URBAN INSTITUTE · ELEVATE · THE · DEBATE

October 27, 2026

The Honorable Sean P. Duffy
US Department of Transportation
1200 New Jersey Avenue SE, West Building, Room W58-213
Washington DC 20590-0001

Re: Proposed Policy Guidance for the Capital Investment Grants Program (DOT docket number FTA-2026-0331)

Dear Secretary Duffy:

I write to provide public comment on the Department's notice of availability of proposed policy guidance for the Capital Investment Grants (CIG) program (DOT docket number FTA-2026-0331), published October 1, 2026. I am a researcher at the Urban Institute whose work focuses on transportation and land use policy. The views expressed here are my own and should not be attributed to the Urban Institute, its trustees, or its funders.

The proposed rule would make major changes to the Federal Transit Administration's (FTA's) CIG program. This comment addresses two provisions of the proposed rule: those related to cost effectiveness and a preference for projects located in communities with high birth and marriage rates. This rule's changes related to cost effectiveness could substantially reduce federal investment in public transportation projects and further delay—or even encourage the cancellation of—many projects in advanced stages of planning. The changes related to birth and marriage rates would disproportionately focus investment in wealthier communities where people are less likely to take advantage of transit in the first place.

The proposed rule is being introduced when US investments in public transportation have failed to keep up with those in other developed nations. US spending on construction of rail transit projects has declined since 2021, when adjusted for inflation.[1] And, as of its writing, the second Trump administration's Department of Transportation has approved only one new transit project—leaving 20 others waiting in line and delayed.[2] I recommend that the FTA reconsider the rule's approach; otherwise, these problems are likely to be exacerbated.

Cost Effectiveness Provisions

The proposed regulation includes several changes related to the measurement of cost effectiveness, the use of cost effectiveness as a criterion for project scoring, and the use of cost effectiveness as a mechanism for adjusting the federal share of project costs. The cost effectiveness measure assesses a project's performance, from low to high, based on a comparison between costs (including expected capital, operations, and maintenance costs) and expected ridership (for New Starts projects).

[1] See Yonah Freemark, "Rail Transit Development Hasn't Kept Up with US Population Growth. Here's How Policymakers Can Expand Access," *Urban Wire*, Urban Institute, March 9, 2026, https://www.urban.org/urban-wire/rail-transit-development-hasnt-kept-us-population-growth-heres-how-policymakers-can.

[2] See Yonah Freemark, "US Federal Project Tracker," The Transport Politic, last updated September 10, 2026, https://www.thetransportpolitic.com/openlines/federal/.

Changes to Rating Breakpoints

The proposal recommends unifying cost effectiveness measures across New Starts, Small Starts, and Core Capacity programs. As an element of this, the FTA recommends developing new cost effectiveness breakpoints, which would replace the breakpoints established in December 2024. Table 1 compares the December 2024 breakpoints with what they would look like if they were adjusted for inflation, and what they would look like under the FTA's proposed policy guidance.

TABLE 1

Current and Proposed Cost Effectiveness Breakpoints by Cost per Trip

Rating	Established in December 2024 and currently applicable	Current levels, adjusted for inflation[a]	In the proposed policy revision
High	< $8.00	< $8.53	< $8.00
Medium-high	Between $8.00 and $9.99	Between $8.53 and $10.65	Between $8.00 and $9.99
Medium	Between $10.00 and $19.99	Between $10.66 and $21.31	Between $10.00 and $12.99
Medium-low	Between $20.00 and $34.99	Between $21.32 and $37.30	Between $13.00 and $19.99
Low	> $35.00[b]	> $37.31[b]	> $20.00[b]

