



DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

49 CFR Part 633

[Docket No. FTA-2025-0010]

RIN 2132-AB59

Project Management Oversight

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

ACTION: Final rule.

SUMMARY: This final rule modifies the applicability of project management oversight by raising the total cost and Federal investment thresholds to align with the statutory thresholds for Small Starts projects under FTA's Capital Investment Grant program.

DATES: This rule is effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

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I. Executive Summary

This final rule amends the Project Management Oversight (PMO) regulation at 49 CFR part 633. The rule modifies the applicability of project management oversight by raising the total cost threshold from \$300 million to \$400 million and the Federal investment threshold from \$100 to \$150 million, to align with the statutory thresholds for Small Starts projects under FTA's Capital Investment Grant (CIG) program. This amendment reduces the number of projects subject to project management oversight requirements and therefore reduces regulatory burden.

A. Statutory Authority

This rulemaking is issued under the authority of 49 U.S.C. 5327, which requires the Secretary to conduct oversight of major capital projects and to promulgate a rule for that purpose that includes a definition of major capital project to delineate the types of projects governed by the rule.

B. Background

Recognizing a compelling need to strengthen the management and oversight of major capital projects, in the Surface Transportation and Uniform Relocation Assistance Act of 1987 (STURAA) (Pub. L. No. 100-17) (April 2, 1987), Congress authorized FTA's predecessor agency, the Urban Mass Transportation Administration (UMTA), to conduct oversight of major capital projects and to promulgate a rule for that purpose. The statute, now codified at 49 U.S.C. 5327, authorizes FTA to obtain the services of project management oversight contractors (PMOCs) to assist FTA in overseeing the expenditure of Federal financial assistance for major capital projects. Further, the statute requires FTA to promulgate a regulation that includes a definition of "major capital project" to identify the types of projects governed by the rule.

Accordingly, UMTA promulgated a rule for oversight of major capital projects on September 1, 1989, at 49 CFR part 633 (54 FR 36708). At that time, the average total cost of CIG projects was \$266 million (not adjusted for inflation). The UMTA regulation defined “major capital project” as any project for the construction of a new fixed guideway or extension of an existing fixed guideway or a project involving the rehabilitation or modernization of an existing fixed guideway with a total project cost of \$100 million or more. The rule limited covered projects to those receiving funds made available under sections 3, 9, or 18 of the Urban Mass Transportation Act of 1964, as amended; 23 U.S.C. 103(e)(4); or section 14(b) of the National Capital Transportation Amendments of 1979.

By 2011, the annual dollar value of the Federal transit capital programs was nearly five times the level authorized under STURAA in 1987, and the number of active PMOC task orders was more than double the number in 1987. Furthermore, FTA funded a larger number of projects with a total cost of more than one billion dollars that presented significant oversight challenges. On September 13, 2011, FTA published a notice of proposed rulemaking (NPRM) (76 FR 56378) that proposed to: (1) enable FTA to identify the necessary management capacity and capability of a sponsor of a major capital project more clearly; (2) spell out the many facets of project management that must be addressed in a project management plan; (3) tailor the level of FTA oversight to the costs, complexities, and risks of a major capital project; (4) set forth the means and objectives of risk assessments for major capital projects and; (5) articulate the roles and responsibilities of FTA’s PMOCs.

After the NPRM was published, however, the Moving Ahead for Progress in the 21st Century Act (MAP-21) (Pub. L. 112-141) (July 6, 2012) expanded the scope of the project management oversight requirements to cover major capital projects for public transportation under any provision of Federal law. Moreover, MAP-21 shifted the

initiation of project management oversight to the project development phase and removed the statutory requirement that recipients of financial assistance for projects with a total cost of \$1 billion submit an annual financial plan. Given the fundamental changes to the project management oversight requirements and scope, FTA withdrew the NPRM (78 FR 16460) to reexamine its proposed definition of major capital project and its policy and procedures for risk assessment. Subsequently, the Fixing America's Surface Transportation (FAST) Act (Pub. L. 114-94) (December 4, 2015) further amended 49 U.S.C. 5327 to limit project management oversight to quarterly reviews, absent a finding that more frequent oversight was necessary, and mandated that the Secretary prescribe regulations outlining a process for at-risk recipients to return to quarterly reviews.

