criteria pollutants, carbon monoxide (CO), nitrogen dioxide (NO₂), ozone (O₃), or particulate matter (PM_{2.5}), and therefore are areas where reduced criteria pollutant emissions would be most beneficial. This methodology addresses and compares

the environmental benefits to a no-action alternative because the non-attainment designation for the area provides the baseline for the no-action alternative: unacceptable levels of one or more criteria pollutants. The addition of transit projects shifts users from personal automobiles to public transportation systems, which accordingly leads to a reduction in transportation-related criteria pollutants.¹ As noted by other commenters in this docket, this methodology effectively identifies proposed projects expected to improve environmental outcomes without engaging in a burdensome and overly complex analysis.

Second, the commenter argued FTA's proposal is not supported by evidence, stating FTA has not provided sufficient justification for why assessing a project's NAAQS designation is relevant for the evaluation of the project's environmental benefits and has not provided evidence of project sponsors having difficulty with VMT calculations. The commenter stated further that comments on FTA's 2024 proposed CIG policy guidance requesting a simplified environmental benefits process specifically sought priority for electric vehicle fleets, and FTA's proposal would not achieve this.

Response: FTA disagrees the proposal is not supported by evidence, and it discusses the relevance of the NAAQS designation in the response above. As explained in its proposal, FTA proposed reverting to a previous methodology FTA utilized before 2013. FTA has years of experience implementing both methodologies and, after thorough consideration, has determined the VMT-based methodology is unnecessarily burdensome and complex. As FTA further explained, the proposal was also informed by comments received on FTA's April 2024 CIG policy guidance, which are publicly available in the corresponding docket. Several of these comments expressed frustration with the complexity and difficulty of applying the current environmental benefits measure and voiced a desire for FTA to simplify it. FTA's proposal is responsive to those concerns. In addition, as discussed above, several comments in this docket

¹ See, e.g. Congressional Budget Office, "Emissions of Carbon Dioxide in the Transportation Sector," <https://www.cbo.gov/publication/58861>.

noted the VMT-based calculation is overly complex, burdensome, and subject to differing interpretations. FTA agrees with these commenters and believes the proposed methodology achieves an appropriate balance of capturing environmental benefits and reducing complexity and burden.

Finally, the commenter urged FTA to continue utilizing a social cost of greenhouse gas measure because removal of this metric leaves no method for calculating climate change impacts, further arguing FTA is required by statute to analyze this factor. The commenter noted that although the Interagency Working Group's (IWG) social cost of carbon measure was withdrawn by Executive Order, alternative measures remain available, such as social cost of carbon estimates from the Environmental Protection Agency (EPA).

Response: FTA disagrees that modifying the methodology is contrary to statute. The statute does not require consideration of "climate change." The statute requires consideration of a project's "environmental benefits" which, as discussed above, FTA would achieve through its proposed methodology.

As explained in FTA's proposal, this change is consistent with the direction in Executive Order (E.O.) 14154, "Unleashing American Energy," OIRA's "Guidance Implementing Section 6 of Executive Order 14154, Entitled 'Unleashing American Energy,'" (OIRA's Guidance), and DOT Order 2100.7, "Ensuring Reliance Upon Sound Economic Analysis in Department of Transportation Policies, Programs, and Activities." Section 6(b) of E.O. 14154 withdraws guidance issued by the Interagency Working Group (IWG), including the Technical Support Document of February 2021, as it is no longer representative of governmental policy. Further, Section 6(c) of E.O. 14154 and DOT Order 2100.7 state the "calculation of the 'social cost of carbon' is marked by logical deficiencies, a poor basis in empirical science, politicization, and the absence of a foundation in legislation." OIRA's Guidance also limits applying the social cost of carbon to uses where it is statutorily required and directs agencies to remove its consideration from discretionary regulatory language "as quickly as feasible."

FTA is adopting the proposed methodology for evaluating environmental benefits, with the one modification in response to comments to clarify how projects that cross more than one geographic area will be rated, as discussed above.