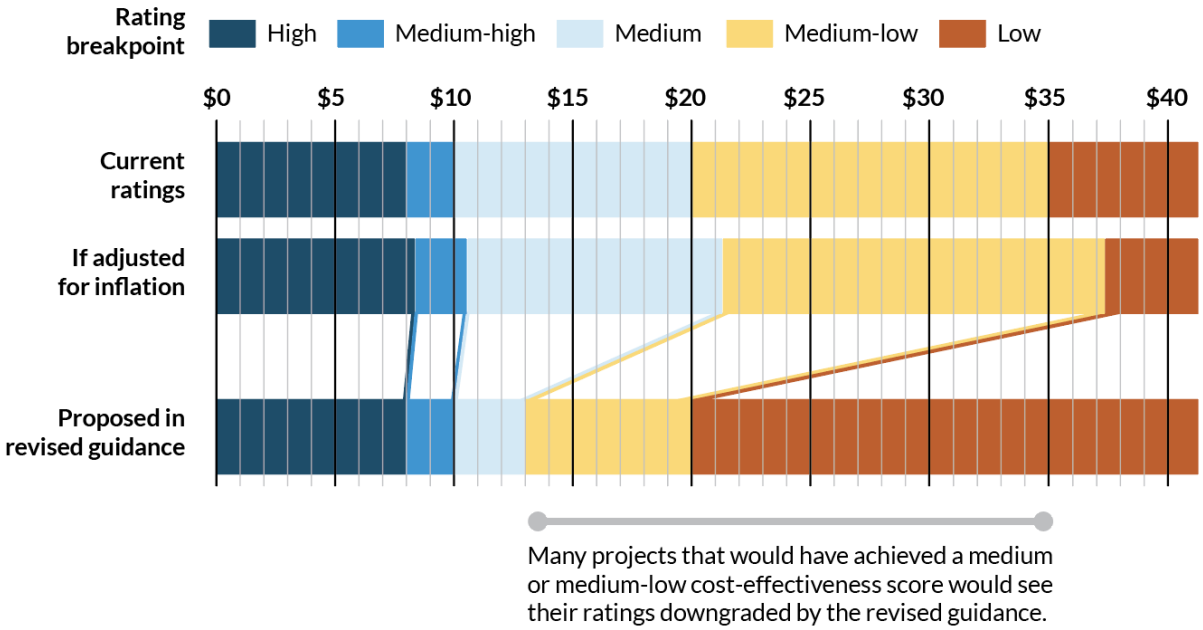
Source: Author analysis of the Federal Transit Administration *2025 Capital Investment Grant Policy Guidance* and the Proposed Policy Guidance for the Capital Investment Grants Program.
[a] Adjusted from December 2024 to September 2026 using a multiplier of 1.0661, based on Producer Price Index by Commodity: Final Demand: Construction for Government, using data from Federal Reserve Bank of St. Louis.
[b] The current and proposed cost effectiveness breakpoints inexplicably include a 1-cent gap between the medium-low and low scores.

If the cost effectiveness breakpoints established in December 2024 were adjusted for inflation, they would increase somewhat. For example, a hypothetical project with a cost effectiveness value of $21 would see its score improve from medium-low to medium. The explanation for this improvement is that the high levels of inflation in the US economy over the past several years have made project materials and labor more expensive.

Yet the FTA's proposed policy revision would *reduce* the breakpoints. That hypothetical project with a $21 cost effectiveness value would see its score decline from medium-low to low under the revision. Indeed, a large share of projects being presented for consideration to the FTA would see their ratings decline, especially when adjusting for inflation (figure 1).

FIGURE 1

Cost Effectiveness Breakpoints: Current and Proposed



Source: Author analysis of the Federal Transit Administration *2025 Capital Investment Grant Policy Guidance* and Proposed Policy Guidance for the Capital Investment Grants Program.
Notes: "If adjusted for inflation" bar reflects changes from December 2024 to September 2026 using a multiplier of 1.0661, based on Producer Price Index by Commodity: Final Demand: Construction for Government, using data from the Federal Reserve Bank of St. Louis.

