



DEPARTMENT OF TRANSPORTATION

Federal Transit Administration

[FTA-2026-0331]

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

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

ACTION: Notice; request for comments.

SUMMARY: This notice requests comment on FTA's revised policy guidance for the Capital Investment Grants (CIG) program. The CIG Policy Guidance provides an overview of CIG project types and the CIG process from project initiation to construction grant award. The proposed revisions are intended to streamline the CIG process, improve accountability of CIG project sponsors, and improve overall readability of the policy guidance. The proposals incorporate suggestions FTA received in response to its Request for Information published on August 19, 2025. The final CIG Policy Guidance, when published on the FTA website, is to be effective immediately; no grandfathering will be allowed for any projects currently in the CIG pipeline.

DATES: Comments must be received on or before [INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Late-filed comments will be considered to the extent practicable.

ADDRESSES: You may submit comments to DOT docket number FTA-2026-0331 by any of the following methods:

- Federal eRulemaking Portal: <https://www.regulations.gov>. Follow the online instructions for submitting comments using the docket number above.

- U.S. Mail: Docket Management Facility, U.S. Department of Transportation, 1200 New Jersey Avenue S.E., West Building, Room W58-213, Washington, D.C. 20590–0001.
- Hand Delivery or Courier: U.S. Department of Transportation, 1200 New Jersey Avenue S.E., Room W58-213, Washington, D.C. 20590, between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.
- Fax: 202–493–2251.

Instructions: You must include the agency name (Federal Transit Administration) and docket number (FTA-2026-0331) for this notice at the beginning of your comments.

All comments received will be posted, without change and including any personal information provided, to <https://www.regulations.gov>. You may review DOT’s complete Privacy Act Statement published in the *Federal Register* on April 11, 2000, at 65 FR 19477. For access to the docket and to read background documents and comments received, go to <https://www.regulations.gov> at any time or to the U.S. Department of Transportation, 1200 New Jersey Avenue S.E., Docket Management Facility, Room W58-213, Washington, D.C. 20590 between 9 a.m. and 5 p.m., Monday through Friday, except Federal holidays.

FOR FURTHER INFORMATION CONTACT: Mark Ferroni, FTA Office of Planning and Environment, at mark.ferroni@dot.gov, or 202.366.3233.

SUPPLEMENTARY INFORMATION:

Electronic Access

A copy of the CIG Proposed Policy Guidance is available for download and public inspection through <https://www.regulations.gov> using the docket number listed above, and on the FTA website: <https://www.transit.dot.gov>. Electronic retrieval assistance and guidelines are also available at <https://www.regulations.gov>.

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I. Background

Pursuant to 49 U.S.C. 5309(g)(5), FTA must publish policy guidance on the discretionary CIG program each time the agency makes significant changes to the CIG review and evaluation process and criteria. The policy guidance FTA issues for the CIG program (CIG Policy Guidance) complements FTA's CIG regulations at 49 CFR part 611. These regulations set forth the process grant applicants (project sponsors) must follow to be considered for discretionary funding, and the procedures and criteria FTA uses to rate and evaluate CIG projects to determine program eligibility. The CIG Policy Guidance provides a greater level of detail about the methods FTA uses to evaluate and rate a project and the sequential steps a project sponsor follows in developing a project. In addition, pursuant to 49 U.S.C. 5334(k), FTA follows applicable rulemaking procedures under 5 U.S.C. 553 prior to amending the CIG Policy Guidance with new or modified binding obligations.

FTA is proposing a comprehensive update to the CIG Policy Guidance to streamline the CIG process, improve accountability of CIG project sponsors, and improve overall readability of the policy guidance. FTA most recently updated the CIG Policy Guidance in November 2025 (90 FR 50886). This update revised the methodology for evaluating the environmental benefits of CIG projects, consistent with certain Executive Orders signed by the President in early 2025 and DOT Order 2100.7, Ensuring Reliance

Upon Sound Economic Analysis in Department of Transportation Policies, Programs, and Activities (Jan. 29, 2025). FTA did not publish a comprehensive update of the CIG Policy Guidance in November 2025 due to the urgent need to revise the environmental benefits methodology to address the Executive Order and DOT Order.

On August 19, 2025, FTA published a Request for Information (RFI) in the *Federal Register* (90 FR 40463) seeking input on ways to streamline and enhance the CIG Policy Guidance, while increasing the accountability of project sponsors and ensuring Federal investment in the most successful projects. In the RFI, FTA noted the public feedback received would inform FTA's development of a potential future comprehensive update to the CIG Policy Guidance. FTA received comments from 22 unique respondents in response to the RFI. FTA reviewed and thoroughly considered each of these comments. Where FTA has incorporated stakeholder suggestions into its proposals, FTA discusses the suggestion in corresponding sections of this Notice below.

II. Proposed Changes to the CIG Policy Guidance

FTA is proposing format and policy changes to the CIG Policy Guidance to streamline the guidance document and right-size the requirements throughout the CIG process. The intent of these proposed revisions is to improve readability for practitioners while ensuring greater transparency of FTA and accountability of CIG project sponsors within the funding constraints of the program. FTA discusses each of its proposals in the sections below.

A. Organization and Format

FTA is proposing to considerably streamline the organization and format of the CIG Policy Guidance for conciseness and readability. Previous versions of the CIG Policy Guidance have been structured with self-contained, stand-alone chapters outlining the requirements for each CIG category (*i.e.*, New Starts, Small Starts, and Core Capacity), and “bundles” of CIG projects. The format resulted in duplicative information

across CIG categories and a lengthy document, which created a burden for project sponsors when navigating the document. To streamline the guidance, FTA reorganized the information by major program element or process (Introduction, Program Overview, Process, Evaluation and Rating, and Bundles of CIG Projects), and simplified the document by consolidating the common program characteristics and identifying any unique requirements within individual sections. In addition, FTA has clarified language throughout the CIG Policy Guidance, including in the section on “Bundles of CIG Projects,” to ensure the document is easy to understand and clearly conveys FTA’s policy and practice regarding the CIG process. When possible, FTA also referenced supporting documents or tools where the reader can find more information. These changes are responsive to suggestions raised by several RFI respondents, who requested FTA clarify the sequence of steps in the CIG process and the associated deliverables project sponsors provide to FTA.

These organizational changes and clarifications are non-substantive and do not alter existing requirements.

