

The Public Transit Capital Investment Relief Act of 2021

Senator Murray (D-WA)

The Public Transit Capital Investment Relief Act of 2021 bill would provide relief to public transportation agencies with existing projects in the Full Funding Grant Agreement (FFGA) stage of the Capital Investment Grants (CIG) Program by increasing the federal cost share of FFGAs signed on or after January 1, 2017 by an additional 30% of the total project cost.

Background

Public Transit agencies, like most state and local agencies, face serious financial challenges due to the COVID-19 pandemic. Lower ridership and decreased tax revenues have forced transit agencies to make difficult funding decisions around projects that are at or near the construction phase. This bill would provide relief for agencies in or preparing to enter the construction phase of fixed-guide transit system expansion by increasing the federal cost share for CIG projects signed on or after January 1, 2017.

As agencies continue to provide service in light of unprecedented revenue and funding shortfalls, many have been forced to make tough decisions on planned expansion projects. Funding in previous COVID-19 relief packages has been limited primarily to operating expenses and formula programs are not designed to recognize growth, leaving agencies with projects in the CIG pipeline to consider canceling or delaying projects, which would result in millions of dollars in cost overruns and sunk costs. This would also stymie opportunities to provide new jobs in a period of historic unemployment.

The CIG program, often called New Starts, is a discretionary funding program for the construction and expansion of new and existing fixed-guideway public transit systems. Agencies applying to the CIG program work closely with FTA through rigorous project development and engineering phases, after which the FTA decides whether to grant the project a FFGA. Projects in the FFGA stage commit to a multiyear agreement between the federal government and a transit agency, locking in terms and conditions for federal financial participation, including the maximum amount of federal funding being committed.

CIG funded projects often are supported by other federal programs, but under current law - regardless of federal funding source - the maximum federal cost share is 80%. However, typical federal cost shares are much lower. A 2017 FTA report found that most projects receiving CIG funding had a federal cost share below 60% and for many projects that share was much less.¹ The Public Transit Capital Investment Relief Act would allow public transit agencies with FFGAs signed on or after January 1, 2017 to opt in to receiving an additional 30% of total project costs. The maximum federal cost share would remain at 80% of the total project cost. The bill would also allow agencies to defer payment of non-Federal share project costs.

The legislation is modeled after H.R. 2's CIG COVID-19 Emergency Relief Program (section 103), but is narrower in scope. The program would only apply to projects already in the Full Funding Grant Agreement stage of CIG and would not cover anything in the engineering phase. It also strikes the H.R.2 language to require TIFIA loans to fall under the non-Federal share of project costs, as the FTA in February rescinded the 2018 policy counting federal loans as part of the overall federal share.

Transit systems with projects that are under or near construction are uniquely positioned to assist the nation in its economic recovery and provide jobs in a period of historic unemployment. Increasing the federal cost share of impacted projects in the FFGA stage would have an immediate impact on public transit agencies' ability to continue to offer riders with planned new or expanded service and would provide opportunities for economic growth in regions across the nation.

¹ Federal Transit Administration, *Annual Report on Funding Recommendations Fiscal Year 2017: Capital Investment Grant Program*, pp. 4 - 5, https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/FY17_Annual_Report.pdf.