The proposed guidance would require all current projects, as well as future projects, to be reassessed using the new cost effectiveness breakpoints. This reassessment would further defer many projects that have had their funding delayed for years already. Of the eight New Starts projects with cost effectiveness ratings in the FTA's fiscal year 2027 CIG annual report, four are currently rated low, two are medium-low, and two are medium (table 2). Under the proposed policy revision, two projects would have their scores downgraded from medium-low to low, and two would likely have their score downgraded from medium to medium-low.[3]

[3] Cost effectiveness ratings for Core Capacity and Small Starts projects would also change, but these projects cannot be assessed accurately using the information currently available.

TABLE 2

Cost Effectiveness Ratings for New Starts Projects under Current and Proposed Breakpoints

Project	FY 2027 cost effectiveness rating	Likely rating under proposed policy revision
CA San Francisco, Transbay Program Downtown Extension (*status: Engineering*)	Low	Low
CA San Jose, BART Silicon Valley Phase II Extension (*status: Engineering*)	Low	Low
FL Miami-Dade County, Northeast Corridor Rapid Transit Project (*status: Engineering*)	Medium-low	Low
SC Charleston, Lowcountry Rapid Transit (LCRT) (*status: Engineering*)	Medium-low	Low
VA Fairfax County, Richmond Highway Bus Rapid Transit (*status: Engineering*)	Medium	Medium or medium-low
CA Los Angeles, Southeast Gateway Line (*status: Project Development*)	Low	Low
MD Montgomery County, MD 355 Flash BRT (*status: Project Development*)	Medium	Medium or medium-low
TX Austin, Light Rail Phase 1 Project (*status: Project Development*)	Low	Low

Source: Author analysis of New Starts projects listed, and with current cost effectiveness ratings, in the Federal Transit Administration *Fiscal Year 2027 Capital Investment Grant Annual Report on Funding Recommendations* and Proposed Policy Guidance for the Capital Investment Grants Program.
Notes: FL Broward County, Broward Commuter Rail South; MO St. Louis, Jefferson Alignment MetroLink Extension Project; and WA-OR Vancouver/Portland, Interstate Bridge Replacement Program are listed as in the Project Development phase, but they do not have cost-effectiveness ratings. The MN Minneapolis, METRO Blue Line Extension is listed as in the Engineering phase, but its ratings are under review.

Changes to Project Justification Calculations

The ratings changes for cost effectiveness would have a particular impact because of the FTA's proposed changes to how overall project justification is calculated. Currently, cost effectiveness accounts for 16.67 percent of the project justification rating for New Starts projects; mobility improvements, environmental benefits, congestion relief, economic development, and land use each account for 16.67 percent of the score. The proposal would increase the cost effectiveness score to account for 25 percent of the justification score, while reducing environmental benefits to 5 percent (congestion relief and mobility improvements would go up to 20 percent; economic development and land use would decline to 15 percent).

If the proposed rule were introduced, the higher weight given to cost effectiveness would likely reduce project justification ratings. This could imperil federal funding for many future projects, which need to achieve a medium overall justification score to receive federal support under the CIG program.

Changes to Federal Share of Costs

The proposed rule would also adjust the federal share of costs based on components of the project justification criteria. These adjustments would add or subtract planned federal grant support as a share of overall project costs based on each score, with particular weight given to the cost-effectiveness measure. The FTA would also set a baseline of 40 percent of costs to be covered by the CIG program, which is lower than many projects have recently received or been planning on (for example, Charleston's Lowcountry Rapid Transit project assumes the CIG program would cover 60 percent of costs; Portland's Interstate Bridge Replacement project assumes the program would cover 55 percent of costs). The FTA does not

explain how transit agencies that have planned projects for years—sometimes decades—would make up this funding gap. Assembling adequate local and state sources to make up the difference would be challenging if not impossible, potentially forcing the cancellation of many of these investments.

Under the proposal, the FTA proposes that the federal share of costs would "remain locked" for the New Starts (and Core Capacity) projects now in the Engineering phase. But the federal share would not be locked for the projects in the Project Development phase, and it would certainly not be locked for future projects. Table 3 lists ratings and expected CIG grant contributions for current FTA New Starts projects. The regulatory change would also have major implications for current and future Small Starts and Core Capacity projects, for which inadequate data are available to determine how they would be impacted.