B. CIG Program Overview

To assist with FTA’s intent to improve the readability of the CIG Policy Guidance, FTA created a section, “CIG Program Overview,” which provides an overview of the three CIG project categories (New Starts, Small Starts, and Core Capacity), the different eligible CIG project types (*e.g.*, fixed guideway project, corridor-based bus rapid transit project), eligible CIG applicants, and eligible CIG costs. This section organizes high-level CIG program information for improved readability. This section does not alter existing requirements.

C. CIG Process

1. Prior to Applying to Enter Project Development

The first phase of the CIG process for all categories of projects is called Project Development. The statute governing the CIG program requires New Starts and Core Capacity projects to complete the Project Development phase within two years. (49 U.S.C. 5309(d)(1)(C)(i) and (e)(1)(C)(i)). In addition, FTA requires Small Starts projects to make sufficient progress during the Project Development phase. Through experience, FTA has observed that completing the Project Development phase within these thresholds can be challenging for all categories of CIG projects. Often, a CIG project schedule slips due to environmental review or permitting issues. For this reason, and to ensure projects entering the CIG pipeline are ready to succeed in the Project Development phase, FTA is proposing that project sponsors initiate the environmental review process under the National Environmental Policy Act (NEPA) before requesting entry into Project Development. NEPA initiation may include early scoping, planning and environmental linkages efforts, or preliminary NEPA readiness and class of action discussions with the local FTA Regional Office or FTA issuance of formal NEPA initiation. FTA has for many years requested information on a proposed project's NEPA status as part of their entry into Project Development request pursuant to 49 U.S.C 5309(d)(1)(A)(i) and (e)(1)(A)(i). FTA's proposed new practice would require project sponsors to include documentation demonstrating NEPA initiation (in addition to any status updates) as part of their entry into Project Development request.

2. Request for Entry into Project Development

To request entry into the Project Development phase, FTA currently requires project sponsors to submit a letter to FTA containing certain information. In many instances, project sponsors have submitted incomplete requests to FTA and have failed to provide missing information in a timely manner, which delayed entry to Project Development decisions. To encourage project sponsors to submit an entry to Project Development request only when they are ready to complete Project Development

activities, FTA is proposing to require the project sponsor to provide all listed information (see CIG Policy Guidance, Section III) within 30 days of submitting its initial request to FTA. If the request remains incomplete after 30 days, FTA would no longer consider the request. The project sponsor would be allowed to submit a new request when it can provide all required information.

FTA proposes additional clarifications regarding the required contents of the request to enter Project Development. These changes clarify to project sponsors the information FTA needs to ascertain whether a project is ready to enter Project Development.

3. Project Development Phase

Project sponsors must complete several activities during Project Development, including adoption of the locally preferred alternative (LPA) into the fiscally constrained metropolitan transportation plan, completion of NEPA, and completion of sufficient design and engineering to submit information for FTA to rate and evaluate the project pursuant to 49 U.S.C. 5309(g) and (h). As noted above, there are certain timeline expectations regarding completion of the Project Development phase across the three CIG categories. However, FTA has found many CIG projects struggle to complete the required activities in a timely manner. To better ensure projects are on track to complete Project Development within the required timeframes, FTA is proposing changes to the timeline for completing certain Project Development activities:

- Within the first three months of any CIG project entering Project Development, a project sponsor would be required to: (1) submit FTA's documented NEPA class of action determination to FTA Headquarters, if not completed before entering Project Development; and (2) provide a ridership data collection plan and an on-board survey plan to FTA Headquarters (required for New Starts and Core Capacity projects and encouraged for Small Starts projects).

- Within one year of a CIG project entering Project Development, a project sponsor would be required to: (1) determine an updated project cost, scope, and schedule estimate to reflect the current level of design; (2) complete at least 15 percent overall design; and (3) develop a list of third-party agreements necessary to complete the project along with an implementation plan and schedule.
- For New Starts and Core Capacity projects, FTA would require project sponsors to obtain commitments of at least 50 percent of all non-CIG funds prior to applying for entry into Engineering. This would increase the amount of funding commitments currently required for such projects (30 percent). This proposal would align the percentage for New Starts and Core Capacity projects with that of Small Starts projects, which already are required to obtain commitments of at least 50 percent of all non-CIG funds, but on a quicker timeline. Small Starts projects must continue to meet the funding commitment requirement within three years of entering Project Development.
- For New Starts and Core Capacity projects, FTA would clarify that before requesting entry into Engineering, FTA strongly encourages project sponsors to collaborate with FTA on the development of an oversight plan and roadmap to assist with the request for entry into Engineering. FTA proposes project sponsors engage in this collaboration at least six months prior to anticipated entry into Engineering. In the current CIG Policy Guidance, FTA encourages collaboration with FTA to begin “early in Project Development” and states that FTA formal oversight begins “no later than six months prior to entry into Engineering or six months prior to the end of the two-year [Project Development] timeframe specified in law, whichever is earlier.” FTA finds the proposed language clearer and anticipates it should reduce project sponsor misinterpretations of requirements.

Congress and the transit industry expect projects to move quickly through the CIG process and not become stagnant once a project has entered the program. Together, these proposals would improve project sponsor accountability and ensure projects sponsors can successfully complete Project Development in a timely manner.

4. Project Development Timeframe Extension Requests

Under the current CIG Policy Guidance, project sponsors may request up to a one-year extension of the Project Development phase for New Starts and Core Capacity projects, which FTA is not changing in the proposed CIG Policy Guidance. However, FTA is seeking to clarify the extension request considerations and timing. FTA proposes to clarify that a project sponsor for New Starts and Core Capacity projects may request a Project Development extension when the sponsor: (1) is unable to complete the required Project Development activities within the statutorily required two-year timeframe due to unforeseen circumstances; or (2) has completed the required Project Development activities in a timely manner but requests additional time to further develop the project's design and engineering before entering the Engineering phase. This is not a change to FTA's internal policy or practice, but it is the first time the policy is clearly stated in the CIG Policy Guidance. The proposed CIG Policy Guidance also clarifies that if FTA does not provide a response to the extension request before the end of the two-year Project Development period, the project remains in the CIG program until FTA provides a written response either approving the extension request or removing the project from CIG program. This is not a new policy or practice, but it is the first time FTA is including the information in the CIG Policy Guidance.