Urgent Care Facilities

Six respondents commented on the proposal to remove urgent care facilities from the access to essential services measure under the CIG land use criterion. One commenter expressed concern about removing the consideration of urgent care centers generally. Two commenters supported the proposal, given the Homeland Infrastructure Foundational-Level Data (HIFLD) on urgent care centers is no longer available. Two commenters noted that after FTA published its proposal, the Department of Homeland Security (DHS) announced the discontinuation of the entire HIFLD data set. These commenters noted that access to essential services is still a valuable measure and suggested FTA use the United States Census Bureau's North American Industry Classification System (NAICS) to identify essential services in a project corridor for future grant cycles. One commenter supported the removal of urgent care centers from the evaluation but requested FTA modify the corresponding breakpoints because removing urgent care centers would result in fewer average essential services per station area.

Response: FTA appreciates the comments acknowledging the HIFLD data has been discontinued since FTA published its proposal in the *Federal Register*. As noted in the HIFLD website (<https://hifld-geoplatform.hub.arcgis.com/pages/a6a99fd33af64ed9bc51e55760123a82>), DHS has made available a crosswalk spreadsheet providing a list of affected layers and links. Because the HILFD data are no longer available, it would be challenging at this time for FTA to evaluate potential changes to the current breakpoints. We therefore decline to adopt revised breakpoints, as suggested. FTA further notes that urgent care centers were one of five types of facilities in the access to essential services element rating, the access to essential services element is one of five measures in the land use criterion rating, and land use is one of six project justification criteria. This results in essential services making up 1.67 percent of an Overall

Project Rating of 100 percent. FTA will look further into the NAICS data set to see if it can be incorporated into future policy guidance revisions. Until such time, FTA is adopting the removal of urgent care facilities from the access to essential services element under the land use criterion as proposed. Given the loss of the data source there is no way project sponsors can comply with the reporting instructions if FTA does not do so.

Other Comments

Two comments were outside the scope of the proposal. These included a request for FTA to explore other opportunities to streamline and improve the CIG process and one comment voicing concern about the cost of transit projects in general.

Response: FTA appreciates the comments but notes they are outside the scope of the proposal. Accordingly, FTA is not responding to them in this Notice.

Two commenters urged FTA to finalize the proposed policy guidance quickly, due to the need for FTA to move forward with CIG project ratings, allocate CIG funding, and make project recommendations for the FY26 CIG Annual Report to Congress.

Response: FTA appreciates the commenters' understanding of the need to advance the rating and funding recommendation process to ensure projects which are ready to advance and receive construction grants are able to do so to meet the needs of their communities. FTA agrees with this need and is therefore adopting this guidance with an immediate effective date.

Good Cause for Immediate Effective Date

Pursuant to 49 U.S.C. 5334(k), FTA must follow applicable rulemaking procedures under section 553 of the Administrative Procedure Act (APA), 5 U.S.C. 551, *et seq.*, before issuing a statement imposing a binding obligation on recipients. The APA generally requires publication or service of a substantive rule not less than 30 days before its effective date except "as otherwise provided by the agency for good cause found and published with the rule." 5 U.S.C. 553(d)(3).

In accordance with 5 U.S.C. 553(d)(3), FTA finds good cause to publish this guidance with an immediate effective date because a 30-day delayed effective date would significantly impair FTA's ability to execute its statutory duties with respect to the CIG program. Due to the revocation of estimates of the social cost of carbon by E.O. 14154, FTA is unable to evaluate the environmental benefits of CIG projects, as required by 49 U.S.C. 5309(d), (e), and (h), until the CIG Policy Guidance goes into effect. Accordingly, further delaying the effective date of the

guidance would impede FTA’s ability to complete CIG project ratings, report funding recommendations, and allocate CIG funding as quickly as possible. Without completing such ratings, FTA is unable to publish funding recommendations in the FY26 CIG annual report to Congress, as required by 49 U.S.C. 5309(o)(1)(B). A delayed effective date therefore would seriously impede FTA’s ability to comply with its statutory obligations in a timely manner. An immediate effective date is further supported by commenters requesting FTA act quickly to finalize the policy guidance, as discussed in the Response to Comments above.

Executive Order 14192 (Deregulatory Action)

E.O. 14192 (“Unleashing Prosperity Through Deregulation”) requires for “each new [E.O. 14192 regulatory action] issued, at least 10 prior regulations be identified for elimination.” This final rule is considered an E.O. 14192 deregulatory action with unquantified cost savings resulting from more streamlined evaluation of environmental benefits, reduce administrative burden, and an expedited CIG process.

Marcus J. Molinaro,

Administrator.

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