



FTA Proposed Capital Investment Grants Policy Guidance

Potential Impacts on MPOs and the Transportation Community

Comments Due: 11/16/2026 | Docket: [FTA-2026-0331](#) | Effective Date: Upon Final Publication

The Big Picture

On Oct. 1, 2026, the Federal Transit Administration (FTA) published a comprehensive proposed update to its [policy guidance for the Capital Investment Grants \(CIG\) Program](#), which provides discretionary federal funding for major transit capital projects through the [New Starts, Small Starts, and Core Capacity programs](#).

FTA says the revisions are intended to streamline the process, improve transparency, and strengthen sponsor accountability. In practice, the proposal would let some qualifying projects use simplified ratings, while also adding earlier project milestones, a new formula for the federal CIG share (the percentage of total project cost FTA would fund through CIG), and stricter financial evaluation and oversight. The practical impact would vary by project cost, ridership, readiness, and funding capacity. FTA proposes immediate application to the existing pipeline, although approved CIG shares would remain locked for New Starts and Core Capacity projects already in the Engineering phase.

For the majority of MPOs, most impacts would be indirect because transit agencies and other eligible state or local governmental authorities generally sponsor CIG projects. Several proposed requirements still intersect directly with MPO planning and coordination, including adoption of the locally preferred alternative (LPA) into the fiscally constrained metropolitan transportation plan (MTP), funding assumptions, environmental coordination, ridership forecasting, and regional land-use and economic-development analysis.

Key Takeaways

- **Projects would need more preparation and earlier funding commitments:** Sponsors would need to initiate NEPA before Project Development, meet new three-month and one-year milestones, and, for New Starts and Core Capacity, commit 50 percent of non-CIG funding (which may include state, local, and other eligible federal sources) before entering the CIG Engineering phase.
- **Project ratings would directly affect the CIG share:** New Starts and Core Capacity projects rated Medium or better would start at a 40 percent CIG share, adjusted based on the six Project Justification criteria. Cost Effectiveness would have the largest effect.
- **Birth and marriage rates would affect the CIG share:** Qualifying corridors could receive up to 10 additional percentage points, raising questions about the connection to transportation need and potential geographic disparities.
- **Cost and ridership would carry more weight:** Cost Effectiveness, Mobility Improvements, and Congestion Relief would rise from about 50 percent to 65 percent of Project Justification. Small Starts would also move to the new common cost-effectiveness methodology.
- **Land use, housing, and environmental factors would shift in weight:** Affordable-housing policies would receive less weight within Economic Development, supportive zoning would receive more, and Environmental Benefits would fall from 16.66 percent to 5 percent.



- **Warrants could substantially simplify review:** Warrants allow qualifying projects to receive automatic ratings without completing each individual Project Justification analysis. Qualifying projects would receive Medium-High ratings across all six criteria, while projects meeting the thresholds and seeking no more than a 25 percent total federal share could receive High ratings and expanded pre-award authority.
- **Financial review and engineering oversight would become stricter:** FTA would place more weight on financial-plan reasonableness, round summary ratings down, narrow incentives for lower CIG requests, and add annual engineering progress reviews with potential removal from the CIG program for insufficient progress.
- **Other changes would affect costs and funding flexibility:** FTA would remove most existing “enrichment” exclusions, which could make bicycle/pedestrian, sustainability, and zero-emission elements count more fully in cost-effectiveness. FTA would also add advanced safety and security elements and allow eligible pre-award use of other federal funds.
- **Existing projects would not be grandfathered:** Final guidance would apply immediately, although approved CIG shares would remain locked for New Starts and Core Capacity projects already in the engineering phase.

Breakdown of Proposed CIG Policy Guidance

1. Earlier NEPA Coordination Before Project Development

Under the [current framework](#), FTA has encouraged project sponsors to perform early planning and environmental work before requesting entry into Project Development, because New Starts and Core Capacity projects generally must complete Project Development within two years. FTA now proposes to make part of that work a formal prerequisite.