5. Request for Entry into Engineering

For New Starts and Core Capacity projects, the second phase of the CIG process is called Engineering. This phase does not apply to Small Starts Projects. To request entry into the Engineering phase, the project sponsor submits a request to the FTA Associate

Administrator for Planning and Environment that includes certain required information about the project. FTA proposes several changes to the required content of the Engineering request:

- Increase the required amount of non-CIG funding committed during Project Development for New Starts and Core Capacity projects from 30 percent to 50 percent. Accordingly, FTA also proposes to require the project sponsor to demonstrate in its Engineering request that such funding has been committed so FTA can verify the sponsor has obtained the required commitments. By requiring project sponsors to demonstrate a higher local funding commitment at entry to Engineering, FTA anticipates lower financial risk to the Federal government and better protection of taxpayer funds by having a higher degree of confidence in the viability of the proposed project. It also ensures the project sponsor is advancing the project efficiently and effectively and the local community is vested in the continued advancement of the project.
- No longer require a signed statement from the agency's CEO (Accountable Executive) describing the agency's progress toward meeting its Transit Asset Management (TAM) performance targets. FTA still would require an up-to-date TAM plan and narrative report from the National Transit Database. This change is discussed in greater detail in Section II.E of this Notice.
- Minor, non-substantive changes to the contents of the Engineering request for clarity and conciseness. For example, FTA removed bullets listing individual engineering and planning documents related to FTA's Project Management Oversight (PMO) process and replaced them with an overarching bullet referencing the PMO Oversight Procedures (OPs) on FTA's website. This change is intended both to simplify the list and provide a more accurate description of the required PMO-related documentation. FTA also added bullets regarding selection

of the LPA, adoption of the LPA into the region’s fiscally constrained metropolitan transportation plan, and the CIG risk assessment process for clarity.

6. Determining Section 5309 CIG Funding Amount

Under the current CIG Policy Guidance, FTA “locks in” the maximum dollar amount of CIG funding for New Starts and Core Capacity projects at the project’s entry into the Engineering phase. To date, FTA has not included a formal methodology in the CIG Policy Guidance that demonstrates how FTA will calculate a project’s CIG percentage share (*i.e.*, percentage of total project cost). To bridge this gap, FTA is proposing to adopt a formal methodology in the CIG Policy Guidance. The proposed formal methodology would provide a uniform and consistent approach for FTA to consider project merits, such as cost-effectiveness and transit ridership, when determining the CIG percentage share and corresponding CIG funding amount for a New Starts or Core Capacity project.

Under the formal methodology, FTA would continue to calculate and lock in a project’s CIG funding amount at entry into Engineering. FTA proposes adjustment factors to determine a project’s CIG percentage share, which would then be used to calculate the corresponding CIG funding amount based on the anticipated total project cost at entry into Engineering. Every New Starts and Core Capacity project with an overall project rating of “Medium” or higher would start with a CIG share of 40 percent of total project cost. FTA then would adjust this percentage upward or downward based on the project’s ratings for each of the six Project Justification criteria, up to the maximum percentage allowed under Section 5309. The proposed adjustment factors are shown in Table 1 below:

Table 1: CIG Percentage Share Adjustments for Project Justification Criteria.

Project Justification Criteria	Rating	Adjustment Factor (%)
Cost-Effectiveness	High	+10

	Medium-High	+5
	Medium	0
	Medium-Low	-10
	Low	-25
Mobility Improvements, Congestion Relief (applies to each criterion)	High	+5
	Medium-High	+4
	Medium	0
	Medium-Low	-8
	Low	-10
Land Use (NS), Capacity Needs (CC) and Economic Development (applies to each criterion)	High	+3
	Medium-High	+2
	Medium	0
	Medium-Low	-4
	Low	-6
Environmental Benefits	High	+2
	Medium	0

For example, a New Starts project rated “High” for all six Project Justification criteria would result in a calculated CIG percentage share of 68%; however, this would be statutorily limited to 60% of total project cost per 49 U.S.C. 5309(l)(1)(B). A project rated “Medium” in all six categories would result in a calculated CIG percentage share of 40% of total project cost. FTA believes these adjustment factors are appropriate because they clearly put the emphasis on cost-effectiveness and ridership, which will allow FTA to provide a higher CIG percentage share to projects that are cost-effective and projected to have high transit ridership, and will ensure Federal taxpayer funds are supporting worthy investments.

In addition, FTA proposes that the CIG percentage share adjustments would boost a New Starts or Core Capacity project’s CIG percentage share at entry to Engineering if the project is in a transit corridor with birth or marriage rates at or above the national average, or within a certain percentage below the national average. This proposal is consistent with DOT Order 2100.7, Ensuring Reliance Upon Sound Economic Analysis in Department of Transportation Policies, Programs, and Activities, which directs DOT programs “to the extent practicable, relevant, appropriate, and consistent with law, . . .

give preference to communities with marriage and birth rates higher than the national average (including in administering the Federal Transit Administration’s Capital Investment Grant[s] Program).”

As depicted in Table 2 below, FTA proposes to increase the CIG percentage share by an additional five percentage points if the average birth rate in the corridor is more than one percent above the national average. FTA would increase the CIG percentage share by three percentage points if the birth rate is equal to the national average or up to one percent higher than the national average. FTA would increase the CIG percentage share by one percentage point if the average birth rate is within one percent below the national average. FTA proposes to apply the same approach to adjust the CIG percentage share based on average marriage rates.

Table 2: CIG Percentage Share Boosts for Birth and Marriage Rates.

Criteria for Additional Boost on CIG Share	CIG Share Adjustment Factor (%)		
	Over 1% higher than National Average	Up to 1% higher than National Average or Equal to National Average	Within 1% below the National Average
Average corridor birth rate	+5	+3	+1
Average corridor marriage rate	+5	+3	+1

Overall, this proposal could boost the CIG percentage share by up to 10 percentage points for projects that satisfy the demographic criteria. Projects that do not satisfy the criteria would not be eligible for the boost, but they would not otherwise be penalized in calculating the CIG share. Please see Section 3.3.1 of the revised CIG Policy Guidance for FTA’s proposed definitions of birth rate and marriage rate, the study area, and identification of the data source. FTA developed the birth and marriage rates boost considerations based on the best available data that is public and available nationwide.

