



January 2024

# DISCRETIONARY TRANSPORTATION GRANTS

## DOT Should Improve Transparency in the Infrastructure for Rebuilding America Program

Accessible Version

# GAO Highlights

Highlights of [GAO-24-106378](#), a report to congressional committees

## Why GAO Did This Study

The INFRA program—a DOT discretionary grant program—funds nationally significant freight and highway projects. From 2016 through 2022, DOT awarded over \$7 billion to fund such projects across the country.

The Infrastructure Investment and Jobs Act includes a provision for GAO to review DOT's process for evaluating and selecting INFRA projects for award. This report examines DOT's processes to solicit, evaluate, and select applications for INFRA grant awards in fiscal year 2022; and the extent to which DOT's evaluation and selection processes aligned with federal guidance. GAO reviewed DOT's notice of funding opportunity, evaluation plan, and documentation of the INFRA fiscal year 2022 evaluation process; analyzed application and award data; and interviewed DOT officials. GAO also reviewed the documentation of 50 applications, including the 26 applications that received an award.

## What GAO Recommends

GAO is making two recommendations to DOT, that it (1) establish quality control procedures to verify that the documentation of eligibility determinations and conflict-of-interest screenings is complete and (2) clearly define its "exemplary project" criteria for advancing applications for potential selection. DOT concurred with the first recommendation but did not concur with the second, stating that it had discretion to determine which projects are exemplary projects. GAO maintains the recommendation is valid as discussed in the report.

View [GAO-24-106378](#). For more information, contact Elizabeth Repko at (202) 512-2384 or [repkoe@gao.gov](mailto:repkoe@gao.gov).

January 2024

## DISCRETIONARY TRANSPORTATION GRANTS

### DOT Should Improve Transparency in the Infrastructure for Rebuilding America Program

## What GAO Found

In September 2022, the Department of Transportation (DOT) awarded \$1.5 billion in discretionary grants to fund nationally and regionally significant freight and highway projects through the Infrastructure for Rebuilding America (INFRA) program. In fiscal year 2022, DOT combined some phases of the INFRA grant award process with those of two other discretionary grant programs. Specifically, DOT issued a single notice of funding opportunity to solicit applications. DOT also created a combined evaluation plan that outlined the criteria and process for evaluating applications for all three programs. Once applications were evaluated, award selections were made separately for each grant program.

### Example of a Highway Construction Project



Source: Cheangchai/stock.adobe.com | GAO-24-106378

DOT has taken steps to improve its processes for evaluating and selecting INFRA applications for award. For example, DOT implemented and documented an evaluation process as required by guidance and created a new quality control process. DOT also created a new memo to better explain the Secretary's award decisions, which provides insight into why the applications chosen for award were selected over similarly situated applications.

However, DOT's evaluation and selection processes did not fully align with requirements set out in federal guidance. For example, DOT did not fully document eligibility determinations and reviewer conflict-of-interest screenings. Improving its documentation would help DOT ensure it is using accurate and complete information. Additionally, DOT did not clearly define the criteria used to advance applications to the Secretary for possible selection, specifically how projects could be deemed "exemplary." Providing such information would help applicants understand how they will be evaluated and ensure reviewers advance applications using consistent criteria. These actions would also position DOT to more fully demonstrate that it is implementing the program with enhanced transparency and making fair grant award decisions.

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### **Abbreviations**

DOT	Department of Transportation
IJA	Infrastructure Investment and Jobs Act
INFRA	Infrastructure for Rebuilding America
MEGA	National Infrastructure Project Assistance
MPDG	Multimodal Project Discretionary Grant
NOFO	notice of funding opportunity
OMB	Office of Management and Budget
Rural	Rural Surface Transportation

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January 10, 2024

The Honorable Thomas R. Carper  
Chairman  
The Honorable Shelley Moore Capito  
Ranking Member  
Committee on Environment and Public Works  
United States Senate

The Honorable Sam Graves  
Chairman  
The Honorable Rick Larsen  
Ranking Member  
Committee on Transportation and Infrastructure  
House of Representatives