FTA has become much more knowledgeable about the risks common to major capital projects, having conducted its own risk assessments since 2005, witnessed some project sponsors' lack of management capacity and capability and appropriate project controls for some projects, and studied the reasons for cost and schedule changes on many major capital projects. Consequently, on September 23, 2020, following a notice of proposed rulemaking (84 FR 44590) and an opportunity for comment, FTA published a final rule (85 FR 59672) that changed the applicability of the regulation by shifting the definition of a "major capital project" from one based on the type of project or total project cost to one based on both the amount of Federal financial assistance and the total project cost, which FTA views as a more appropriate benchmark than the type of project or total capital cost of a project alone.

The rule applied a project cost threshold to all fixed guideway capital projects. As a default, the rule raised the total project cost threshold to \$300 million or more and required that the project receive \$100 million or more in Federal investment to be subject to project management oversight. A key consideration for selecting these thresholds was that they reflect the thresholds Congress chose to distinguish Small Starts projects from New Starts projects in the CIG program. New Starts projects have more steps to complete in the CIG process and tend to be more complex, potentially requiring more oversight. Reducing the number of lower-risk Small Starts projects undergoing project management oversight allows FTA to focus on higher-risk New Starts projects while yielding annual cost savings to FTA and its recipients.

Subsequently, the Infrastructure Investment and Jobs Act (Pub. L. 117–58; November 15, 2021) amended 49 U.S.C. 5309 to raise the thresholds for Small Starts projects in the CIG program to \$400 million or more in total costs and \$150 million or more in Federal investment. Accordingly, through this rulemaking, FTA amends the definition of “major capital project” under 49 CFR 633.5 to align with these statutory thresholds, consistent with the rationale in its 2020 final rule.

C. Summary of Provisions

FTA amends the definition of “major capital project” in 49 CFR 633.5 by raising the total cost and Federal investment thresholds to match those established for Small Starts projects under 49 U.S.C. 5309. The current regulation defines the term as a project to construct, expand, rehabilitate, or modernize a fixed guideway of \$300 million or more that receives \$100 million or more in Federal financial assistance. This final rule raises the thresholds to \$400 million and \$150 million, respectively.

II. Notice of Proposed Rulemaking and Response to Comments

FTA issued an NPRM for PMO on July 1, 2025 (90 FR 28690). The public comment period for the NPRM closed on September 2, 2025. FTA received two

comment submissions to the rulemaking docket. Commenters included a large public transportation agency and a major transit industry association. FTA reviewed all relevant comments and took them into consideration when developing the final rule.

Comments: Both commenters expressed support for raising the total cost threshold for project management oversight. The public transportation agency articulated its general support of the proposed modifications to raise the total cost and Federal investment thresholds to match those established for Small Starts projects, noting that the costs of public transportation projects has increased significantly post-COVID 19. The commenter also expressed its support for FTA to further increase the proposed thresholds to account for inflation and other factors impacting project costs.

The industry association asserted its strong support for modernizing the definition of “major capital project” to reduce the number of lower-risk projects undergoing project management oversight and allow FTA to focus its oversight on higher-risk projects. However, the commenter urged FTA to raise the total cost threshold for project management oversight to \$500 million and to eliminate the Federal investment threshold to bring FTA’s regulation into parity with the Federal Highway Administration’s (FHWA) oversight threshold for major capital projects. The commenter also recommended that FTA decrease the frequency of reviews for major capital projects to an annual process, instead of the current quarterly review process.

FTA response: FTA appreciates the support from both commenters to amend the definition of “major capital project” to reduce unnecessary oversight of lower-risk projects. With regard to the request to raise the total project cost threshold to \$500 million, FTA declines to adopt the suggestion. FTA selected the \$400 million total cost threshold and \$150 million Federal assistance threshold to reflect the thresholds Congress chose to distinguish Small Starts projects from New Starts projects in the CIG program. New Starts projects tend to be more complex, potentially requiring more oversight,

whereas Small Starts projects tend to be lower-risk and generally require less oversight.

