

How Are Federal Transportation Investments Being Distributed?

A Review of Recent Federal Surface Transportation Funding

Yonah Freemark, Gabe Samuels, Amanda Hermans, Tomi Rajninger, Sam Lieberman, and Teddy Maginn

March 2025

KEY FINDINGS

Formula programs dominated DOT surface transportation funding, with the National Highway Performance and Surface Transportation Block Grant Programs accounting for about 43 percent of spending.

Spending disproportionately funded less densely populated metropolitan areas with **lower incomes, lower shares of people of color, and more drivers**. This was particularly true for highway spending, which accounts for most federal transportation spending.

Transit programs were more likely to fund more densely populated areas with high capacity, **high household incomes, and higher shares of people of color**.

High-income areas received more transit funding than middle- and low-income areas, despite the latter having smaller local tax bases to make up the gap.

The US Department of Transportation (DOT) invests billions of dollars each year in surface transportation, including for the construction and maintenance of highway, transit, pedestrian, and cyclist infrastructure. But funding is not evenly distributed among transportation modes or parts of the country. In this summary, we investigate federal spending since the passage of the 2021 Infrastructure Investment and Jobs Act.

SUMMARY OF THE MAJOR SURFACE TRANSPORTATION PROGRAMS

The Infrastructure Investment and Jobs Act introduced and expanded a series of competitive programs, allowing agencies to broaden funding to projects in areas that previously received little to no support from federal programs (Freemark et al. 2024). These competitive investments had less than 25 percent of the value of formula programs, most of which were distributed by state governments using Federal Highway Administration funds (table 1).

TABLE 1

Major Federal Surface Transportation Programs

Amount awarded in billions of dollars, fiscal years 2022 and 2023

Formula programs	Amount	Competitive programs	Amount
National highways (FHWA)	\$57.8	Capital Investment Grants (FTA)	\$7.5
Surface transport (FHWA)	\$24.5	Bridge Investment (FHWA)	\$6.5
Urbanized transit (FTA)	\$16.8	BUILD (formerly RAISE)	\$4.5
Bridges (FHWA)	\$10.6	INFRA	\$4.4
State of good repair (FTA)	\$8.3	Reconnecting Communities	\$3.5
Highway safety (FHWA)	\$6.0	Low/No Emission Buses	\$2.3
Congestion mitigation and air quality (FHWA)	\$5.1	Safe Streets	\$1.7
Other formula grants	\$23.1	Other competitive grants	\$5.8
Total	\$152.2	Total	\$36.2

Source: Authors' analysis of award announcements as of June 2024.

Notes: FHWA = Federal Highway Administration. FTA = Federal Transit Administration. Does not include pandemic-era emergency allocations. Other formula grants include PROTECT, TAP, Highway Freight, CARBON, SPR, 5311, 5339, TTP, FMCSA, Metropolitan Planning, 5305, 5310, 5329, Rural Surface, NHTSA, Appalachian Highways, Railway Crossings, and Electric Vehicles. Other competitive grants include MEGA, Bus grants, Thriving Communities, Motor Carrier Safety, Charging Fuel Infrastructure, PROTECT (competitive), ASAP, and Rail Vehicle.¹