From 2016 through 2022, the Department of Transportation (DOT) awarded over \$7 billion in discretionary grants to fund nationally and regionally significant freight and highway projects through the Infrastructure for Rebuilding America (INFRA) program. In its most recent round of INFRA funding, announced in September 2022, DOT awarded \$1.5 billion in grants to 26 projects. Federal discretionary transportation grants provide critical funding to help build highways, bridges, and port infrastructure. We have previously reported that such grants represent a promising approach to address national and regional transportation priorities.<sup>1</sup>

While we have identified benefits associated with discretionary grant programs, since 2011 we have also raised concerns with DOT's management of them.<sup>2</sup> Across a variety of discretionary grant programs—

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<sup>1</sup>GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

<sup>2</sup>GAO, *DOT Discretionary Grants: Problems with Hurricane Sandy Transit Grant Selection Process Highlight the Need for Additional Accountability*, [GAO-17-20](#) (Washington, D.C.: Dec. 14, 2016); *Surface Transportation: Actions Needed to Improve Documentation of Key Decisions in the TIGER Discretionary Grant Program*, [GAO-14-628R](#) (Washington, D.C.: May 28, 2014); *Surface Transportation: Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions*, [GAO-11-234](#) (Washington, D.C.: Mar. 30, 2011); and *Intercity Passenger Rail: Recording Clearer Reasons for Awards Decisions Would Improve Otherwise Good Grantmaking Practices*, [GAO-11-283](#) (Washington, D.C.: Mar. 10, 2011).

including INFRA—we have raised concerns with the transparency of the application review and selection process, including a lack of documentation of key decisions. In our three prior reviews of the INFRA program in 2017, 2019, and 2022, we found that DOT had not consistently or transparently evaluated and selected grant applications for award.<sup>3</sup> For example, we found that DOT had not clearly communicated how it would evaluate applicants, including when it would seek additional information from applicants. In addition, DOT had not documented key decisions when evaluating and awarding INFRA grants, reducing the transparency of DOT’s process to select applications for award.

The Infrastructure Investment and Jobs Act (IIJA) includes a provision for GAO to review DOT’s process for evaluating and selecting INFRA applications for award.<sup>4</sup> This report examines the INFRA program including (1) DOT’s processes to solicit, evaluate, and select applications for awarding INFRA grants in fiscal year 2022, and the extent to which DOT’s (2) evaluation and (3) selection processes aligned with federal guidance for ensuring consistency and transparency.

To address these objectives, we reviewed our prior work on DOT’s discretionary grant programs and DOT documentation of the fiscal year 2022 INFRA program. This documentation included the evaluation plan—which described how DOT staff should evaluate applications—and the

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<sup>3</sup>GAO, *Discretionary Transportation Grants: DOT Should Clarify Application Requirements and Oversight Activities*, [GAO-22-104532](#) (Washington, D.C.: Apr. 6, 2022), *Discretionary Transportation Grants: Actions Needed to Improve Consistency and Transparency in DOT’s Application Evaluations*, [GAO-19-541](#) (Washington, D.C.: June 26, 2019) and *Discretionary Transportation Grants: DOT Should Take Actions to Improve the Selection of Freight and Highway Projects*, [GAO-18-38](#) (Washington, D.C.: Nov. 2, 2017).

<sup>4</sup>Pub. L. No. 117-58, § 11110, 135 Stat. 429, 473 (2021). This review addresses the fiscal year 2022 INFRA program. By Congressional request, the issue of whether the fiscal year 2023-2024 Multimodal Project Discretionary Grant Notice of Funding Opportunity (MPDG NOFO) applicable to the Fiscal Year 2023 INFRA program is a rule for the purposes of the Congressional Review Act (CRA) was the subject of a separate GAO review. CRA incorporates the Administrative Procedure Act’s (APA) definition of a rule and requires that before a rule can take effect, an agency must submit the rule to both the House of Representatives and the Senate, as well as to the Comptroller General. Pub. L. No. 104-121, § 251, 110 Stat. 847, 868-74 (codified at 5 U.S.C. §§ 801 – 808). DOT did not submit a CRA report to Congress or the Comptroller General for the fiscal year 2023-2024 MPDG NOFO. In an October 18, 2023 decision, GAO concluded that the fiscal year 2023 MPDG NOFO meets CRA’s definition of a rule and no CRA exception applies. Therefore, the MPDG NOFO is subject to CRA’s submission requirement. See GAO, *Matter of: U.S. Department of Transportation—Applicability of the Congressional Review Act to Notice of Funding Opportunity for the Department of Transportation’s Fiscal Year 2023-2024 Multimodal Project Discretionary Grant Opportunity*, File: B-335488 (Washington, D.C.: Oct. 18, 2023).