FTA defined the study area as a one-mile buffer around the project corridor based on a review of past Before and After Studies. Through that review, FTA has found that fixed guideway investments typically draw the majority of their ridership from within one mile of the CIG project.

FTA would calculate the project's final CIG percentage share by summing the percentage obtained from the Project Justification sub-factor rating criteria (Table 1) and the applicable marriage and birth rate boost (Table 2). FTA would use the calculated CIG percentage share to derive the actual Federal CIG funding amount, which will be locked at entry into Engineering. The final calculated CIG funding amount using the CIG percentage share adjustments would not exceed the project sponsor's request or the maximum allowed under 49 U.S.C. 5309(l)(1)(B). FTA approved CIG share will remain locked for the New Starts and Core Capacity projects currently in the Engineering phase in the CIG program.

7. Engineering Phase

As the result of public comment review of an earlier version of the CIG Policy Guidance in 2015 (Docket ID FTA-2015-0007; Document ID FTA-2015-0007-0045), FTA requires New Starts and Core Capacity project sponsors to make sufficient progress toward meeting CIG requirements during the Engineering phase. This is also consistent with the statutory requirement at 49 U.S.C. 5309(g) that projects must show progress through the Project Development and Engineering phases to continue to advance. As stated in the existing CIG Policy Guidance, project sponsors must demonstrate progress on obtaining non-CIG funding commitments and advancing the project's level of design within three years of entering Engineering. This requirement reflects that both Congress and the transit industry want the CIG process to move quickly. Under FTA's current practice, if a project sponsor does not demonstrate sufficient progress during this timeframe, FTA removes the project from the CIG program.

Currently, FTA follows established project management processes and engages with the project sponsor's team on a regular basis to receive project updates. To build on this regular interaction and formally document that projects are making sufficient progress during the Engineering phase, FTA is proposing a new requirement for project sponsors to submit an annual update to FTA Headquarters that includes refined estimates for the project's scope, schedule, and total project cost, and the status of non-CIG funding commitments and critical third-party agreements. FTA is further proposing that if the project sponsor does not demonstrate sufficient progress annually during the Engineering phase, FTA would remove the project from the CIG program. The project sponsor may apply for re-entry into the CIG program after gaining the necessary funding commitments and demonstrating the project's design has progressed to a higher percentage after the last in-program update.

8. Application for Construction Grant Award

The final phase of the CIG process is called the Construction Grant Award phase. FTA is proposing non-substantive clarifications to the CIG Policy Guidance regarding this phase. FTA has added a discussion of the different types of CIG construction grant agreements required by 49 U.S.C. 5309, including single grants or Small Starts Grant Agreements (SSGAs) for Small Starts projects and Full Funding Grant Agreements (FFGAs) for New Starts and Core Capacity projects. In addition, FTA has made changes to the guidance regarding construction grant requests for clarity and conciseness. These changes are similar to those discussed above for Engineering requests. FTA added bullets regarding documentation demonstrating selection of the LPA and demonstrating adoption of the LPA into the region's fiscally constrained metropolitan transportation plan. FTA also added clarifications on the TAM performance target requirements and review process. In addition, FTA removed bullets listing individual engineering and planning

documents related to FTA's PMO process and replaced them with a citation to the PMO OPs on FTA's website. FTA has also clarified the CIG risk assessment process.

9. Funding Allocation

FTA added a new section to the Policy Guidance to clarify CIG funding allocations. FTA often receives questions about the CIG funding recommendations, allocations, and the CIG annual report to Congress, and their interrelationship. Though this section does not represent new guidance, it is intended to explain those existing processes and their interrelationship more clearly.

10. Pre-Award Authority and Letters of No Prejudice

FTA currently grants automatic pre-award authority for projects to incur certain expenses and at certain milestones before a CIG grant is awarded and retain the eligibility of those costs for subsequent reimbursement after grant approval. This authority is available to project sponsors upon the project's: (1) entry to Project Development; and (2) for New Starts and Core Capacity projects, entry to Engineering or for Small Starts projects, completion of the environmental review process and satisfactory rating of the project. FTA provided a table outlining the eligible pre-award activities by milestone in Section 3.7 of the proposed CIG Policy Guidance. A Letter of No Prejudice (LONP) is a type of specific pre-award authority. FTA uses LONPs to grant pre-award authority for projects and activities not covered by automatic pre-award authority.

Historically, FTA has outlined the activities eligible for automatic pre-award authority and LONPs in an annual apportionment notice published in the *Federal Register*, which meant FTA did not need to include such information in the CIG Policy Guidance. However, beginning with the FTA Fiscal Year 2025 Apportionments, Allocations, and Program Information notice (90 FR 44452), FTA removed the pre-award authority language specific to the CIG program. In addition to including automatic pre-award authority activities in response letters, which FTA already does, FTA

determined it would ease the burden on project sponsors navigating the CIG program to include this information in the CIG Policy Guidance.

Accordingly, FTA is proposing to add new sections to the CIG Policy Guidance containing the CIG-specific automatic pre-award authority and LONP language from prior apportionments notices. FTA generally is not proposing changes to its existing policy or practice regarding pre-award authority or LONPs for CIG projects, except FTA is proposing to expand full pre-award authority (including construction activities) under certain conditions for projects seeking less than or equal to a 25 percent total Federal share and meet the project justification warrants thresholds. FTA proposes this expansion to provide flexibility and to promote projects seeking a lower CIG percentage share and demonstrating high transit ridership.

FTA also proposes a change in the types of funding that may be expended for pre-award authority work. Previously, FTA permitted only local, or non-Federal, funding for pre-award authority work. In the proposed Policy Guidance, FTA would also allow project sponsors to use non-CIG Federal funds for pre-award authority activities, subject to the requirements of the applicable Federal funding program, including any environmental determinations. FTA proposes this change because many CIG projects have been awarded other Federal funds, such as funding under 49 U.S.C. 5339, which may have earlier obligation or disbursement dates. FTA believes it should allow use of non-CIG Federal funds for pre-award authority activities in those situations, especially since they involve projects that have been vetted and approved by another Federal program. The LONP is limited to a five-year period from the FTA approval date, unless otherwise authorized in the LONP or otherwise extended.