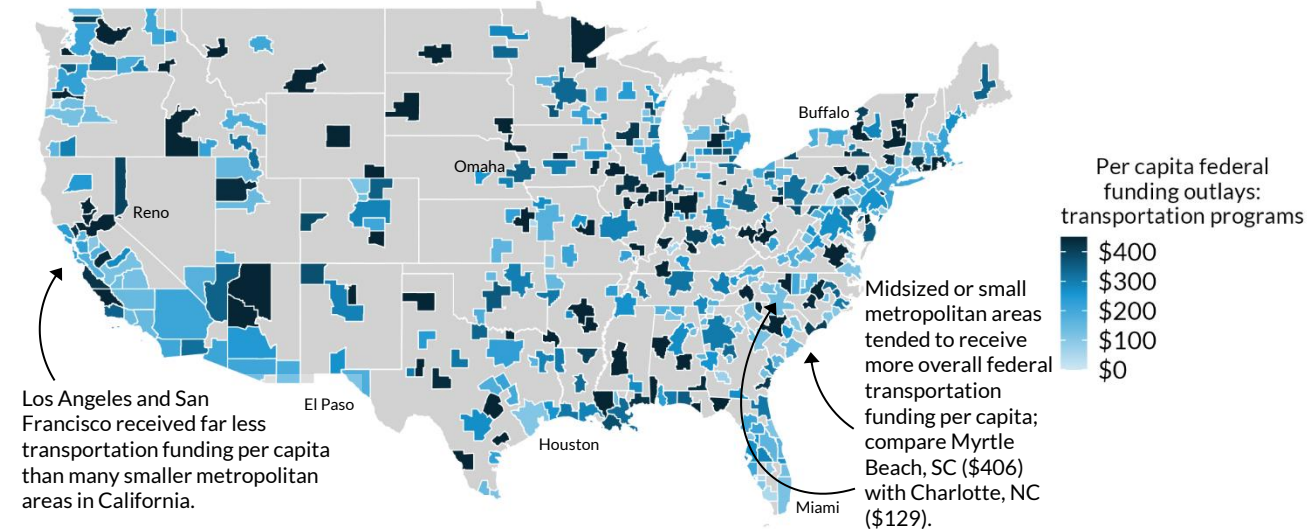
SURFACE TRANSPORTATION FUNDING DISTRIBUTION BY METROPOLITAN AREA

Federal surface transportation programs distributed funding to metropolitan areas, mostly via state departments of transportation and transit agencies. These investments were concentrated in smaller metropolitan areas. Areas with more than two million residents typically received \$229 per capita—compared with \$269 per capita for those with fewer than 500,000 residents (figure 1). Funding from the Federal Transit Administration, which accounts for about 15 percent of surface transportation funding, was focused in large metropolitan areas.

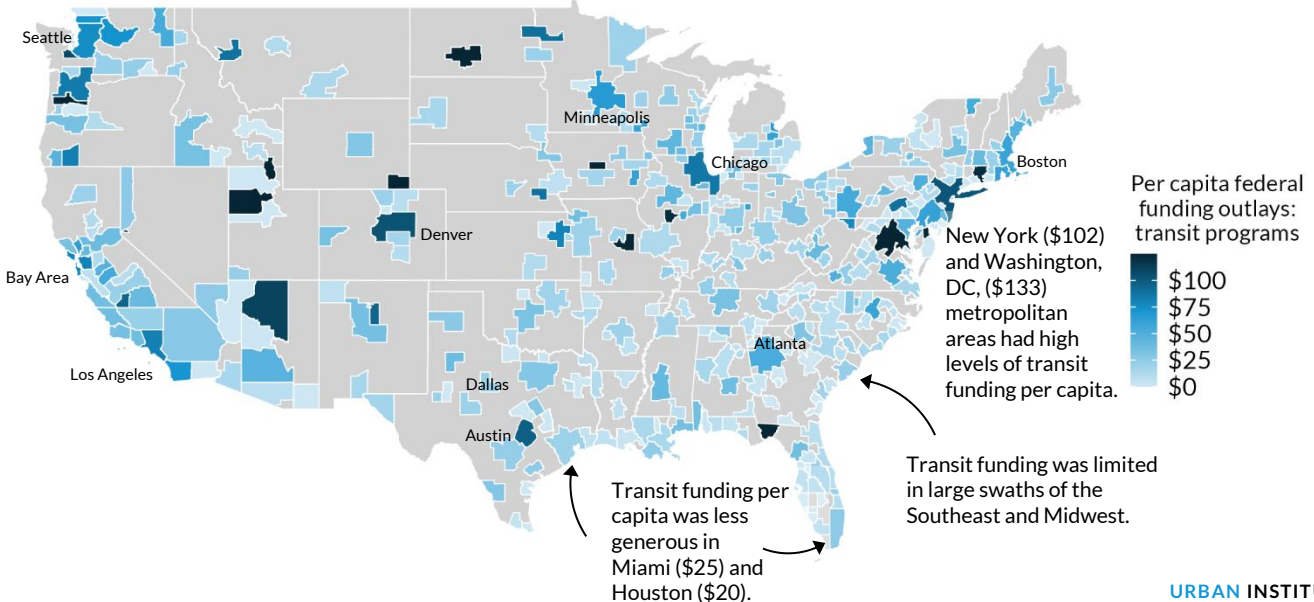
FIGURE 1

Federal Surface Transportation Funding Varied Substantially by Metropolitan Area

Per capita outlays for all federal transportation programs, by metropolitan area, fiscal years 2022 and 2023