A sponsor would need to initiate the NEPA environmental review process before requesting entry into Project Development. FTA states that initiation could include early scoping, planning and environmental linkages (PEL) work, preliminary NEPA readiness and class-of-action discussions with the FTA regional office, or formal NEPA initiation. Sponsors would have to document that initiation in their Project Development request.

Sponsors would also have 30 days to provide all information required for a Project Development entry request. If the request remained incomplete, FTA would stop considering it, and the sponsor would need to submit a new request once ready.

2. New Project Development Milestones

FTA proposes new intermediate deadlines intended to identify problems earlier and prevent projects from remaining in Project Development without sufficient progress. **Within the first three months**, sponsors would generally need to:

- Determine the project’s NEPA class of action, if not already completed
- Provide a ridership data collection plan and on-board survey plan for New Starts and Core Capacity projects. FTA would encourage, but not require, those plans for Small Starts

Within **one year**, sponsors would need to:

- Update the project cost, scope, and schedule
- Reach at least **15 percent overall design**
- Identify required third-party agreements and provide an implementation plan and schedule



The **existing requirement** that New Starts and Core Capacity projects complete at least 30 percent design and engineering during Project Development would remain.

AMPO Note: The 15 percent design requirement would be an interim one-year milestone. New Starts and Core Capacity projects would still need at least 30 percent design and engineering before entering the engineering phase. Earlier milestones could help identify cost, schedule, utility, railroad, or other coordination issues. They could also be difficult to meet where design depends on environmental decisions or agreements outside the sponsor's control.

3. Higher Funding Commitment Before Engineering

FTA proposes moving a larger share of non-CIG funding commitments to an earlier stage for New Starts and Core Capacity projects. Non-CIG funding means funding outside the CIG grant itself and may include state, local, and other eligible federal sources.

Currently, sponsors must have at least 30 percent of non-CIG funding committed before entering the engineering phase. FTA would increase that entry threshold to 50 percent. Current guidance already requires New Starts and Core Capacity sponsors to reach 50 percent within three years of entering Engineering, so the proposal would accelerate an existing requirement. Small Starts projects would retain their requirement to commit at least 50 percent of non-CIG funding within three years of entering the project development phase.

FTA says the earlier commitment would reduce federal financial risk and demonstrate stronger local commitment before a project advances.

AMPO Note: This could affect regions where major funding commitments depend on state or local appropriations, ballot measures, bond issuances, or federal funds with different award timelines.

4. New Formula for Determining the CIG Share

FTA **currently** locks in the CIG dollar amount for New Starts and Core Capacity projects at entry into engineering, but the guidance does not contain a formal formula explaining how FTA determines the percentage of project costs that CIG will fund.

Under the proposed formula, every New Starts or Core Capacity project with an overall rating of at least Medium would begin with a 40 percent CIG share. FTA would then adjust that share based on the six Project Justification ratings, with the largest adjustments tied to Cost Effectiveness:

Criterion	Proposed Adjustment Range (% points)
Cost Effectiveness	-25 to +10
Mobility Improvements	-10 to +5
Congestion Relief	-10 to +5
Economic Development	-6 to +3
Land Use/Capacity Needs	-6 to +3
Environmental Benefits	0 to +2



AMPO Note: Project Justification ratings would directly affect the CIG share, meaning relatively small rating differences could change the state or local funding needed for a major project.

5. Birth and Marriage Rate Adjustment

FTA proposes an additional adjustment to the federal share based on demographics in the transit corridor. For both **birth rates and marriage rates**, a New Starts or Core Capacity project could receive:

- **+5 percentage points** if the rate is more than 1 percent above the national average
- **+3 points** if it equals the national average or is up to 1 percent above it
- **+1 point** if it is within 1 percent below the national average

Together, the two demographic factors could add up to 10 percentage points¹ to the CIG share, subject to the sponsor's request and statutory limits. FTA would use a one-mile buffer around the entire project corridor. Projects below the qualifying thresholds would receive no bonus, rather than a negative adjustment.

