INVEST in America Act Summary

(Based on Legislative Text passed by the House Transportation and Infrastructure Committee on June 14, 2021)

House Bill Proposes Increased Investment Levels and Five Years of Funding Certainty

On July 1, the U.S. House of Representatives passed the $715 billion surface transportation and water infrastructure bill, Investing in a New Vision for the Environment and Surface Transportation in America (INVEST) Act. With regard to transportation, the bill would provide nearly $550 billion in fiscal years (FY) 2022 to 2026 for highway, transit, rail and surface transportation safety investments, a nearly 80 percent increase over funding levels from the Fixing America's Surface Transportation (FAST) Act, the 2015 transportation bill that guides current federal transportation policy and funding distribution. Of the almost $443 billion in proposed highway and transit resources, approximately 90 percent would be directed to the core FAST Act programs (highway and transit formula programs, nationally and regionally significant projects, and the transit Capital Investment Grant (CIG) program). The remaining 10 percent would be directed to new climate and resilience formula programs, a number of new discretionary grant programs — including programs targeted at congestion relief, reconnecting underserved communities that have been divided by highways, and active transportation — and a one-time investment of approximately $5.6 billion in member-designated projects, of which nearly $210 million is directed to 61 projects in the Bay Area. The chart in Attachment A includes each Bay Area project.

With respect to intercity and freight rail, the bill would grow federal rail investment more than eightfold, authorizing nearly $95 billion to fund Amtrak, intercity, and commuter rail. The remaining $10 billion would fund highway and motor carrier safety programs. Importantly, Congress would need to identify some $200 billion on top of anticipated Highway Trust Fund (HTF) revenues to fund the INVEST in America Act.

Chart 1

Transportation Authorization Funding Comparison Chart ($ in Billions)			
	FAST Act (FY 2015-2020)	**INVEST in America Act (FY 2022-2026)**	**% Increase over FAST Act**
Highway	$225	$334	48%
Transit	$ 61	$109	79%
Rail	$ 10	$ 95	850%
Other *(safety, misc.)*	$ 9	$ 10	16%
TOTAL	**$305**	**$547**	**79%**

Sums may not total due to rounding.
Source: MTC staff analysis of INVEST Act, U.S. Department of Transportation apportionments tables, and Eno Transportation Weekly INVEST Act summary tables.

MTC's Priorities Largely Reflected in Transportation Proposals

Encouragingly, the INVEST in America Act framework is largely consistent with Plan Bay Area 2050 investment priorities and that most of MTC's transportation reauthorization priorities are reflected in the House bill. Consistent with MTC's transportation bill requests, the proposal would grow the existing transit and flexible highway programs that MTC distributes and would establish stronger federal leadership — paired with more resources — on climate and resilience. Less concrete but perhaps more transformational, the proposal would begin to shift the focus of the federal Program—which historically has been oriented around roads, bridges and state departments of transportation—toward longstanding MTC priorities, including transit, climate, bike/ped, and state of good repair. However, there is significant room for improvements in terms of increasing the share of funds directed to regions, as shown in Chart 4.

Grows Core Surface Transportation Programs; Retains FAST Act Framework

The bill would extend FAST Act funding levels, policies and programs for one year (FY 2022) but would include new funding for select investments, such as $15 billion in one-time spending for member-designated projects in FY 2022. Beginning in FY 2023, the INVEST in America Act would increase base funding levels for each of the core highway and transit programs, as detailed in the charts below, as well as invest in new formula and discretionary programs. Note that these charts compare the last year of the FAST Act (FY 2020) with FY 2023, the first year of INVEST's funding increases.