TABLE 3

Project Justification Criteria Scores for New Starts Projects in Planned Development, Showing Increases or Declines in CIG Shares of Capital Costs Based on Ratings, and Total Estimated CIG Share of Capital Costs under Current Plans and New Rules

	Current rating					Likely cost effectiveness rating under proposed policy	CIG share of capital costs	
Project	Environ-ment	Mobility	Congest-ion	Economic develop-ment	Land use		Current	Under new rules[a]
Los Angeles Southeast Gateway Line	High (+2% pts)	Medium-high (+4% pts)	Medium	Medium	Medium	Low (–25% pts)	49.2%	21%
Montgomery County 355 Flash BRT	High (+2% pts)	Medium	Medium	Medium	Medium	Medium or Medium-low (up to –10% pts)	49.4%	32%–42%[b]
Austin Light Rail Phase 1 Project	Medium	Medium	Medium-high (+4% pts)	Medium-high (+2% pts)	Medium	Low (–25% pts)	49.4%	21%

Source: Author analysis of Federal Transit Administration *Fiscal Year 2027 Capital Investment Grant Annual Report on Funding Recommendations* and Proposed Policy Guidance for the Capital Investment Grants Program.
Notes: FL Broward County, Broward Commuter Rail South; MO St. Louis, Jefferson Alignment MetroLink Extension Project; and WA-OR Vancouver/Portland, Interstate Bridge Replacement Program are listed as in the Project Development phase, but they do not have a cost-effectiveness rating listed.
[a] Assumes current ratings on criteria other than cost effectiveness remain the same, and a baseline of 40 percent of costs covered by the CIG program.
[b] Depends on whether cost effectiveness is scored at medium-low or medium, respectively.

Table 3 shows that federal support would decline dramatically for each New Starts project in Planned Development. For example, the Los Angeles Southeast Gateway light rail line would see its CIG grant decline from 49.2 percent of total costs to 21 percent under the new rule; the Austin light rail project would see its grant decline from 49.4 percent of total costs to 21 percent. These projects would experience such substantial cuts for two reasons. First, the baseline of FTA funding (40 percent) would be lower than their current expectations. Second, their lower cost-effectiveness ratings would reduce their federal share by 25 percentage points. These examples demonstrate the challenges other agencies will face. For example, the Broward Commuter Rail South project's sponsors say they expect the federal government to fund 50 percent of costs through the CIG program.[4] That is unlikely to remain the case under the new rules.

[4] MAP (Mobility Advancement Program) Broward, *Annual Report Covering October 1, 2021, to September 30, 2022*, https://mapbroward.org/wp-content/uploads/2025/07/MAP-Annual-Report-FY2022.pdf, page 28.

Recommendations Related to Cost Effectiveness Provisions

The FTA's proposed regulatory changes to the CIG program would be detrimental to the goal of expanding investment in public transportation. Rather than adjust cost effectiveness ratings for inflation, the proposal would tighten them. Rather than encouraging the funding of projects nationwide that have been in planning for many years, the proposal would require their reassessment—and then likely reduce federal grant support for them. The FTA should not implement the cost effectiveness provisions of this proposal as planned. Doing so would undermine the CIG program and make it much more difficult for transit agencies to fund their projects.