AMPO Note: This is different from evaluating a project's transportation performance. Two otherwise similar projects could qualify for different CIG shares because of demographic characteristics that are outside the control of the project sponsor. This could raise questions around:

- The transportation-policy rationale for the adjustment
- Potential geographic disparities
- Whether a one-mile corridor buffer appropriately reflects different transit markets

AMPO Note on Census: FTA would use ACS five-year estimates to calculate corridor birth and marriage rates. Separately, the Census Bureau is considering proposed changes to decennial census residence criteria and rules governing demographic questions ([read AMPO's comments and analysis here](#)). Because ACS estimates rely on Census Bureau population controls tied to the decennial census, AMPO will continue monitoring the proposal for any potential downstream implications for transportation data.

6. Cost Effectiveness

FTA proposes both a methodological change and a weighting change. FTA **currently** calculates cost effectiveness differently for New Starts, Small Starts, and Core Capacity projects.

FTA would use annualized capital costs plus incremental operating and maintenance costs per linked transit trip across all three categories. New Starts and Small Starts would use trips on the project; Core Capacity would use trips in the existing corridor. This is a significant change for Small Starts, which currently uses only the annualized federal capital share per trip, and could affect ratings for projects that do not qualify for warrants. The proposed common rating breakpoints are as follows:

¹ See [FTA Proposed Guidance – Table 3 \(PDF page 17\)](#)



Rating	Cost Per Trip
High	Under \$8
Medium-High	\$8.00–\$9.99
Medium	\$10.00–\$12.99
Medium-Low	\$13.00–\$19.99
Low	>\$20.00 ²

AMPO Note: Projects with high capital costs relative to linked transit trips could become less competitive under the revised ratings, even when they advance other regional goals.

7. Reweighting of the Project Justification Criteria

Currently, the six Project Justification criteria receive equal weight. Under the proposed guidance:

Project Justification Criteria	Current Weight	Proposed Weight	Change
Cost Effectiveness	16.66%	25%	↑ 8.34 pts
Mobility Improvements	16.66%	20%	↑ 3.34 pts
Congestion Relief	16.66%	20%	↑ 3.34 pts
Economic Development	16.66%	15%	↓ 1.66 pts
Land Use/Capacity Needs	16.66%	15%	↓ 1.66 pts
Environmental Benefits	16.66%	5%	↓ 11.66 pts

Together, Cost Effectiveness, Mobility Improvements, and Congestion Relief would account for **65 percent** of Project Justification, up from approximately 50 percent today. So, cost and ridership-related measures would have greater influence on the rating.

Environmental Benefits would decline from 16.66 percent to **5 percent** of Project Justification. The current measure is already narrow: projects located wholly or partly in nonattainment or maintenance areas receive High ratings, while projects wholly in attainment areas receive Medium ratings. The change could reduce the rating advantage for projects serving nonattainment or maintenance areas. FTA notes that the lower weight reflects the measure’s limited ability to distinguish among projects.

8. Economic Development, Zoning, Housing, and Land Use

Under the proposed guidance, FTA would retain all three components of the economic-development criterion but change their weights:

² FTA’s proposed table does not specify a rating for exactly \$20.00 per trip.



Economic Development Subfactor	Current	Proposed	Change
Supportive zoning in station areas	33.3%	40%	↑ 6.7 pts
Transit-supportive plans and policies	33.3%	40%	↑ 6.7 pts
Tools to maintain/increase affordable housing	33.3%	20%	↓ 13.3 pts

FTA says the revised weights would place more emphasis on supportive zoning, reduced regulatory barriers, and private-sector housing production. Affordable-housing policies would remain part of Economic Development but carry less weight.

Land Use would remain a separate criterion for New Starts and Small Starts. FTA would remove the “access to essential services” subfactor, leaving population density, employment, legally binding affordability-restricted (LBAR) housing, and community risk, each weighted at 25 percent. Because the LBAR measure remains, affordable housing would continue to influence the overall CIG evaluation even as its policy weight declines within Economic Development.

9. Expansion of Project Justification Warrants

Warrants let qualifying projects receive automatic ratings without separately calculating each applicable Project Justification measure. FTA proposes expanding both the criteria covered and the ratings awarded, while revising the cost and ridership thresholds.