FTA also declines to remove the amount of Federal financial assistance threshold from the definition of “major capital project.” The statutory thresholds that distinguish Small Starts projects from New Starts projects include both Federal financial assistance and total project cost components, which FTA views as a more appropriate benchmark for oversight than total cost alone. FTA notes that it retains its authority under 49 CFR § 633.19 to determine on a case-by-case basis that, regardless of total project costs or amount of Federal investment, certain projects should not be subject to project management oversight based on an assessment of risk.

Regarding the suggestion to reduce the amount of oversight from quarterly to annual reviews, FTA declines because this would require legislation to amend 49 U.S.C. § 5327(d)(1)(B).

III. Regulatory Analyses and Notices

Executive Order (E.O.) 12866 and E.O. 13563 (Regulatory Review)

E.O. 12866 (“Regulatory Planning and Review”), as supplemented by E.O. 13563 (“Improving Regulation and Regulatory Review”), directs Federal agencies to assess the benefits and costs of regulations and to select regulatory approaches that maximize net benefits when possible. OMB has determined the final rule is not significant within the meaning of E.O. 12866 and has not reviewed the rule under that order.

Project management oversight requirements apply to all major capital projects. The current definition of a “major capital project” includes all projects involving the construction, expansion, rehabilitation, or modernization of a fixed guideway with a total project cost of \$300 million or more and \$100 million or more in Federal investment. The final rule increases the total project cost threshold to \$400 million and the Federal investment threshold to \$150 million.

Removing project management oversight from projects with total costs between

\$300 and \$400 million and Federal investment between \$100 million and \$150 million may increase the risk of materially exceeding budget or falling behind schedule for some projects; however, the potential negative impacts are not quantifiable. First, it is not the case that project management oversight eliminates the risk of cost or schedule overruns, nor that the lack of project management oversight necessarily implicates a high risk of such overruns.

Second, falling under the total cost and Federal investment thresholds does not preclude a project from receiving project management oversight. Section 633.5(e)(2) allows the Administrator to determine on a case-by-case basis that certain projects should be subject to project management oversight based on an assessment of risk, which would include an analysis of the likelihood of budget and schedule overruns. Of the 33 CIG projects currently in construction, FTA utilized this provision to designate six as major capital projects based on this risk assessment to receive additional oversight.

The final rule results in cost savings for recipients and for FTA by reducing the number of capital projects subject to project management oversight. Removing the oversight requirements reduces labor hours for oversight procedures, which include attending meetings, preparing quarterly reports and other requested documents, and accompanying contractors at project construction sites.

At the time of NPRM publication, there were 59 CIG and formula-funded major capital projects for public transportation subject to project management oversight. There are currently 65 such projects. Twenty of those projects have total costs between \$300 million and \$400 million or Federal investments between \$100 million and \$150 million. Eight of the projects between the existing and new thresholds have received grant agreements and are in construction. Those projects were not impacted by the new thresholds under this final rule. However, the remaining 12 projects still in project development no longer meet the definition of major capital project and are not subject to

project management oversight requirements under this final rule.

In 2020, FTA estimated that the oversight required approximately one FTE (full-time equivalent) of recipient time (2,080 hours) and 0.5 FTE of FTA staff time (1,040 hours) per project per year. Removing oversight requirements for 12 projects annually results in annual savings of 24,960 hours for recipients and 12,480 hours for FTA staff.

To estimate cost savings for project sponsors, FTA used May 2024 occupational wage data from the Bureau of Labor Statistics, the latest available as of May 2025, in the “Transit and Ground Passenger Transportation” industry (North American Industry Classification System code 485000).¹ To estimate the wages of agency staff completing the auditing requirements, FTA used the “General and Operations Managers” job category (code 11-1021). FTA used median hourly wages (\$42.45) as a basis for the estimates, multiplying the wages by 1.62 ($\$42.45 \times 1.62 = \68.69) to account for employer benefits.²

To estimate cost savings for FTA, FTA estimated an hourly wage of \$64.06 for oversight staff, based on the hourly wage rate for Federal GS (General Schedule) employees at step 5 of the GS-13 grade level in the Washington, D.C. locality pay area.³ The hourly rate was then multiplied by 1.62 to account for employer benefits ($\$64.06 \times 1.62 = \103.65).