Chart 2

INVEST in America Act vs. FAST Act Highway Funding ($ in Millions)				
	FAST Act	**INVEST in America**		
	FY 2020	**FY 2023**	**4-Year Average (FY 2023-2026)**	**% Increase (FY 2020 vs. 4-Year Average)**
Federal Highway Formula Programs				
National Highway Performance Program	24,237	28,567	29,359	21%
Surface Transportation Program	11,288	13,268	13,636	21%
Congestion Mitigation and Air Quality Improvement Program	2,496	2,914	2,995	20%
Highway Safety Improvement Program	2,407	3,210	3,299	37%
National Freight Program	1,487	1,753	1,801	21%
Transportation Alternatives Program	850	1,474	1,515	78%
Metropolitan Planning	358	508	522	46%
Railway-Highway Grade Crossings	245	245	245	0%
FHWA Ferry Program	80	120	120	50%
New Highway Formula Programs				
Carbon Pollution Reduction Program		1,535	1,577	n/a
Pre-Disaster Mitigation Program		2,048	2,105	n/a
Clean Corridors Program		1,000	1,000	n/a
Discretionary Highway Programs and Other				
Projects of National and Regional Significance (formerly INFRA)	1,000	3,000	3,000	200%
Metro Performance, Gridlock Reduction, Reconnecting Communities, Climate & Community grants, and other	2,731	7,241	7,586	278%
Total Highway Program	**47,104**	**66,883**	**68,064**	**44%**

Chart 3

INVEST in America Act vs. FAST Act Transit Funding $ in Millions (authorization of Highway Trust Fund revenues, unless otherwise specified)				
	FAST Act	**INVEST in America**		
	FY 2020	**FY 2023**	**4-Year Average (FY 2023-2026)**	**% Increase (FY 2020 vs. 4-Year Average)**
Federal Transit Formula Programs				
Urbanized Area Formula	4,930	7,506	7,685	56%
State of Good Repair Formula	2,684	5,366	5,512	105%
Rural Formula Grants	673	1,025	1,050	56%
High Density and Growing States	570	587	587	3%
Bus and Bus Facilities Formula	465	1,240	1,270	173%
Seniors and Individuals with Disabilities	286	435	445	56%
Metropolitan Planning	142	190	194	37%
Transit Discretionary Grant Programs and Other				
Capital Investment Grant Program (General Funded (GF))	2,302	3,500	4,563	98%
Bus and Bus Facilities Expansion Grants	289	437	400	38%
Zero Emission Bus Grants (formerly "Low-No")	55	890	1,021	1,757%
Multi-jurisdictional Bus Grants	-	102	104	n/a
Washington-D.C. grants (GF), Transit-Supportive Communities Program, Bus Testing, and other	172	417	430	150%
Total Transit Program	**12,567**	**21,687**	**23,261**	**85%**

New Commitment to Climate and Resilience in Federal Highway Program; Only Modest Growth in Resources for Regions

It also is encouraging that the INVEST Act would expand the core federal highway program to include guaranteed funding (via formulas) for states to invest in carbon reduction, resilience, and electric (and hydrogen) vehicle charging stations, and that the bill explicitly makes resilience-related projects eligible under the National Highway Performance Program and the Surface Transportation Program (STP), which together encompass more than three-quarters of total federal highway formula spending. The bill would also create a number of new climate-focused discretionary programs that would provide regions and local governments an opportunity to compete for funding to invest in local priorities to combat climate change and to improve multimodal mobility options. To date, the federal highway program is structured to support state of good repair, congestion reduction and mobility, safety, goods movement, and air quality improvement — all important aims that are consistent with Plan Bay Area 2050. However, the climate-nexus heretofore had been missing.

The INVEST Act is a great start, but ***there is room for improvement*** as it relates to bringing on the federal government as a stronger partner not just to states ***but also to regions like the Bay Area***. While the bill would fund a new $500 million Gridlock Reduction Program to reduce congestion in large metropolitan areas, and a new $1 billion ($250 million per year beginning in FY 2023) Metro Performance Program to reward high-performing metropolitan planning organizations (MPOs) with up to $50 million per year in flexible highway funding, the Bay Area's share of federal highway funds would only grow modestly a under the current INVEST Act proposal, as shown in the chart below. This is in contrast to the large increase in funding for the formula programs as a whole. Much of this growth is fueled by the INVEST Act delivering on the longstanding MTC priority of increasing the funding directed to regions (i.e. suballocation) —gradually increasing the portion of the flexible STP program suballocated to metros from 55 percent today to 57 percent in FY 2023 and up to 60 percent in FY 2026, and growing the regional share of the Transportation Alternatives Program (which helps fund California's Active Transportation Program) from 50 percent today to 66 percent, beginning in FY 2023.

