



Strong BUILD Program Is Critical for Public Transportation Projects

Key Takeaways

1. **The BUILD grant program is an extremely valuable resource for the public transportation industry**, which depends on grant funds for capital projects.
2. **The percentage of BUILD grant funds for public transportation-related projects in Fiscal Years (FY) 2017 and 2018 is substantially lower than the historical average.**
3. **The Consolidated Appropriations Act, 2019 contains significant changes that should restore balance to the BUILD program.** APTA encourages the Secretary of Transportation to ensure that public transportation projects receive a fair percentage of annual grants.

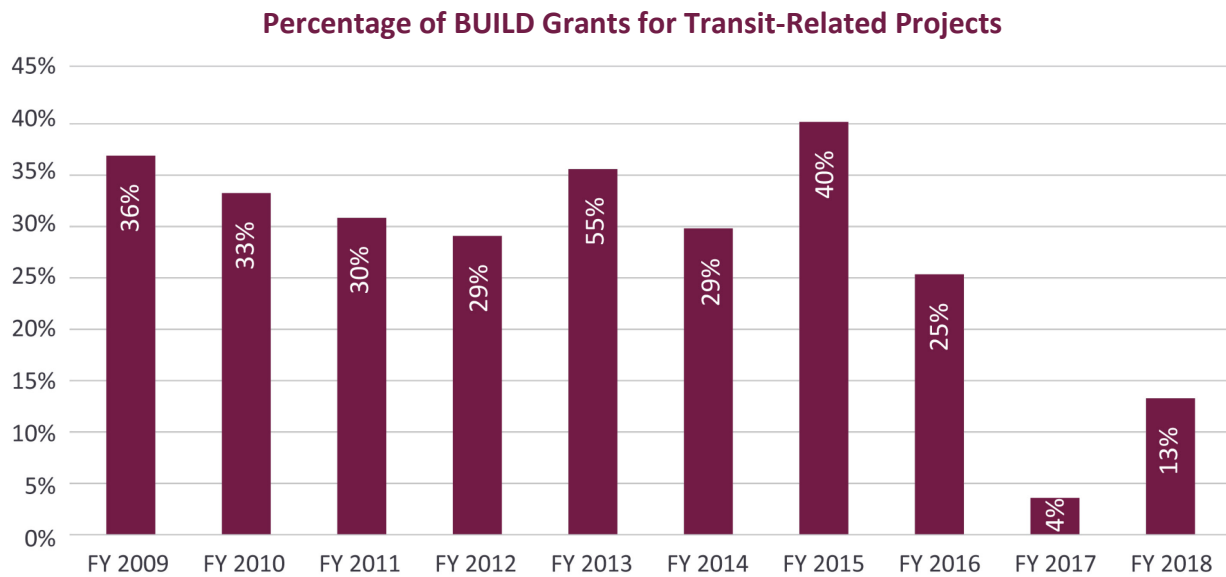
The Better Utilizing Investments to Leverage Development (BUILD) program, formerly known as the Transportation Investment Generating Economic Recovery (TIGER) program, provides critical funding for public transportation infrastructure investments.¹ The BUILD program has funded new transit centers, streetcar lines, vehicle purchases, station renovations, transit signal priority systems and grade separations. These projects not only help enhance mobility, but also can result in positive environmental, safety and economic benefits.

Historically, the total amount requested by applicants drastically exceeds the amount of BUILD funding available, exemplifying the competitive and successful nature of the grant program. Congress has recognized this success and, as part of the Consolidated Appropriations Act, 2018 (P.L. 115-141), boosted FY 2018 funding for BUILD grants to \$1.5 billion, three times the funding provided in FY 2017 and prior years.

Of these funds, APTA estimates that the U.S. Department of Transportation (DOT) provided \$195 million to 15 public transportation-related projects, equal to 13 percent of available funding.² Although the percentage of transit investment increased from FY 2017, it is significantly less than the historical average. From FY 2009 to FY 2016, the average percentage of annual BUILD grants awarded to transit-related projects was 32 percent.

¹ Throughout this Brief, the TIGER program is referred to as the BUILD program to reflect the U.S. Department of Transportation's rebranding of the program.

² Please note that many BUILD projects are multimodal. This analysis includes transit-related projects that contain funding for activities not related to public transit. Figures expressed should be viewed as an upper bound of transit investment.