The final rule results in annual cost savings of \$3.0 million (24,960 recipient hours \times \$68.69 + 12,480 FTA hours \times \$103.65) in undiscounted 2024 dollars, \$2.5 million at a three percent discount rate (discounted to 2024), and \$2.0 million at a seven

¹ Bureau of Labor Statistics, “May 2024 National Occupational Employment and Wage Estimates: United States: NAICS 485000—Transit and Ground Passenger Transportation,” (2025), available at: <https://data.bls.gov/oes/#/industry/485000>

² Multiplier derived using Bureau of Labor Statistics data on employer costs for employee compensation in December 2024 (<https://www.bls.gov/news.release/ecec.htm>). Employer costs for State and local government workers averaged \$63.46 an hour, with \$39.22 for wages and \$24.23 for benefit costs. To estimate full costs from wages, one would use a multiplier of $\$63.46/\39.22 , or 1.62.

³ Office of Personnel Management, “Salary Table 2024-DCB” (2023), available at: https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2024/DCB_h.pdf

percent discount rate over the ten year period from 2026 to 2036. In addition, there will be cost savings for future FTA projects between \$300 million and \$400 million in total cost or \$100 million and \$150 million in Federal investment, that would have otherwise been subject to project management oversight under the current thresholds. However, because projects under the CIG and formula programs comprise a broad range of complexity, total costs, and amounts of Federal investment and vary from year to year, FTA is not attempting to quantify them.

Executive Order 14192 (Deregulatory Action)

E.O. 14192 (“Unleashing Prosperity Through Deregulation”) requires that for “each new [E.O. 14192 regulatory action] issued, at least ten prior regulations be identified for elimination.” Implementation Guidance for E.O. 14192, issued by OMB (Memorandum M-25-20, March 25, 2025) defines an E.O. 14192 deregulatory action as “an action that has been finalized and has total costs less than zero.” This final rule is expected to have total costs less than zero, and therefore is expected to be an E.O. 14192 deregulatory action.

Regulatory Flexibility Act

The Regulatory Flexibility Act of 1980 (RFA) (5 U.S.C. 601 *et seq.*) requires Federal agencies to assess the impact of a regulation on small entities unless the agency determines that the regulation is not expected to have a significant economic impact on a substantial number of small entities.

This final rule does not change any requirements for small entities, as no small entities are pursuing public transportation projects with a total cost between \$300 and \$400 million based on FTA data. All agencies with projects that meet the relevant total cost threshold are in areas with populations above the 50,000 population threshold for small government entities.

FTA therefore certifies that the final rule does not have a significant effect on a

substantial number of small entities, as there is no impact on any small entities.

Unfunded Mandates Reform Act of 1995

FTA has determined that this final rule does not impose unfunded mandates, as defined by the Unfunded Mandates Reform Act of 1995 (Pub. L. 104-4, March 22, 1995). This rule does not include a Federal mandate that may result in expenditures of \$100 million or more in any one year, adjusted for inflation, by State, local, and tribal governments in the aggregate or by the private sector.

Executive Order 13132 (Federalism Assessment)

E.O. 13132 requires agencies to assure meaningful and timely input by State and local officials in the development of regulatory policies that may have a substantial direct effect on the States, on the relationship between the National Government and the States, or on the distribution of power and responsibilities among the various levels of government. This action has been analyzed in accordance with the principles and criteria contained in E.O. 13132, dated August 4, 1999, and FTA determined this action will not have a substantial direct effect or sufficient federalism implications on the States. FTA also determined this action will not preempt any State law or regulation or affect the States' ability to discharge traditional State governmental functions.

Executive Order 12372 (Intergovernmental Review)

The regulations implementing E.O. 12372 regarding intergovernmental consultation on Federal programs and activities do not apply to this rulemaking.