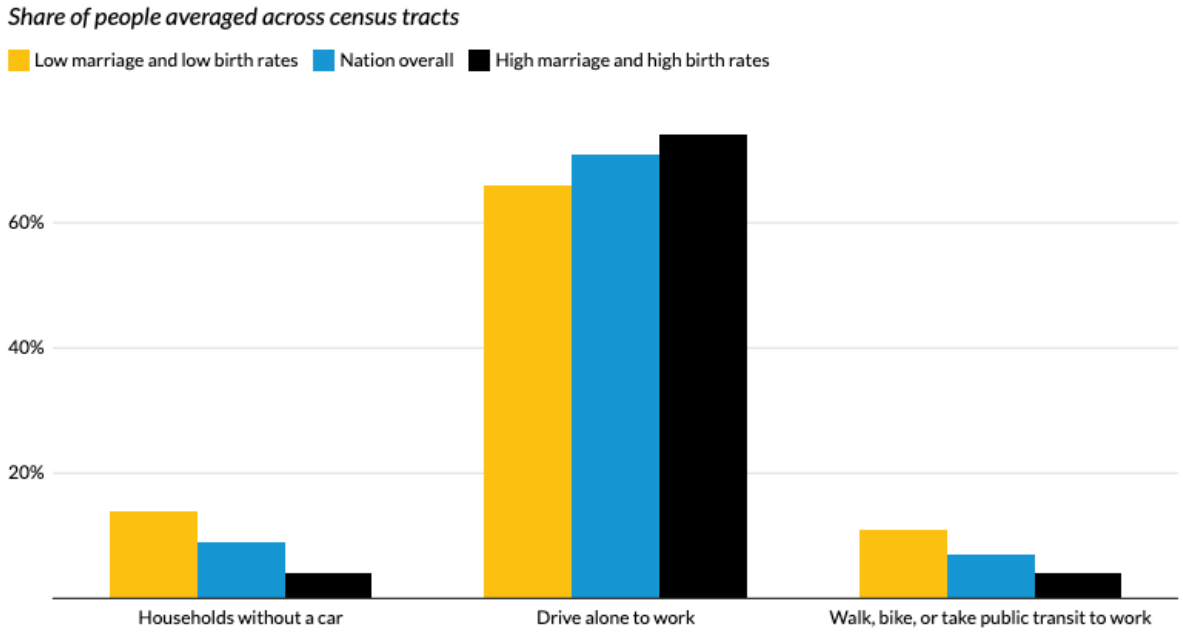
Birth and Marriage Rates Provision

The proposal includes another major CIG share adjustment factor, based on the birth and marriage rates of the communities within one mile of transit corridors. The proposal would increase the federal grant share of total costs by 5 percentage points for projects in areas with high birth rates and by up to 5 percentage points for projects in areas with high marriage rates.

No justification is provided for giving preference for funding if a project is in such high birth rate and/or high marriage rate corridors. I have identified no scholarly evidence demonstrating why such a preference would be beneficial for the success of public transit investment. Moreover, there is strong evidence that areas with those characteristics are likely to be *less* attractive to potential transit users. Neighborhoods nationwide with high marriage and birth rates have substantially higher car ownership rates, a higher share of commuters driving to work, and a lower share of people walking, biking, or taking transit to work than areas with low marriage and birth rates (figure 2).

FIGURE 2

Communities With Less Car Access Would Be Penalized if the US Department of Transportation Prioritizes Marriage and Birth Rates