New Starts, Small Starts, and Core Capacity projects would use the same framework, based primarily on project cost and existing corridor ridership. Projects costing \$600 million or more would be ineligible for the cost-and-ridership warrant. For New Starts and Core Capacity, use of warrants also requires a CIG share of no more than 50 percent and certification that the existing system is in a state of good repair.

The proposed thresholds may make eligibility easier for some projects and harder for others. Projects meeting the thresholds would receive automatic Medium-High ratings across all six Project Justification criteria, compared with the more limited automatic ratings available under current guidance.

Low Federal Share Incentive

A project meeting the warrant thresholds and seeking a total federal share of no more than 25 percent would receive automatic High ratings on all six criteria. It could also qualify for expanded pre-award authority at the applicable program milestone.

AMPO Note: For qualifying projects, this could substantially reduce analysis and documentation, including for Economic Development and Land Use or Capacity Needs.

10. Changes to “Enrichments”

FTA currently excludes or discounts certain “enrichment” costs from the cost-effectiveness calculation, including sustainable building features, joint development, zero-emission fueling facilities, bicycle and pedestrian access and functional landscaping, and alternative-energy buses.

FTA would retain Joint Development, remove the other existing enrichment categories, and add advanced transit safety and security equipment, systems, and facilities beyond standard safety



and security elements. It would also extend enrichments to Small Starts and Core Capacity under the standardized cost-effectiveness methodology. As a result, bicycle/pedestrian access, sustainability, zero-emission fueling, and alternative-energy bus elements could count more fully against a project's cost-effectiveness rating than they do today.

AMPO Note: Removing bicycle/pedestrian access, sustainability, and zero-emission-related enrichments could make those features count more fully against a project's cost-effectiveness score even where sponsors include them to advance broader project or community objectives.

11. Stronger Annual Oversight During Engineering

Current policy requires New Starts and Core Capacity sponsors to demonstrate sufficient progress in Engineering, including funding and design progress within a three-year timeframe. FTA proposes adding an annual reporting requirement covering project scope, schedule, total cost, non-CIG funding commitments, and critical third-party agreements.

FTA proposes removing a project from the CIG program if the sponsor does not demonstrate sufficient annual progress. The draft guidance also allows removal at any time during the Engineering phase for insufficient progress and retains a three-year progress checkpoint. Sponsors could seek re-entry after obtaining the necessary funding commitments and advancing design.

AMPO Note: Annual reporting would give FTA a more frequent, documented basis for assessing progress. Clear standards and opportunities to address deficiencies would be important where temporary funding or schedule disruptions affect a project.

12. Changes to Local Financial Commitment

FTA would change the weights used to evaluate a sponsor's financial capacity:

Evaluation Weighting	Current	Proposed	Change
Current condition	25%	20%	↓ 5 pts
Commitment of funds	25%	20%	↓ 5 pts
Reasonableness of the financial plan	50%	60%	↑ 10 pts

FTA says this would put greater emphasis on the sponsor's ability to absorb cost overruns and funding shortfalls. FTA would also change how it handles summary ratings that fall between levels, shifting from rounding up under current guidance to rounding down under the proposal.

FTA would also narrow the incentive for lower CIG shares. Instead of the current one-level increase to the overall financial rating, the proposal would increase only the Commitment of Funds subfactor for New Starts projects requesting no more than a 40 percent CIG share and Small Starts/Core Capacity projects requesting no more than a 50 percent CIG share.

13. Expanded Pre-Award Flexibility

FTA proposes allowing non-CIG federal funds to be used for eligible pre-award activities, subject to the requirements of the other federal program. Eligible non-CIG costs incurred under pre-award



authority could later be reimbursed with CIG funds or credited toward the non-CIG match if FTA ultimately awards a construction grant. This could give sponsors more flexibility to combine CIG with other USDOT funding sources.

FTA also proposes full pre-award authority, including construction activities, for qualifying projects seeking no more than a 25 percent total federal share and meeting the applicable warrant thresholds. For New Starts and Core Capacity, this would occur after approval to enter the engineering phase. For Small Starts, it would occur after NEPA completion and receipt of an acceptable project rating.