notice of funding opportunity (NOFO). The NOFO announced the availability of INFRA funds, as well as the program’s key objectives and the criteria DOT would use to evaluate applications. We also interviewed DOT staff that oversaw the INFRA process and Senior Review Team officials responsible for deciding which applications to forward to the Secretary of Transportation for making final award selections.

To assess how DOT’s application evaluation and selection processes aligned with federal guidance and regulations we analyzed INFRA grant application evaluation and award data and documentation. We compared information from this data and documentation against federal requirements for discretionary grant programs. Specifically, we compared DOT’s INFRA evaluation and selection processes against requirements contained in the Office of Management and Budget’s (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Guidance)<sup>5</sup> and DOT’s *Guide to Financial Assistance* (DOT’s Financial Guide) (collectively referred to as “federal guidance” in this report).<sup>6</sup> This federal guidance establishes requirements for discretionary grant programs including requirements related to consistency and transparency. We also compared data from the INFRA intake process to DOT’s evaluation plan and GAO’s *Standards for Internal Control in the Federal Government*—specifically the principles that management should identify deficiencies through monitoring activities and determine appropriate corrective actions to remedy these deficiencies.<sup>7</sup>

For all 261 applications that DOT evaluated for the fiscal year 2022 INFRA program, we reviewed the intake and evaluation data to verify whether DOT followed the process described in its evaluation plan.<sup>8</sup> Additionally, for a sample of 50 of these applications, we reviewed the rating narrative fields and other DOT documentation. The sample

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<sup>5</sup>*Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 2 C.F.R. Part 200, and App. I to Part 200. DOT has adopted these provisions in regulation. 2 C.F.R. § 1201.1 (2023).

<sup>6</sup>DOT’s *Guide to Financial Assistance* incorporates the OMB Guidance requirements.

<sup>7</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

<sup>8</sup>We refer to fiscal year 2022 INFRA applications as those applications the Senior Review Team reviewed for INFRA. The 261 INFRA applications included 10 re-scoped applications where, according to officials, DOT requested the applicants resubmit updated applications that better met program requirements.

included all 26 awarded applications and 24 non-awarded applications. We selected these non-awarded applications to achieve a mix of projects with different overall ratings, project type, and project size. We then compared the results of our analysis of all applications and the sample of applications to the OMB Guidance and DOT guidance. While our observations about the sample of applications that we reviewed are not generalizable to all applications DOT considered for funding, they provide insight into how DOT evaluated and advanced applications for potential award.

To assess the reliability of DOT's evaluation and award data, we interviewed DOT officials and conducted data checks. We found the data were sufficiently reliable for our purposes, which were to understand how DOT evaluated applications. For more information on our scope and methodology, see appendix I.

We conducted this performance audit from November 2022 to January 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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## Background

Funding the nation's surface transportation system has been on our High-Risk List since 2007. As a result, we have highlighted the importance of spending surface transportation funding wisely and efficiently and have noted opportunities to improve performance and accountability. Historically, much of the federal spending for surface transportation programs has been through noncompetitive grants to states with funds allocated based on distribution formulas prescribed by statute (formula grants). However, we have reported that this approach to funding surface

transportation, particularly for highways, poses challenges to meeting national goals.<sup>9</sup>

In contrast, discretionary grant programs, such as INFRA, award grants on a competitive basis. Federal discretionary transportation grant programs direct federal funding toward national transportation priorities—such as improving the condition of critical infrastructure, enhancing economic competitiveness, and reducing transportation fatalities. Such programs can be targeted to address key national challenges and can help improve the performance and accountability of funding decisions. The IIJA established several new surface transportation discretionary grant programs and provided increased funding for many existing programs. According to DOT, the IIJA provided over \$110 billion for discretionary grant programs for fiscal years 2022 through 2026.