11. Early Systems Work Agreements

Early Systems Work Agreements (ESWA), which are available for New Starts and Core Capacity projects, are contracts covering only a portion of the project rather

than the full project. Project sponsors may enter an ESWA only once NEPA review is complete and “the Secretary finds there is reason to believe (i) a [FFGA] for the project will be made; and (ii) the terms of the [ESWA] will promote ultimate completion of the project more rapidly and at less cost” (49 U.S.C. 5309(k)(3)(A)).

In the proposed Policy Guidance, FTA clarifies requirements for a project sponsor request for an ESWA, providing that the request should include an identification of project activities to be covered by the ESWA and associated costs, including interest and financing costs; for interest and financing costs, demonstration of reasonable diligence in seeking the most favorable financing terms reasonably available; an explanation of how the ESWA supports expedited project completion at less cost; an identification of the project sponsor’s preferred date to receive the ESWA and explanation of the relevance of the date; and an identification of the status of the remaining CIG requirements left to complete before receiving the FFGA.

D. Evaluation and Rating

1. Ratings Overview

FTA has made minor clarifications to the guidance regarding the required contents of a CIG rating request package. These changes conform the guidance to FTA’s existing policy and practice. FTA has also added a new graphic that visually depicts the CIG evaluation and rating process.

2. Cost Effectiveness

Standardizing Across Project Types

Under FTA’s current CIG Policy Guidance, the cost effectiveness criterion is calculated differently depending on whether the project is a New Starts, Core Capacity, or Small Starts project. For New Starts projects, the criterion is calculated as the annual capital and operating and maintenance (O&M) cost divided by the annual number of trips on the project. For Small Starts, it is calculated as the “annualized capital federal share of

the project divided by the annual number of trips using the project.” For Core Capacity projects, it is calculated as the annualized Core Capacity share divided by the annual number of trips in the project corridor. The differing measures have resulted in unnecessary complexity and excessive burden for project sponsors to navigate the CIG program.

Moreover, FTA received comments on its previous CIG Policy Guidance (Docket ID FTA-2021-0010) suggesting FTA modify the cost-effectiveness measures for consistency across the three project categories. FTA did not adopt this suggestion when the guidance was finalized in December 2024 but stated it would consider the suggestion in the future. To be responsive to this concern, FTA is now proposing to standardize the calculation of cost effectiveness across CIG projects. Accordingly, FTA proposes that New Starts, Core Capacity, and Small Starts projects would all utilize the same cost-effectiveness measure currently used for New Starts projects: “annual capital and operating and maintenance (O&M) cost per linked transit trip on the project.”

FTA notes that the statute defines cost effectiveness the same way across all categories of projects: the project’s cost-effectiveness “as measured by cost per rider.” See 49 U.S.C. 5309(d)(2)(A)(iii), 5309(e)(2)(A)(iv), and 5309(h)(4). However, FTA historically has stated that it must evaluate cost effectiveness for Small Starts projects using the Federal share pursuant to 49 U.S.C. 5309(h)(6), which provides: “the Secretary shall evaluate and rate the [Small Starts] project . . . based on an evaluation of the benefits of the project as compared to the Federal assistance to be provided.” Upon re-analysis of this statutory language, FTA has determined the statute does not require FTA to compare the cost-effectiveness criterion individually against the Federal share. In the context of Small Starts projects, the word “benefits” should be interpreted by reading sections 5309(h)(3), (h)(4), and (h)(6)(A) together. These provisions indicate that all six Project Justification criteria are “benefits of the project.” Thus, FTA should compare

project benefits to the “Federal assistance to be provided” when calculating the Project Justification summary rating. FTA proposes to do so through the Project Justification weighting proposal discussed later in this notice.

Breakpoints

Given FTA’s proposal to harmonize the method of calculating the cost-effectiveness criterion across New Starts, Small Starts, and Core Capacity projects, FTA is proposing one unified set of cost effectiveness breakpoints that would apply to all CIG projects. The proposed breakpoints are shown in Table 3 below.

Table 3: Cost Effectiveness Breakpoints.

Rating	Cost per Trip Range
High	< \$8.00
Medium-High	Between \$8.00 and \$9.99
Medium	Between \$10.00 and \$12.99
Medium-Low	Between \$13.00 and \$19.99
Low	≥ \$20.00

These breakpoints would provide a simplified and uniform approach to analyzing cost-effectiveness for all CIG projects. FTA believes these breakpoint values are appropriate because they are based on analysis of past and current project cost data in the CIG program. When evaluating the universe of recent CIG projects, FTA found that projects from all three project categories could be accommodated within one set of breakpoints with substantially similar results as would be achieved using separate breakpoints, once recent inflation-related adjustments were incorporated. Evaluating all projects for cost effectiveness on the same level playing field further ensures taxpayer funds are equitably invested in the most successful, cost-effective projects, regardless of size, scale, or type.

Enrichments

FTA is proposing two main changes to the enrichments calculation: (1) limiting which activities qualify as enrichments for purposes of the cost effectiveness criterion and (2) expanding the availability of enrichments to all three project categories, rather

than applying only to New Starts projects. Enrichments are improvements to the transit project that are desired by the project sponsor but are non-integral to the planned functioning of the project, and whose benefits are not captured in whole by the criteria. In calculating the cost effectiveness measure for CIG projects, the capital cost of scope elements considered enrichments are either reduced by an FTA defined percentage or eliminated entirely from the annualized capital cost calculation. Per the current CIG Policy Guidance, FTA allows enrichments for a finite list of items: (1) Sustainable Building Design Features; (2) Joint Development; (3) Zero Emissions Fueling Stations; (4) Pedestrian/Bike Access and Accommodation and Functional Landscaping; and (5) Alternative Energy Bus Vehicles. FTA excludes enrichments from the cost effectiveness calculation as a matter of policy.

FTA proposes to remove all current enrichments from the Policy Guidance except Joint Development. FTA is proposing this change to promote joint development and private investment in transit projects. In line with administration's priority to prevent crime and protect safety of riders and workers, FTA is also adding transit safety and security as a new enrichment category for using innovative and advanced technology equipment, facilities, and services—beyond such elements considered standard.