Program Background

Congress created the BUILD program as part of the American Recovery and Reinvestment Act of 2009 (ARRA) (P.L. 111-5). Under the program, DOT examines project applications and awards competitive grants to a variety of public entities, including municipalities, counties, port authorities, tribal governments, Metropolitan Planning Organizations, state DOTs and transit agencies. The following table outlines annual BUILD appropriations and grant selections since 2009:

BUILD Grant Appropriations and Transit-Related Projects *(Dollar amounts in millions)*

Fiscal Year	BUILD Funds Appropriated	Amount of Total Applicant Project Grant Requests ³	Amount of Transit-Related Project Grant Requests	Actual Amount Awarded to Capital Projects	Amount Invested in Transit-Related Capital Projects
2009	\$1,500	\$56,907	\$10,255	\$1,498	\$543
2010	\$600	\$20,007	\$2,590	\$547	\$179
2011	\$527	\$14,087	\$2,786	\$511	\$156
2012	\$500	\$10,280	\$2,330	\$485	\$139
2013	\$474	\$9,052	\$1,686	\$458	\$161
2014	\$600	\$8,199	\$1,822	\$552	\$162
2015	\$500	\$10,075	\$2,109	\$485	\$192
2016	\$500	\$9,313	\$1,645	\$484	\$121
2017	\$500	\$6,147	\$968	\$487	\$18
2018	\$1,500	\$10,924	\$1,341	\$1,475	\$195

³ Excludes planning projects for FY 2010 and 2014

Transition from TIGER to BUILD—A Larger Rural Focus

In April 2018, DOT announced that it would rebrand the TIGER discretionary grant program as BUILD. With this rebrand, the administration indicated its support for projects with external revenue streams such as local or private funding sources:

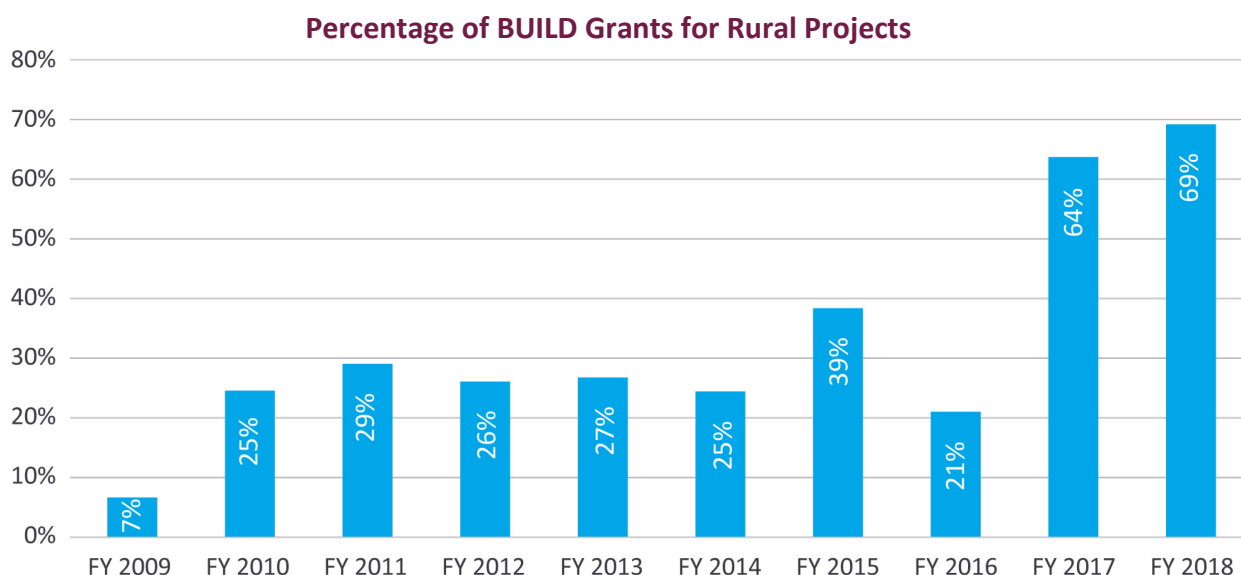
Projects for BUILD will be evaluated based on merit criteria that include safety, economic competitiveness, quality of life, environmental protection, state of good repair, innovation, partnership, and additional non-federal revenue for future transportation infrastructure investments.⁴

It should be noted that the Consolidated Appropriations Act, 2018 prohibited using the federal share as a criterion for BUILD grants. Under the law, urban projects are eligible to receive BUILD grants up to 80 percent of the project's total cost. Rural projects may receive grants up to 100 percent.

The act also provided new grant limitations for the program for FY 2018. The maximum grant award may not exceed \$25 million and no more than \$150 million may be awarded to a single state.⁵ Finally, at least 30 percent of grant funding must be invested in rural projects.

In DOT's BUILD announcement press release, DOT made clear that rural projects would be prioritized:

To reflect the Administration's Infrastructure Initiative, DOT intends to award a greater share of BUILD transportation grant funding to projects located in rural areas⁶ that align well with the selection criteria than to such projects in urban areas.⁷



⁴ US DOT. U.S. Department of Transportation Launches BUILD Transportation Program, Announces \$1.5 Billion Notice of Funding Opportunity. April 2018. <https://www.transportation.gov/briefing-room/dot3218>

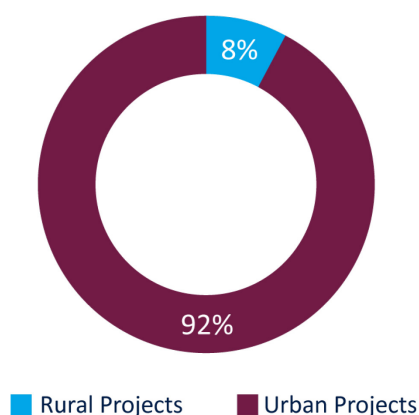
⁵ Grant awards exceeded \$25 million only in FY 2009 and FY 2010