Per capita outlays for federal transit programs, by metropolitan area, fiscal years 2022 and 2023



URBAN INSTITUTE

Source: Authors' analysis of fiscal years 2022 and 2023 data from USA Spending, by census-defined metropolitan area.

Notes: Does not include pandemic-era emergency allocations. Alaska, Hawaii, and US territories not mapped. On a per capita basis, total surface transportation funding for the Anchorage, Honolulu, and San Juan metropolitan areas were \$591, \$278, and \$80, respectively, and transit funding totals were \$113, \$35, and \$17, respectively. When information was provided, we assigned spending to the county where the project was located (60 percent of funds); otherwise, if data were unavailable, we assigned spending to the county where the recipient was located. This may result in a disproportionate share of funds being allocated to state capitol metropolitan areas.

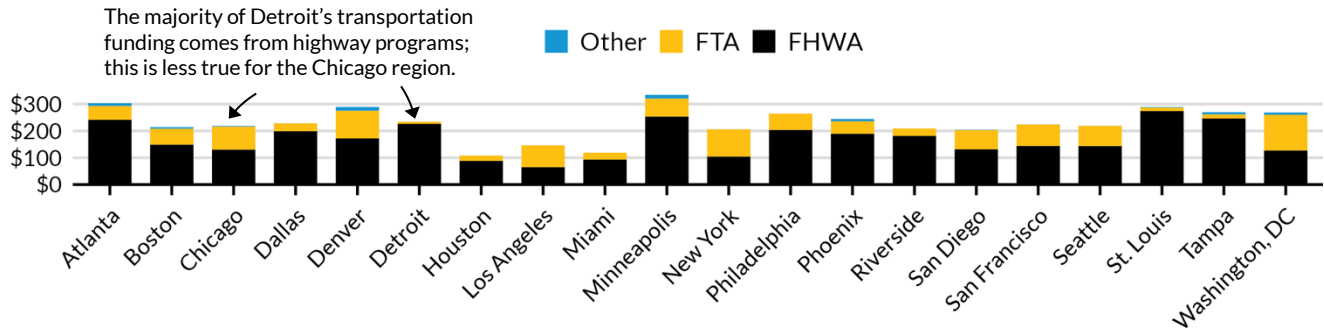
HOW WAS FUNDING DISTRIBUTED AMONG THE LARGEST METROPOLITAN AREAS?

Per capita spending from the Federal Highway Administration—mostly distributed by state governments through federal formula funds—generally outpaced investment from the Federal Transit Administration in the country’s most populous metro regions (figure 2, top panel). This was particularly true in the Atlanta, Detroit, and St. Louis regions. Even so, in the Chicago, Denver, Los Angeles, and Washington, DC, regions, Federal Transit Administration funding was more prominent. The New York region received a high level of transit outlays per capita—about five times as much as Houston. Yet it received the lowest level of investment among all large regions in terms of support per transit commuter—less than one-third of what Houston received (middle panel). Applicants from some metropolitan areas were more successful in winning competitive awards. Seattle, Minneapolis, and San Diego, respectively, were awarded the highest amount of funding per capita (bottom panel).