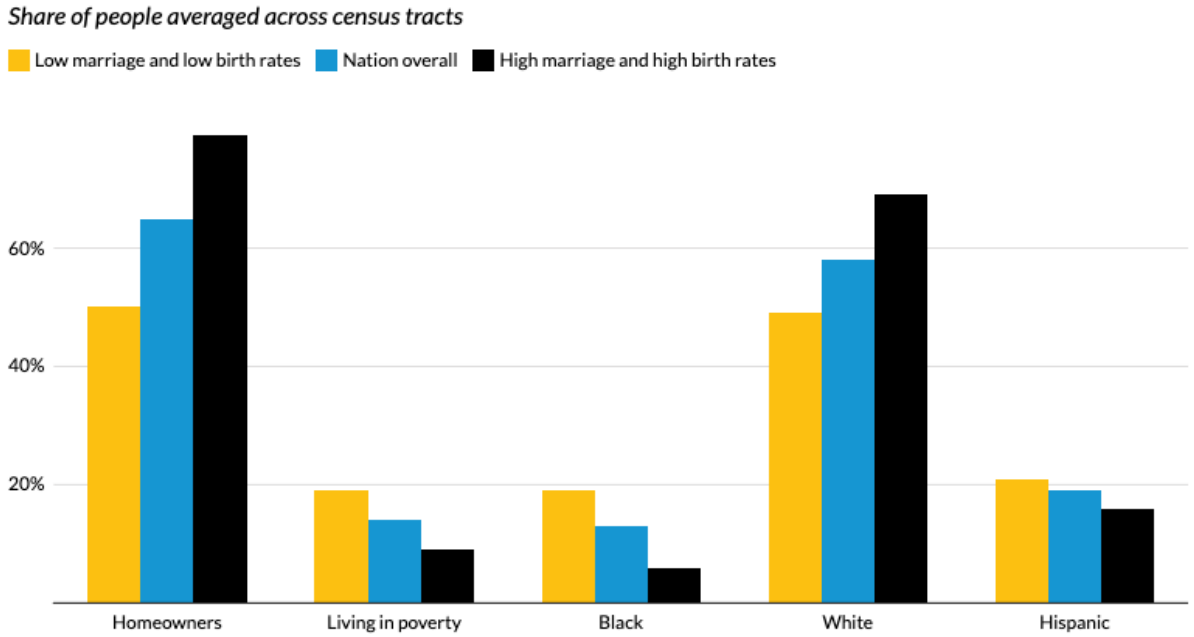


Source: Authors' analysis of US Census Bureau American Community Survey 2019–23 five-year data, at the census tract level, from Yonah Freemark and Lindiwe Rennert, "DOT's Plan to Distribute Funding by Birth and Marriage Rates Would Leave Communities Most In Need Behind," *Urban Wire*, Urban Institute, February 7, 2025, https://www.urban.org/urban-wire/dots-plan-distribute-funding-birth-and-marriage-rates-would-leave-communities-most-need.

Communities with high marriage and birth rates share attributes that indicate that prioritizing transit projects there would disproportionately benefit homeowners, people with higher incomes, and people who are non-Hispanic white (figure 3).

FIGURE 3

Prioritizing Communities with High Marriage and Birth Rates Would Disproportionately Benefit White and High-Income Areas



Source: Authors' analysis of US Census Bureau American Community Survey 2019–23 five-year data, at the census tract level, from Yonah Freemark and Lindiwe Rennert, "DOT's Plan to Distribute Funding by Birth and Marriage Rates Would Leave Communities Most In Need Behind," *Urban Wire*, Urban Institute, February 7, 2025, https://www.urban.org/urban-wire/dots-plan-distribute-funding-birth-and-marriage-rates-would-leave-communities-most-need.

Recommendations Related to the Birth and Marriage Rate Provision

Giving preference to projects in areas with high birth and marriage rates would have potentially problematic impacts. It would preference projects in neighborhoods with higher rates of car ownership and less transit use. It would also benefit homeowners and wealthier residents. These outcomes would not be to the public benefit. I recommend that the FTA eliminate this provision from the proposal.

Conclusion

Transit investment in the United States plays an essential role in expanding access and improving the affordability of transportation options. But transit agencies nationwide are already struggling to construct new transit lines. The FTA's proposal for the CIG program, as currently written, would worsen the situation by doing the following:

- Artificially reducing the cost effectiveness score for many proposed lines, rather than adjusting the score for inflation. This change would potentially make it impossible for several projects to be funded by the federal government at all.
- Requiring projects that have been in planning for years to be reassessed and likely have their planned federal funding reduced.
- Prioritizing transit investment in communities that are less likely to be effective places for public transportation use, and in so doing, increasing spending in wealthier areas.

Based on these findings, I recommend that the FTA reconsider these aspects of its proposed CIG regulations. Doing so is necessary to help ensure that more Americans get access to effective, useful public transportation options.

Respectfully submitted,

Yonah Freemark, PhD
Lead, Practice Area on Fair Housing, Land Use, and Transportation
Urban Institute