In addition, since FTA proposes to harmonize the method of calculating cost effectiveness across New Starts, Small Starts, and Core Capacity projects, FTA is proposing to expand the applicability of enrichments to Small Starts and Core Capacity projects. In FTA's response to comments received on the April 2024 proposed CIG Policy Guidance (Docket ID FTA-2021-0010-0146), FTA stated it applied enrichments to New Starts and not Small Starts and Core Capacity projects because the former was the only category that measured total project cost. FTA stated the cost effectiveness calculations for Small Starts and Core Capacity projects were already based on less than the total project cost, and thus there was no need to remove additional costs from the

calculation. Since FTA seeks to harmonize the cost effectiveness calculations across New Starts, Small Starts, and Core Capacity projects, this reasoning would no longer apply. FTA therefore proposes to allow Small Starts and Core Capacity projects to utilize enrichments.

3. Economic Development

Subfactor Weightings

FTA proposes to change the weighting of the three subfactors for the economic development criterion: (1) supportive zoning in station areas; (2) performance and impacts of transit-supportive plans and policies; and (3) tools to maintain or increase the share of affordable housing in station areas. Currently, FTA gives equal weight (1/3 or 33.3 percent) to each of the three subfactors. FTA proposes to increase the weighting of the “performance and impact of transit-supportive policies” and the “supportive zoning in station areas” subfactors to 40 percent each. FTA proposes a corresponding decrease in the “tools to maintain or increase the share of affordable housing” subfactor to 20 percent. These changes place greater emphasis on policies and programs that promote self-sufficiency in the housing market by encouraging private sector innovation, reducing regulatory barriers, and stimulating the production of market-rate affordable housing. They also emphasize how zoning supportive to transit usage demonstrates a community commitment to make transit projects more successful by encouraging a development environment where transit can reasonably compete for riders.

FTA notes that in its April 2024 proposed CIG Policy Guidance (89 FR 24086), FTA asked whether it should do more to increase the relative weight of zoning as part of the economic development rating. Some commenters supported this idea, with one suggesting FTA should increase the weight of the zoning subfactor to 40 percent. FTA responded that it would take this into consideration in future updates to the CIG Policy

Guidance. After further consideration, FTA believes it is now appropriate to increase the weight of the zoning subfactor for the reasons noted above.

Non-Substantive Changes

In addition, FTA has made non-substantive changes to the economic development section for clarity. FTA reduced the text in this section and added a reference to the January 2025 CIG Guidelines for Economic Development Effects for New Starts and Small Starts Projects, found on FTA's website (<https://www.transit.dot.gov/funding/grants/grant-programs/capital-investments/guidelines-economic-development-effects-new>), to alert project sponsors that they can find the technical guidance for the economic development evaluation in that resource. In addition, FTA revised the descriptions of the economic development subfactors for consistency with the guidelines document and removed redundant language that is already included in the technical guidance.

4. Land Use (New Starts and Small Starts)

FTA is proposing to remove the "access to essential services" subfactor under the CIG land use criterion. This measure, which FTA adopted in December 2024, examines essential services in transit station areas using data from the Department of Homeland Security's (DHS) Homeland Infrastructure Foundation-Level Data (HIFLD) (<https://hifld-geoplatform.hub.arcgis.com/>). In response to FTA's August 2025 proposed update to the CIG Policy Guidance and the August 2025 CIG RFI, commenters alerted FTA that DHS discontinued the HIFLD data set, and some commenters recommended removing the subfactor. In response to these comments, and due to the unavailability of the data, FTA proposes to remove the "access to essential services" subfactor from the land use calculation. FTA would retain the other four existing subfactors under the land use criterion.

FTA is proposing to continue giving each remaining subfactor equal weight (25%) in the land use rating calculation. FTA would maintain the existing breakpoints for the four remaining land use measures. FTA has also revised the land use section for clarity and to remove unnecessary and redundant language.

5. Other Project Justification Criteria

FTA is proposing minor, non-substantive clarifications to the CIG Policy Guidance regarding the mobility improvements, congestion relief, environmental benefits, and corridor capacity needs criteria. FTA is not proposing any changes to breakpoints for these criteria.

6. Project Justification Warrants

FTA is proposing changes to the Project Justification warrants process. Project Justification warrants are pre-qualification approaches that allow a proposed project to automatically receive a satisfactory rating on a given criterion based on the project's characteristics or the characteristics of the project corridor. Section 5309(g)(3) requires FTA to develop and use warrants when evaluating Project Justification criteria for New Starts and Core Capacity projects to the maximum extent practicable if the CIG share of the project does not exceed 50 percent. The project sponsor must request the use of warrants and certify its existing public transportation system is in a state of good repair.

In the current CIG Policy Guidance, Project Justification warrants are available to New Starts and Small Starts projects for three Project Justification criteria: (1) cost effectiveness; (2) mobility improvements; and (3) congestion relief. FTA assigns an automatic Medium rating for each criterion if the cost of the proposed project and existing transit ridership in the corridor fit within certain thresholds defined in the Policy Guidance. For Core Capacity projects, warrants are available for the environmental benefits and economic development criteria. FTA automatically assigns a Medium rating on both criteria for all Core Capacity projects, unless the project sponsor requests the

project be evaluated and rated in accordance with the requirements under the New Starts environmental benefits or economic development criteria.

FTA proposes several changes to the Project Justification warrant process to expand the use and effectiveness of warrants, consistent with the statutory direction for FTA to develop and use warrants to the “maximum extent practicable” (49 U.S.C. 5309(g)(3)). FTA believes these proposals will streamline the CIG process with less burden on project sponsors while promoting projects with higher transit ridership that are seeking a lower CIG share. In addition, FTA received several comments on the August 2025 RFI expressing support for warrants and requesting FTA expand warrants to other project justification criteria, such as land use.

First, FTA proposes to allow all three categories of CIG projects to be eligible for warrants if they meet defined ridership and cost thresholds, thus reducing the complexity of the warrants process. This allows all three project categories to have an opportunity to be evaluated using a simplified analysis with the same criteria. Because one of the primary Project Justification warrant criteria is total cost, it is reasonable to expect that fewer New Starts and Core Capacity projects (which tend to be more expensive) may qualify for such warrants, but this may not be universally so. This expansion allows New Starts and Core Capacity projects that do meet the same criteria the same opportunity to benefit from the simplified warrants approach. Next, FTA proposes to modify the cost and ridership thresholds governing when a project is eligible for warrants, as shown in the table below. As in the current Policy Guidance, projects with a total capital project cost of \$600 million or higher would not qualify for Project Justification warrants, as such projects merit more careful and detailed analysis to ensure they are an effective use of taxpayer dollars.

Table 4: Project Justification Warrant Eligibility Thresholds.