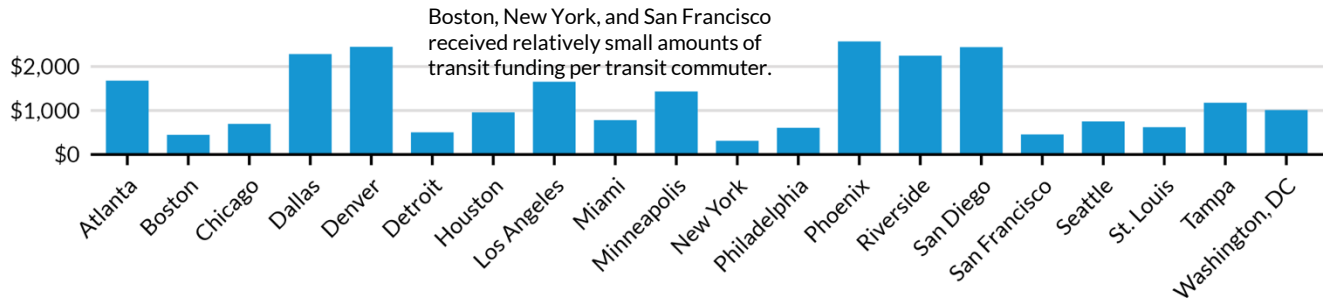
FIGURE 2

Among Large Metropolitan Regions, Federal Transportation Spending Varied by Source

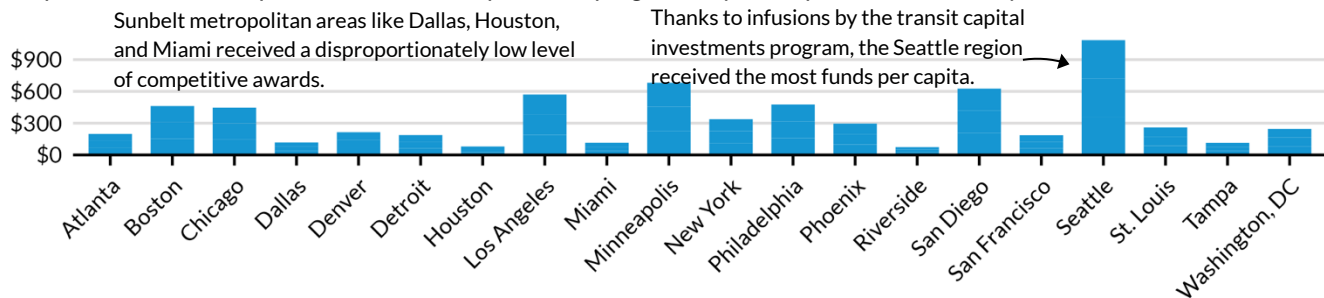
Per capita outlays for all federal transportation programs, by metropolitan area and agency, fiscal years 2022 and 2023



Outlays for federal transit programs per transit commuter, by metropolitan area, fiscal years 2022 and 2023



Per capita awards for competitive surface transportation programs, by metropolitan area, fiscal years 2022 and 2023



URBAN INSTITUTE

Sources: Authors’ analysis of 2016–20 five-year American Community Survey estimates and fiscal years 2022 and 2023 data from USA Spending, among 20 most populous census-defined metropolitan areas (top two panels); Authors’ analysis of agency award announcements (bottom panel).
Notes: FTA = Federal Transit Administration; FHWA = Federal Highway Administration. Does not include pandemic-era emergency allocations. Not all awarded funding presented in the bottom panel has yet been outlaid.

HOW DO TRANSPORTATION PROGRAMS ALIGN WITH DEMOGRAPHICS AND TRAVEL PATTERNS?