Paperwork Reduction Act

In compliance with the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) (PRA), and the White House Office of Management and Budget's (OMB) implementing regulation at 5 CFR 1320.8(d), FTA will not seek a revision to an approved OMB information collection 2132-0584 as there is no change in burden or cost associated with this new regulatory action.

National Environmental Policy Act

The Department has analyzed the environmental impacts of this rulemaking pursuant to the National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321 *et seq.*). FTA has determined that this rule is categorically excluded pursuant to 23 CFR 771.118(c)(4). Categorical exclusions are categories of actions that the agency has determined normally do not significantly affect the quality of the human environment and, therefore, do not require either an environmental assessment (EA) or environmental impact statement (EIS). See DOT Order 5610.1D § 9. In analyzing the applicability of a categorical exclusion, the agency must also consider whether extraordinary circumstances are present that would warrant the preparation of an EA or EIS. *Id.* § 9(b). This rulemaking, which reduces the regulatory burden on grant recipients by reducing the number of projects subject to project management oversight, is categorically excluded pursuant to 23 CFR 771.118(c)(4): “[p]lanning and administrative activities not involving or leading directly to construction, such as: promulgation of rules, regulations, directives, or program guidance.” FTA does not anticipate any environmental impacts, and there are no extraordinary circumstances present in connection with this rulemaking.

Executive Order 13175 (Tribal Consultation)

FTA has analyzed this final rule under E.O. 13175, dated November 6, 2000, and it will not have substantial direct effects on one or more Indian Tribes; will not impose substantial direct compliance costs on Indian Tribal governments; and will not preempt Tribal laws. Therefore, a Tribal summary impact statement is not required.

Executive Order 13211 (Energy Effects)

FTA has analyzed this action under E.O. 13211, Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use. FTA has determined this action is not a significant energy action under that order and is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a

Statement of Energy Effects is not required.

Privacy Act

Anyone can search the electronic form of all comments received into any of our dockets by the name of the individual submitting the comment (or signing the comment, if submitted on behalf of an association, business, labor union, etc.). You may review DOT's complete Privacy Act Statement in the Federal Register at 65 FR 19477 (April 11, 2000).

Regulation Identifier Number

A Regulation Identifier Number (RIN) is assigned to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. The RIN contained in the heading of this document can be used to cross-reference this final rule with the Unified Agenda.

List of Subjects in 49 CFR Part 633

Government contracts, Grant programs—transportation, Mass transportation, Reporting and recordkeeping requirements.

In consideration of the foregoing, and under the authority of 49 U.S.C. 5327 and 5334, and the delegation of authority at 49 CFR 1.91, the Federal Transit Administration amends title 49, Code of Federal Regulations, part 633, as set forth below:

PART 633—PROJECT MANAGEMENT OVERSIGHT

1. The authority citation for part 633 is revised to read as follows:

Authority: 49 U.S.C. 5327; 49 U.S.C. 5334; 49 CFR 1.91.

2. Amend § 633.5, by revising the definition for “FTA” and adding the definition, in alphabetical order, for “Major capital project” to read as follows:

§ 633.5 Definitions.

* * * * *

FTA means the Federal Transit Administration.

Major capital project, except as provided in § 633.19, means a project that:

(1) Involves the construction, expansion, rehabilitation, or modernization of a fixed guideway that:

(i) Has a total project cost of \$400 million or more and receives Federal funds of \$150 million or more; and

(ii) Is not exclusively for the acquisition, maintenance, or rehabilitation of vehicles or other rolling stock; or

(2) The Administrator determines to be a major capital project because project management oversight under this part will benefit the Federal government or the recipient, and the project is not exclusively for the acquisition, maintenance, or rehabilitation of rolling stock or other vehicles. Typically, this means a project that:

(i) Involves new technology;

(ii) Is of a unique nature for the recipient; or

(iii) Involves a recipient whose past record indicates the appropriateness of extending project management oversight under this part.

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Issued in Washington, D.C., under authority delegated in 49 CFR 1.91.

Jamie Pfister,

Acting Executive Director.

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