Chart 4

Bay Area FAST Act vs. INVEST Act Funding $ in Millions			
	FAST Act (FY 2020)	**INVEST (FY 2023)**	**$ Increase**
Surface Transportation Program	102	126	24
Congestion Mitigation and Air Quality Program	72	84	12
Transportation Alternatives Program	7	17	10
New Climate and Resilience Programs	-	0	-
Total Bay Area Highway Formula Funding	**181**	**227**	**46**
Total National Highway Formula Funding (*all highway formula programs*)	**43,448**	**52,059**	**8,611**

Climate and Resilience Programs Should Direct Funding to Metros

As the epicenters of travel, metro areas are where the bulk of the transportation-related greenhouse gas emissions are generated. According to the latest C40 Cities estimates, cities account for more than 70 percent of global CO^2 emissions (link here)—and consequently they also are the areas where the most progress can be made on cutting emissions. Relatedly, large metros also house many of the nation's at-risk assets. Revising the proposed new climate and resilience programs to require that a portion of the funds are directed to MPOs—with the remainder distributed to states—will more effectively reduce transportation-sector greenhouse gas emissions and ensure resilience investments are made in the nation's population and job centers where the populations most at risk reside.

Increases Transit Investment; Bay Area Funding Grows 80 Percent

The INVEST in America Act would make a historic commitment to public transportation, both from a total funding perspective—the bill would increase average annual transit funding to more than $23 billion, up from less than $13 billion today—and in that the bill would grow the federal transit program at a 40 percent greater rate than the highway program. Consistent with MTC's advocacy, the bill directs much of this funding increase into the core transit formulas, with a particular focus on the State of Good Repair and Urbanized Areas formula programs. Consequently, the Bay Area's annual formula funding would grow by an estimated 81 percent, to nearly $810 million in the INVEST Act outer years (FY 2023-FY 2026) from approximately $450 million in the last year of the FAST Act authorization (FY 2020), as shown in the chart below.

Chart 5

Bay Area's Transit Funding: INVEST in America Act vs. FAST Act
$ in Millions

Program	% National Program	FAST Act (FY 2020)	INVEST Act	
			4-Year Average (FY 2023-2026)*	$ Increase
5337 State of Good Repair	8.1%	215	446	231
5307 Urbanized Area	4.5%	239	364	125
5339 Bus Formula	2.6%	16	33	16
Total	**N/A**	**470**	**842**	**372**

Sums may not total due to rounding.

*This assumes that Bay Area's FY 2020 share of the 5307 and 5339 programs stays the same through FY 2026. However, the bill proposes to update these formulas beginning in FY2023 to incentivize rail and bus frequency over low operating costs—a change which could benefit Bay Area transit operators—and targets more resources to areas of persistent poverty. Staff is still assessing impact of these proposed formula changes.

Grant Opportunities to Support Transit Modernization, Seamless Transit, and the Bay Area Transition to Zero Emission Bus Fleets

Importantly, the bill would significantly grow the Capital Investment Grant (CIG) program (see Chart 3), which helps to fund large-scale transit capacity expansion and modernization projects. With regard to the Bay Area's Blue Ribbon Task Force discussions about strategies to grow transit ridership, the bill would create a new $100 million/year multi-jurisdictional bus grant program to fund projects to increase bus frequency and ridership. According to the committee documents, the program is also aimed at increasing "total person throughput by redesigning urban streets and corridors to efficiently move transit vehicles in congested major urban areas" and it is structured to require a partnership between transit agencies and those state or local agencies responsible for roadways.

The bill would make important changes to the Zero Emission Bus Grant program (formerly Low-No), which would make Bay Area transit operators significantly more competitive than in the past — the Bay Area has received on **average less than two percent of the total national program, and no grants have been awarded to Bay Area transit operators since 2017** — and could help the region meet California's Innovative Clean Transit mandate to transition to a zero-emission bus fleet by 2040.