What Does This Mean for MPOs?

MPOs would continue to play an important role in aligning regional plans, funding assumptions, and project schedules. The main areas to watch are:

- **MTP, TIP/STIP, and LPA.** The requirement to adopt the locally preferred alternative into the fiscally constrained MTP is not new. However, the proposed Project Development timelines could increase the importance of early sponsor-MPO coordination where plan or TIP amendments, conformity analysis, fiscal-constraint demonstrations, or board action are needed. Earlier NEPA and design milestones could also make coordination more important where environmental decisions, design work, and third-party agreements depend on one another.
- **Funding and Fiscal Constraint.** For New Starts and Core Capacity projects, moving the 50 percent non-CIG funding commitment requirement to entry into engineering could require earlier coordination among transit agencies, MPOs, state DOTs, local governments, and state legislatures. Fiscal constraint in the MTP and FTA's definition of a committed CIG funding source are separate tests, so regions may need to look closely at whether their planning, programming, and budget cycles line up with the proposed timing.
- **Ridership and Regional Modeling.** For projects that do not qualify for warrants, ridership forecasts and regional modeling could become more consequential as Cost Effectiveness, Mobility Improvements, and Congestion Relief rise to 65 percent of Project Justification. Horizon-year forecasts rely on MPO socioeconomic forecasts, while No Build assumptions draw from the TIP and fiscally constrained long-range plan. Changes to those forecasts or planning assumptions could affect a project's rating.
- **Land Use and Housing.** MPOs frequently provide regional land-use forecasts, scenario analysis, station-area data, housing analysis, and coordination with local jurisdictions. The proposal shifts the Economic Development criterion toward supportive zoning and transit-supportive policies, while retaining LBAR housing as a separate quantitative component of Land Use.



Which Projects May Be Better Positioned?

Factor	Potential Advantage	Potential Challenge
Cost and ridership	Lower costs, strong existing corridor ridership, and favorable cost-effectiveness ratings	High capital costs or lower-ridership and emerging corridors
Funding capacity	Early non-CIG commitments, smaller federal requests, and capacity to absorb overruns	Reliance on future appropriations, larger federal requests, or limited financial reserves
Project readiness	Advanced preparation and fewer unresolved environmental reviews or outside agreements	Lengthy environmental reviews or third-party negotiations (e.g., with railroads, utilities, or other project partners)
Evaluation	Warrant eligibility or strong supportive-zoning and transit-supportive policies	Strong affordable-housing policies or other regional benefits paired with weaker cost-effectiveness and ridership ratings
Existing projects	Previously approved CIG shares remain locked for New Starts and Core Capacity projects already in engineering	Immediate application could require adjustments to schedules and funding plans developed under current guidance

AMPO Note: Project cost, corridor ridership, funding needs, and readiness would matter more than a distinction by region size or transit mode. Some smaller projects could benefit from warrants, while a major project in a large transit market could face challenges because of its cost or financing structure.

Bottom Line

Expanded warrants and a clearer CIG-share formula could streamline the process for some projects, while earlier funding commitments, stricter financial review, and immediate application to the current pipeline could create challenges for others. For MPOs, the main question is how the new timing and evaluation framework would interact with planning, modeling, and funding cycles.

Comments Due: November 16, 2026

AMPO welcomes member feedback as it develops comments on the proposed guidance. Please share regional examples, concerns, or recommendations with [Katie Economou](#), Legislative Director, and [Ryan Coady](#), Legislative Associate. **AMPO will share its finalized comments with members and plans to provide a template MPOs can adapt for their own submissions.**

This analysis is based on FTA's proposed CIG Policy Guidance released on Oct. 1, 2026, and the accompanying Federal Register notice of availability. It reflects AMPO staff review of the proposed policy guidance and is intended to help member MPOs understand potential impacts. The proposal is not final. This document is not legal advice or formal compliance guidance. Members should consult their legal counsel regarding specific legal or compliance questions.