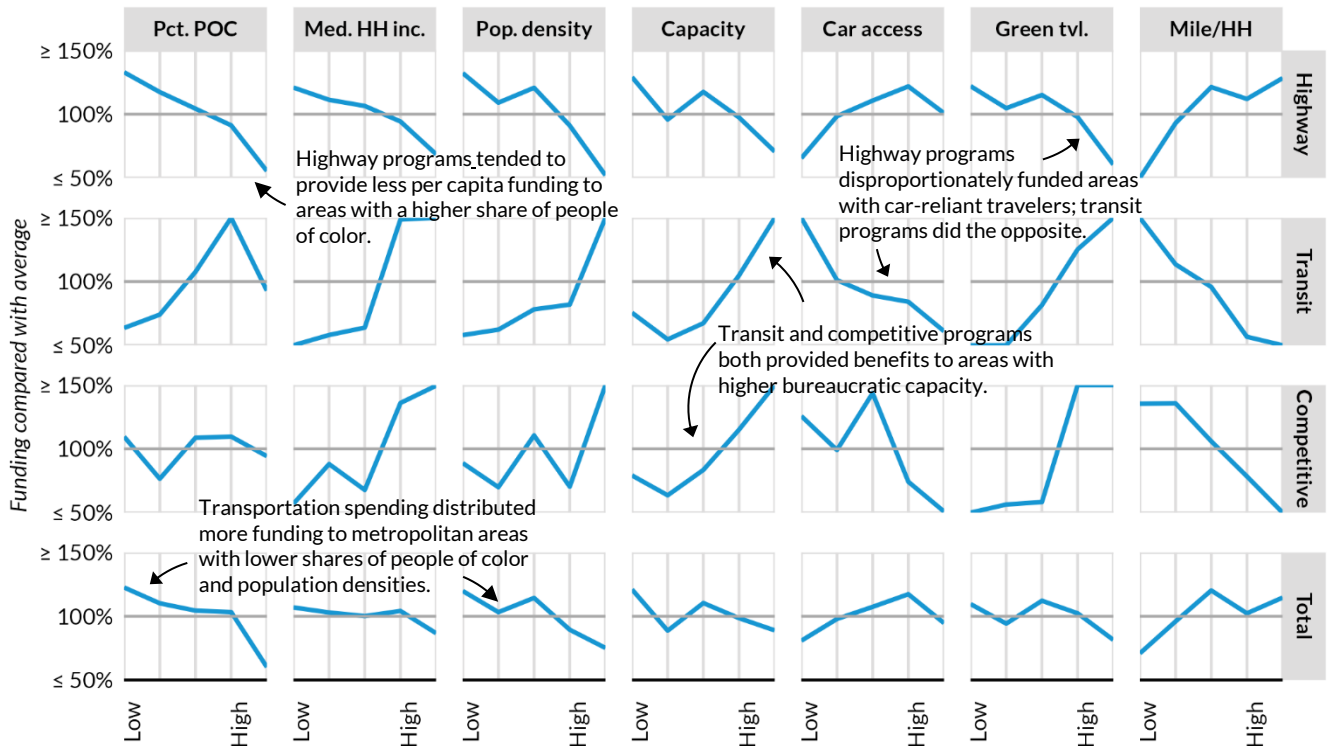
In figure 3, we highlight the extent to which federal surface transportation spending aligns with the demographics and travel patterns of metropolitan areas. We ranked and then divided all US metropolitan areas into quintiles based on seven demographic and transportation metrics (e.g., share of households with car access), and then compared per capita surface transportation spending in each quintile (e.g., the per capita spending for the 20 percent of areas with the lowest share of households with car access). We found the following:

- Highway spending was oriented away from metropolitan areas with more people traveling by transit, walking, or biking. It tended to fund areas with lower incomes and lower shares of people of color. Transit spending was focused on metropolitan areas with high bureaucratic capacity, more transit commuting, higher household incomes, higher shares of people of color, and higher population densities.
- Competitive programs disproportionately awarded funds to regions with higher bureaucratic capacity (meaning more local transportation-related government staff) to apply for grants.
- Overall, transportation spending disproportionately benefitted areas with lower population densities, lower shares of people of color, more driving, and lower rates of walking, biking, or commuting via transit.

FIGURE 3

Comparing Transportation Spending with Metropolitan Characteristics

Per capita outlays, by metropolitan area and by surface transportation program type, fiscal years 2022 and 2023



URBAN INSTITUTE

Sources: Authors' analysis of 2016–20 five-year American Community Survey estimates, fiscal years 2022 and 2023 data from USA Spending, and agency award announcements, by metropolitan area.