Project Justification Warrant Thresholds

< \$100 million and 2,500 Existing Transit Riders
\$100 - \$199 million and 5,000 Existing Transit Riders
\$200 - \$299 million and 8,000 Existing Transit Riders
\$300 - \$399 million and 12,000 Existing Transit Riders
\$400 - \$599 million and 18,000 Existing Transit Riders
\$600 million and higher not eligible for warrants

FTA is proposing these thresholds to support projects because recent experience has shown that projects within these ranges of ridership and cost are cost-effective and tend to lead to successful transit capital improvements in their corridors. FTA developed the warrant thresholds based on an examination of data from past and current projects in the CIG program, consideration of national transit ridership trends, and cost inflation that has occurred since the thresholds were first established in 2015. New Starts and Core Capacity projects below this cost may also be able to utilize warrants to simplify their rating process. The transit industry has been supportive of warrants and has in multiple recent CIG RFIs, including the August 2025 RFI, consistently expressed interest in expanding their use and eligibility.

FTA proposes that projects fitting within the proposed thresholds would receive ratings of Medium-High for all six Project Justification criteria, as opposed to a Medium rating for only certain criteria. This means any warranted project (New Starts, Core Capacity, or Small Starts) would receive an overall Project Justification rating of Medium-High. FTA believes projects meeting the proposed cost and ridership thresholds have a high likelihood of success and can be advanced without time-consuming and costly analysis of the six individual project justification criteria. Ultimately, this proposal would incentivize project sponsors to explore ways to increase project ridership and control cost escalation, which would ensure the Federal investment is targeted toward the most successful projects. By warranting ratings across all six Project Justification criteria, projects that qualify would not only know they have received a satisfactory Project Justification rating, but also would be spared the time-consuming effort of developing

information for each individual criterion rating (*e.g.*, ridership forecasting, detailed economic development documentation). Though seeking a warrant has always been and is proposed to remain optional, the current guidance awarding a Medium rating on only three Project Justification criteria unintentionally led to a tension for some project sponsors who qualified for warrants but felt compelled to conduct the full rating analysis to potentially obtain a better overall rating. Such analysis is duplicative, made more work for sponsors and for FTA, and was counter to the intent of the warrants program in the first place. By proposing to increase the rating to Medium-High across all six project justification criteria, FTA would remove this unintended tension for project sponsors.

FTA also proposes an additional warrant for projects seeking a relatively small Federal share. This is responsive to comments received on the August 2025 CIG RFI voicing that warrants should be expanded to account for local funding overmatch. FTA is proposing that a project meeting the cost and ridership criteria defined in Table 4 above would receive an automatic High rating for all six project justification criteria if they seek a Federal share of 25 percent or less. FTA also proposes to extend full pre-award authority, including construction activities, to such projects upon Engineering approval for New Starts and Core Capacity projects and upon completing NEPA and receiving an acceptable rating for Small Starts projects. See Section II.C.10 of this notice for further discussion of this proposal.

For either of the two proposed warrants, the project would receive an automatic rating on all six project justification criteria. As is FTA's current practice, a project sponsor may not selectively pick and choose to be warranted for only some of the criteria. FTA would retain the availability of the existing automatic environmental benefits and economic development warrants for Core Capacity projects. Accordingly, if a Core Capacity project sponsor does not qualify for either of the proposed warrants discussed above, or if the project sponsor elects for the project to be rated individually under the

applicable rating criteria, the Core Capacity project would remain eligible for the established automatic Core Capacity economic development and environmental benefit warrants.

7. Project Justification Summary Ratings

The statute requires FTA to provide “comparable, but not necessarily equal, numerical weight” to each of the six Project Justification criteria when calculating the overall project rating (49 U.S.C. 5309(g)(2)(B)(ii) and 5309(h)(6)(A)). In the current CIG Policy Guidance, FTA gives equal weight to the six project justification criteria (16.66 percent each) when calculating the Project Justification summary rating. Given the statute does not mandate the criteria to be weighted exactly equally, FTA is proposing to change the Project Justification criteria weightings to place a greater emphasis on cost effectiveness. Accordingly, FTA is proposing the following weightings: cost effectiveness at 25 percent, congestion relief at 20 percent, mobility improvements at 20 percent, economic development at 15 percent, land use (for New Starts and Small Starts projects) or capacity needs in the corridor (for Core Capacity projects) at 15 percent, and environmental benefits at 5 percent.

This proposal is responsive to comments FTA received on the August 2025 CIG RFI. One commenter requested that congestion relief be given a higher relative weighting compared to the status quo. Another commenter recommended the Project Justification weightings better capture return on investment, such as ridership growth. FTA agrees with both commenters. FTA also notes that cost effectiveness is correlated with the level of Federal investment, as required by 49 U.S.C. 5309(h)(6) for Small Starts projects. Giving the cost-effectiveness criterion a higher weighting ensures the benefits of Small Starts projects are compared to the Federal assistance to be provided.

FTA notes the proposed environmental benefits criterion weighting (5 percent) is lower than the other Project Justification criteria weights. Based on CIG program history,

CIG projects have proven to be environmentally beneficial. The proposed environmental benefits criterion weighting reflects this positive project outcome for all CIG projects and the corresponding relative difficulty in differentiating between transit projects based on this measure. In addition, environmental benefits are based on the transportation conformity status of the project area (nonattainment, maintenance, or attainment). Therefore, FTA cannot assign a five-point scale to this criterion due to the limited options. As explained in the November 2025 Federal Register notice of the Final CIG Policy Guidance (90 FR 50886), FTA determined not to assign a Medium-High rating for maintenance areas (*i.e.*, areas formerly designated nonattainment but have since achieved attainment) because the High rating rewards areas formerly in nonattainment that have since achieved attainment to a higher degree. FTA does not propose changes to the environmental benefits rating methodology and will continue to assign CIG projects a Medium or High rating under this Project Justification criterion.