⁶ Rural areas are defined as outside an Urbanized Area (which must have a population of 50,000 or more)

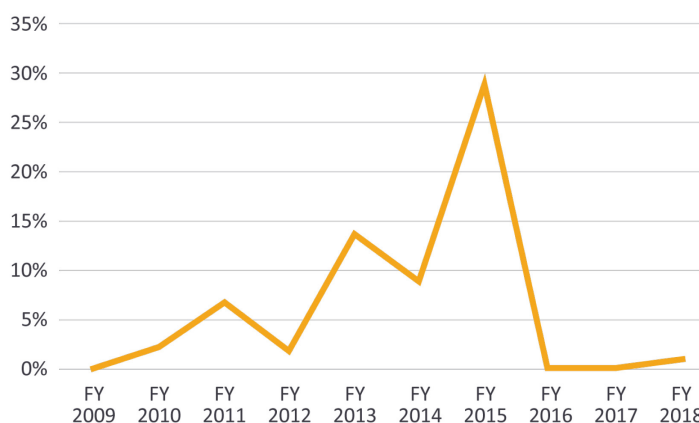
⁷ US DOT. U.S. Department of Transportation Launches BUILD Transportation Program, Announces \$1.5 Billion Notice of Funding Opportunity. April 2018. <https://www.transportation.gov/briefing-room/dot3218>

In FY 2018, DOT awarded 69 percent of BUILD grants to rural projects (63 percent in FY 2017). The correlation between the increase in the rural share of annual BUILD funding and the decrease in transit's share seen in the FY 2017 and FY 2018 funding cycles is concerning, given that urban projects constitute the overwhelming majority of applications (both in number and in dollar amount).

Total Amount of Transit BUILD Project Applications (2009-2018)



Rural Transit-Related BUILD Grants as a Percentage of Total Rural BUILD Grants



In addition, rural transit-related projects have not witnessed the same growth in funding, indicating that the increase in rural grants is being provided to other modes, primarily highway projects. For example, only 1 percent of total rural BUILD grants in FY 2018 were awarded to transit-related projects (0 percent in FY 2017), compared with an average of 9 percent from FY 2009 to FY 2016.

Consolidated Appropriations Act, 2019: FY 2019 BUILD Funding

In February 2019, Congress passed, and the president signed, the Consolidated Appropriations Act, 2019 (P.L. 116-___), which provides substantial continued funding for the BUILD program. The act provides \$900 million for BUILD grants. Although the \$900 million funding level is less than the amount provided in FY 2018 for BUILD grants, it is significantly more than historical annual funding (e.g., \$500-600 million). In addition, the secretary may use up to \$180 million of these funds to pay the subsidy and administrative costs of projects that receive loans or loan guarantees under the Transportation Infrastructure Finance and Innovation Act (TIFIA) or the Railroad Rehabilitation and Improvement Financing (RRIF) programs. The federal share of BUILD projects shall be up to 80 percent (at the discretion of the recipient).

The act mandates that 50 percent of BUILD funds—or \$450 million— must be awarded to projects located in large urbanized areas (population of 200,000 or more) and \$450 million must be awarded to projects in small urbanized and rural areas. Moreover, the act directs the secretary of transportation to ensure the investment is distributed to a variety of transportation modes. Finally, the act directs the secretary to consider and award projects based solely on the selection criteria from the FY 2017 Notice of Funding Opportunity except that neither the federal share nor an applicant's ability to generate non-federal revenue may be used as a criterion for selection.

Conclusion

The BUILD grant program is an extremely valuable resource for the public transportation industry, which depends on grant funds for various capital projects. The percentage of BUILD grants for transit-related projects is substantially less than the historical average. APTA believes that the significant changes included in the Consolidated Appropriations Act, 2019 should restore balance to the BUILD program. APTA urges the secretary of transportation to ensure that public transportation projects receive a fair percentage of annual grants.

Sources

U.S. Department of Transportation, *About Build Grants*:
<https://www.transportation.gov/BUILDgrants/about>

U.S. Department of Transportation, *U.S. Department of Transportation Launches BUILD Transportation Program, Announces \$1.5 Billion Notice of Funding Opportunity*
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The American Public Transportation Association (APTA)

APTA is a nonprofit international association of more than 1,500 public and private sector organizations which represents a \$71 billion industry that directly employs 420,000 people and supports millions of private sector jobs. APTA members are engaged in the areas of bus, paratransit, light rail, commuter rail, subways, waterborne services, and intercity and high-speed passenger rail. This includes: transit systems; planning, design, construction, and finance firms; product and service providers; academic institutions; transit associations and state departments of transportation. APTA is the only association in North America that represents all modes of public transportation. APTA members serve the public interest by providing safe, efficient and economical transit services and products.

APTA Vision Statement

APTA is the leading force in advancing public transportation.