Multimodal Discretionary Grants: Projects of National and Regional Significance

The bill would replace the existing Infrastructure for Rebuilding America (INFRA) discretionary grant freight program with the Projects of National and Regional Significance (PNRS) program, providing more than $12 billion over four years for large highway, transit, and passenger and freight rail projects that reduce congestion and cannot be easily funded through annual apportionments or other discretionary sources. In general, PNRS grant eligibility would be limited to projects costing $100 million or greater; the minimum grant size would be $25 million. For megaprojects with capital costs exceeding $500 million, the program would authorize the federal highway administration to make multi-year funding commitments, similar to "full funding grant agreements" administered through the CIG program. Also of note: the bill would guarantee funding for the PNRS program by funding the grants out of the HTF rather than the General Fund. Notably, up to $4 billion of the $12 billion PNRS program would be set aside for large bridge projects.

The proposed PNRS criteria appear favorable to projects in metro areas and to include factors such as the average number of people or volume of freight supported by the project, as well as mobility, economic, resilience, equity and environmental benefits generated by the project. This is in contrast to the INFRA program, which has heavily favored rural projects. Notably, the Bay Area has not received a single INFRA grant since the program was created in 2015.

Community Transportation Investment Grants and Community Climate Innovation Grants

The bill would establish the Community Transportation Investment Grant program—modeled after the BUILD (formerly TIGER) program—at $600 million per year beginning in FY 2023. Like the PNRS, this new multimodal grant program would be funded out of the HTF, removing the uncertainty associated with competing for General Fund resources during the annual appropriations process that plagued BUILD and would continue to be a challenge for the CIG Program. The bill would direct the U.S. Department of Transportation to develop criteria to evaluate grant applications based on project benefits related to improving safety, state of good repair and transportation system access, and reducing greenhouse gas emissions. These changes would increase the competitiveness of multimodal projects in Bay Area and other metro areas relative to the BUILD program, which since 2017 has predominantly funded highway projects with a focus on capacity expansion and has directed more than two-thirds of program resources to rural areas, according to a 2019 Transportation for America analysis. Grant awards under this program would be capped at $25 million, 25 percent of the funds would be reserved for rural projects, and 25 percent of the funds would be reserved for projects in communities with populations of 50,000 to 200,000.

It is also encouraging that the bill also would create a new $1 billion ($250 million per year beginning in FY 2023) Community Climate Innovation Grants program to fund projects that reduce greenhouse gas emissions. The program would be mode neutral and highly flexible; grantees could apply for funds for any project eligible under Title 23 or Chapter 53 of Title 49 (highway, transit, bike/ped, port, rail, intelligent transportation systems, etc.) so long as the project is aimed at reducing greenhouse gas emissions and improving mobility on public roads.

Reconnecting Neighborhoods and Active Transportation Connectivity Grants

The INVEST Act provides $3 billion for a new Reconnecting Neighborhoods discretionary grant program ($750 million per year beginning in FY 2023). The program is focused on remediating economically disadvantaged and underserved neighborhoods that have been divided by arterial highways and other infrastructure. Grants could fund planning and project implementation, with priority for projects that support inclusive economic development. A new Active Transportation Connectivity Grant program would be funded at $1 billion ($250 million per year beginning in FY 2023) to support infrastructure investment in active transportation networks. Of this, 30 percent of the funds would be reserved to develop active transportation networks and 30 percent would be reserved for active transportation corridors.

Rail Investment Expansion and Safety

Notably, the bill increases federal rail investment more than eightfold over FAST Act levels, providing $95 billion to address state of good repair backlogs, establish new intercity rail routes, and expand existing intercity rail. It includes a threefold increase in funding for Amtrak to address state of good repair and expand service. It also establishes a new $25 billion Passenger Rail Improvement, Modernization and Expansion (PRIME) discretionary grant program to fund intercity passenger rail projects, including high-speed rail; grows the Consolidated Rail Investment and Safety Improvements (CRISI) discretionary grant program—which helps fund positive train control and other safety improvements for Bay Area transit operators—fourfold to $7 billion over the course of the bill; and adds a new Highway-Rail Grade Crossing Separation competitive grant program funded at $2.5 billion over the life of the bill.