8. Local Financial Commitment

The statute governing the CIG program requires proposed CIG projects to be supported by an acceptable degree of local financial commitment (49 U.S.C. 5309(d)(2)(A)(iv), (e)(2)(A)(v), and (h)(3)(C)). In the current CIG Policy Guidance, the local financial commitment rating is comprised of three subfactors: current capital and operating condition of the project sponsor, commitment of capital and operating funds, and reasonableness of the financial plan submitted by the project sponsor. FTA calculates the overall local financial commitment rating by giving a 25 percent weighting to both the “capital and operating condition” and “commitment of capital funds” subfactors, and a 50 percent weighting to the “reasonableness of the financial plan” subfactor. After this calculation, FTA then boosts the local financial commitment rating one level (*e.g.*, from Medium to Medium-High) if the project sponsor is providing significant local funding

overmatch. This boost is available if the project's summary local financial commitment rating is at least Medium and the requested CIG share for the project is less than 50%.

FTA is proposing several changes to the local financial commitment evaluation. First, FTA proposes to revise the relative weightings of the three subfactors in the calculation of the overall local financial commitment rating. FTA proposes to weight the three subfactors as follows: current capital and operating condition at 20 percent; commitment of funds at 20 percent; and reasonableness of the financial plan at 60 percent. With the proposed changes, FTA places a greater emphasis on the "reasonableness of capital and operating cost estimates" criterion, which includes planning assumptions and additional capital funding capacity and demonstrates a project sponsor's ability to withstand unexpected cost overruns or funding shortfalls. The higher weight would improve financial accountability and reduce risk to the Federal investment in CIG projects.

FTA is also proposing to "round down" the calculated local financial commitment summary rating to the lower rating level when the "averaged" rating would be in-between ratings. FTA currently "rounds up" the calculated local financial commitment summary rating to the next rating level. The proposed change adds stringency in financial evaluation by right-sizing the local financial commitment criteria. In addition, FTA is proposing to re-define the circumstances in which it will boost the local financial commitment ratings by one level. Under the current CIG Policy Guidance, FTA increases the overall local financial commitment rating by one level if the rating is Medium or higher and the CIG percentage share is less than 50 percent of the project's capital cost. FTA proposes to eliminate this boost and replace it with a new one that would apply only to the "commitment of funds" subfactor and reflect significant overmatch. For New Starts projects, FTA would increase the "commitment of funds" subfactor rating by one level if the project sponsor requests a CIG percentage share of less than or equal to 40 percent of

the project's total cost. For Core Capacity and Small Starts projects, FTA would boost the "commitment of funds" subfactor rating by one level if the project sponsor requests a CIG percentage share of less than or equal to 50 percent of the project's total cost. The proposed change would encourage project sponsors of large projects to provide significant non-CIG funding overmatch and would recognize the significant decision a region makes when committing to such an overmatch. The different overmatch threshold proposed for New Starts would strike a balance based on recent real-world experience that New Starts projects typically have a higher cost—while still acknowledging the importance of significant overmatch.

FTA would retain the existing commitment of funds rating boost for projects with significant private contributions. However, FTA proposes that projects may only receive a single boost (*i.e.*, either the significant overmatch boost or the significant private contributions boost). Multiple commitment of funds rating boosts for a single project would not be allowed to avoid skewed weighting. Multi-step boosts given to any particular criterion could have an unintentionally outsized impact on the rating, which could risk minimizing the importance of the other criteria.

E. Demonstrating Progress Toward Meeting TAM Performance Targets

The Infrastructure Investment and Jobs Act (Pub. L. 117-58) added a new requirement to the CIG program, codified at 49 U.S.C. 5309(c)(1)(C). FTA must determine an applicant has made progress toward meeting their Transit Asset Management (TAM) performance targets before awarding a construction grant. FTA first implemented this requirement in January 2023 (88 FR 2166) by adopting an interim approach and stating that FTA would propose a long-term approach in a future guidance update.

The interim approach, which is still in effect in the current CIG Policy Guidance, provides that when a project sponsor submits an entry to Engineering request or an FFGA

request, the project sponsor must include a statement signed by the CEO (Accountable Executive) describing the progress the project sponsor's transit agency has made toward meeting the TAM targets. This self-certification statement must include two supporting documents: (1) the up-to-date TAM plan and (2) the narrative report submitted to FTA's National Transit Database (NTD) that explains the agency's progress towards achieving the TAM goals for all asset classes in the TAM plan. Each year, transit agencies report their progress toward meeting the performance targets to FTA through the NTD. In addition, transit agencies set targets on State of Good Repair measures and report those targets through the NTD.

On December 17, 2025, the DOT Office of Inspector General (OIG) released an audit report regarding FTA's evaluation of TAM performance targets for purposes of the CIG program.¹ In this report, OIG recommended FTA "[d]evelop and document implementation of a methodology to verify that CIG applicants that are subject to the TAM performance target progress requirement have made progress on established TAM performance targets before awarding CIG grants." In accordance with this recommendation, FTA is proposing to enhance its existing TAM performance target verification process. Specifically, FTA proposes to enhance its review of the project sponsor's TAM documentation by reviewing the project sponsor's submissions to the NTD (data and accompanying narratives) against the transit agency's TAM Plan and State of Good Repair targets. FTA would verify the transit agency's progress by comparing the project sponsor's NTD submissions with the transit agency's TAM Plan and State of Good Repair targets for consistency. FTA would also add review of TAM documentation to the Project Management Oversight (PMO) applied to all CIG projects.

¹ USDOT Office of Inspector General, *FTA Did Not Verify Transit Asset Management Performance Target Progress Prior to Awarding Capital Investment Grants* (Dec. 17, 2025), <https://www.oig.dot.gov/library-item/47025>.

To minimize burden on project sponsors at entry to Engineering, FTA also proposes to no longer require the Accountable Executive to submit a signed statement describing the progress the transit agency has made toward meeting its TAM targets. FTA would only require the signed statement at the construction grant request stage. FTA would retain the requirement for the sponsor to provide to FTA the transit agency's current TAM plan and most recent submission to the NTD (data and accompanying narrative) at both the entry to Engineering and construction grant request stages. FTA has also changed the term "Chief Executive Officer" to "Accountable Executive" when describing the performance target requirement for consistency with the terminology used in FTA's TAM regulation (49 CFR part 625). This is a non-substantive change.

Request for Comments

FTA requests comments on this CIG Policy Guidance, which is available in the docket for this notice and on FTA's website. FTA will consider any substantive comments received on the proposed CIG Policy Guidance and will either revise sections in the guidance based on comments received or will finalize the guidance as proposed.

Authority: 49 U.S.C. 5309; 49 CFR 1.91.

Matthew Cahill,

Acting Deputy Administrator.

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