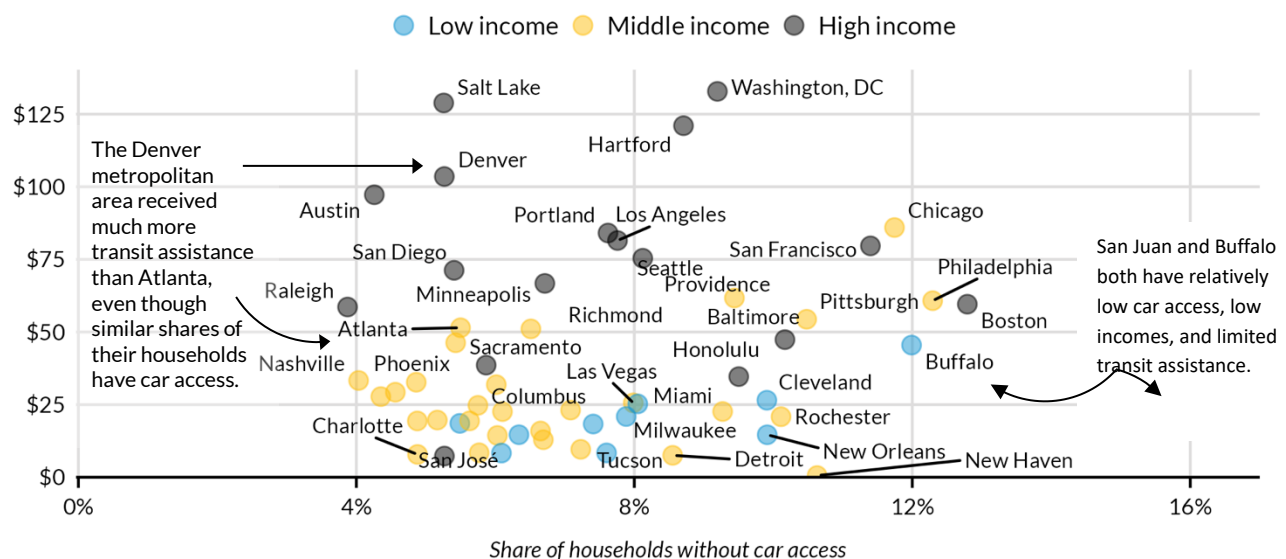
Notes: Pct. POC = share of population who are Hispanic or nonwhite; Med. HH inc. = median household income; Pop. density = people per square mile; Capacity = local government staffing in transportation; Car access = share of households with car access; Green tvl. = share of commuters traveling by transit, walking, or biking; Mile/HH = car miles driven per household (see Freemark et al. 2023); Highway = funding from Federal Highway Administration; Transit = funding from Federal Transit Administration; Competitive = funding from competitive programs. Does not include pandemic-era emergency allocations. When information was available, we assigned spending to the county where the project was located (60 percent of funds); otherwise, we assigned spending to the county of the recipient (this may result in a disproportionate share of funds allocated to state capital metropolitan areas).

Overall, there was a mixed relationship between a key measure of need for assistance—car access per household—and per capita transit funding. Among all regions, regions with less car access received more per capita funding (figure 3); but among the largest metropolitan areas, those with higher incomes were awarded more per capita transit funding than lower-income areas, irrespective of their levels of car access (figure 4). The Philadelphia region, for example, received less federal transit funding per capita than Salt Lake City, despite a higher share of households without car access. The five metropolitan areas receiving the most per capita outlays were all high-income; only one high-income area received less than \$25 per capita. Though income is hardly the only characteristic worth considering in terms of allocating transit funding, it is strongly associated with the local tax base. As such, these data suggest that metropolitan areas that struggle to raise local funding for transit do not receive federal dollars to compensate. However, some of these areas that are high income and highly funded on average, such as San Francisco, Boston, and Washington, DC, also have large population shares without car access and significant low-income populations, suggesting that they need funding to support transportation alternatives.

FIGURE 4

More Transit Funding Went to Higher-Income Metropolitan Areas, Less to Low- and Middle-Income Areas

Per capita outlays from federal transit programs, for the largest metropolitan areas, fiscal years 2022 and 2023



URBAN INSTITUTE

Sources: Authors' analysis of 2016–20 five-year American Community Survey estimates and fiscal years 2022 and 2023 data from USA Spending, by census-defined metropolitan area, for all metropolitan areas with at least 950,000 residents, excluding New York City (where 31 percent of households do not have car access and transit funding was \$102 per capita). Note that some funding for New Haven may be classified as in the New York region due to Metro-North Railroad activities.

Notes: Does not include pandemic-era emergency allocations. Low income = median household income less than \$60,000; high income = median household income greater than \$75,000.

RECOMMENDATIONS

Federal surface transportation funds reinforce the nation's history of directing more funding to highway projects, and to metropolitan areas with more driving, lower population densities, and lower shares of people of color. This is a product of federal formulas and investment decisions made by state departments of transportation. Several changes could improve the distribution of funds while expanding mobility options.

- Congress could alter rules related to the distribution of Federal Highway Administration funding to reward states and metropolitan areas that expand travel options beyond driving, and that ensure funding meets the needs of Americans of all backgrounds.

- Federal transit funds—which are limited compared with federal highway expenditures—rewarded communities with higher transit use, but those communities were often high income. Areas with limited transit service, lower incomes, and low car access, on the other hand, often received little transit support per capita; they need additional assistance to improve transit options. Congress could consider creating two transit programs, one to support those regions that have been most successful in attracting riders to their services, and another designed to create a minimum level of transit service in regions without many riders.
- States can “flex” funds from the Federal Highway Administration for transit, pedestrian, and cycling projects (Freemark and Rennert 2023). But federal formulas and state agencies tended to underfund metropolitan areas with higher shares of people of color and lower incomes—areas that have historically lacked federal funding support and that have limited local tax bases. Funds from the Federal Highway Administration, in particular, benefit metropolitan areas with lower shares of people of color. Congress could alter formulas to support historically disinvested communities, while states could expand their use of flexing to support diverse modes of transportation.
- The US Department of Transportation disproportionately distributed competitive grants to jurisdictions with higher bureaucratic capacity.² Congress and federal agencies could help expand competencies in underresourced communities by expanding technical assistance programs such as the agency’s Thriving Communities Program.

NOTES

¹ TAP = Transportation Alternatives Program; SPR = State Planning and Research; 5311 = Transit Formula Grants for Rural Areas; 5339 = Grants for Buses and Bus Facilities Formula Program; TTP = Tribal Transportation Program; FMCSA = Federal Motor Carrier Safety Administration; 5310 = Enhanced Mobility of Seniors and Individuals with Disabilities; NHTSA = National Highway Traffic Safety Administration; 5305 = Statewide Transportation Planning Program; 5329 = Transit Safety Program; MEGA = National Infrastructure Project Assistance program; ASAP = All Stations Accessibility program.

² Amanda Hermans and Tomi Rajninger, “Local Governments with More Staff and Bigger Budgets Are More Likely to Win Federal Infrastructure Grants,” *Urban Wire* (blog), Urban Institute, May 6, 2024, <https://www.urban.org/urban-wire/local-governments-more-staff-and-bigger-budgets-are-more-likely-win-federal>.

REFERENCES

Freemark, Yonah, Amanda Hermans, Tomi Rajninger, Gabe Samuels, and Sam Lieberman. 2024. *Infrastructure Equity in Motion*. Washington, DC: Urban Institute.

Freemark, Yonah, Mel Langness, Amanda Hermans, Gabe Samuels, Tomi Rajninger, and David C. Blount. 2023. *Is Federal Infrastructure Investment Advancing Equity Goals?* Washington, DC: Urban Institute.

Freemark, Yonah, and Lindiwe Rennert. 2023. *Surmounting the Fiscal Cliff*. Washington, DC: Urban Institute.

ABOUT THE AUTHORS

Yonah Freemark is a principal research associate, **Gabe Samuels** is a research analyst, **Amanda Hermans** is a research associate, **Tomi Rajninger** is a research analyst, **Sam Lieberman** is a research assistant, and **Teddy Maginn** is a research assistant in the Housing and Communities Division at the Urban Institute.

ACKNOWLEDGMENTS

This summary was funded by a grant from the Melville Charitable Trust. We are grateful to them and to all our funders, who make it possible for Urban to advance its mission. The views expressed are those of the authors and should not be attributed to the Urban Institute, its trustees, or its funders. Funders do not determine research findings or the insights and recommendations of Urban experts. Further information on the Urban Institute’s funding principles is available at [urban.org/fundingprinciples](https://www.urban.org/fundingprinciples). Copyright © March 2025. Urban Institute. Permission is granted for reproduction of this file, with attribution to the Urban Institute.