To facilitate the evaluation and award of INFRA grants, DOT issues a notice of funding opportunity (NOFO) announcing the availability of funds, as well as the program’s funding priorities and the corresponding criteria by which DOT will evaluate applications. Applicants submit applications in response to the NOFO. The OMB Guidance addresses how agencies are to administer discretionary grant programs, which DOT adopted by regulation and incorporated into its Financial Guide.<sup>10</sup> Specifically, OMB provides guidance on what information to include in the NOFO, how to evaluate applications, and how to award grants consistently and transparently.

From 2016 through 2022, DOT awarded \$7 billion to fund nationally significant freight and highway projects across the country. Tribal, state, and local governments as well as multistate or multijurisdictional groups are among the entities eligible to receive this INFRA funding. Eligible project types include highways, ports, grade crossings, freight rail projects, and freight intermodal projects. Projects are classified as either

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<sup>9</sup>GAO, *Surface Transportation: Restructured Federal Approach Needed for More Focused, Performance-Based, and Sustainable Programs*, [GAO-08-400](#) (Washington, D.C.: Mar. 6, 2008) and GAO, *High-Risk Series: Dedicated Leadership Needed to Address Limited Progress in Most High-Risk Areas*, [GAO-21-119SP](#) (Washington, D.C.: Mar. 2, 2021).

<sup>10</sup>OMB’s guidance for agencies on how to administer discretionary grant programs is provided at 2 C.F.R. Part 200 and App. I to Part 200. DOT adopted this guidance at 2 C.F.R. § 1201.1 (2023).

large or small, and those referred to as large projects have additional statutory requirements that must be met to be eligible to receive funding.<sup>11</sup>

In our prior reviews, we found that DOT's approach to evaluating applications and selecting them for award under the INFRA program and its predecessor, the FASTLANE program, did not fully align with the OMB Guidance and DOT guidance.<sup>12</sup> Specifically, regarding consistency, we found that DOT did not consistently detect or correct inaccurate or incomplete application evaluations. Regarding transparency, we found that DOT did not fully document its decisions. Overall, we have made eight recommendations to address these issues in the INFRA program, and DOT has concurred with all of them. As of December 2023, DOT has implemented one recommendation, and has taken steps toward addressing the remaining seven recommendations.

We have noted similar issues in other DOT discretionary grant programs.<sup>13</sup> To improve the consistency and transparency issues, we previously recommended that DOT implement department-wide guidance on how to oversee discretionary grant programs, including direction on documenting key decisions.<sup>14</sup> We have identified this as a priority recommendation for DOT implementation.<sup>15</sup>

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<sup>11</sup>The minimum project size for large projects was the lesser of \$100 million or 30 percent of a state's previous fiscal year statutorily determined federal-aid apportionment if the project is located in one state, or 50 percent of the larger participating state's previous fiscal year apportionment for projects located in more than one state. A small project is an eligible project that does not meet the minimum project size for a large project.

<sup>12</sup>We have examined the evaluation and selection processes for the INFRA and FASTLANE programs three times. See [GAO-22-104532](#), [GAO-19-541](#), and [GAO-18-38](#).

<sup>13</sup>GAO, *Discretionary Transportation Grants: DOT Should Better Communicate Federal Share Requirements to Applicants*, [GAO-23-105639](#) (Washington, D.C.: Nov. 17, 2022); [GAO-17-20](#); and *Surface Transportation: Department of Transportation Should Measure the Overall Performance and Outcomes of the TIGER Discretionary Grant Program*, [GAO-14-766](#) (Washington, D.C.: Sept. 23, 2014).

<sup>14</sup>[GAO-17-20](#). DOT officials stated that the Office of Grants and Financial Assistance is responsible for providing department-wide guidance on discretionary grants. In February 2023, DOT officials stated that they plan to hire a Director for the Office by September 2023, and this Director will lead the effort to develop department-wide guidance on discretionary grant programs.

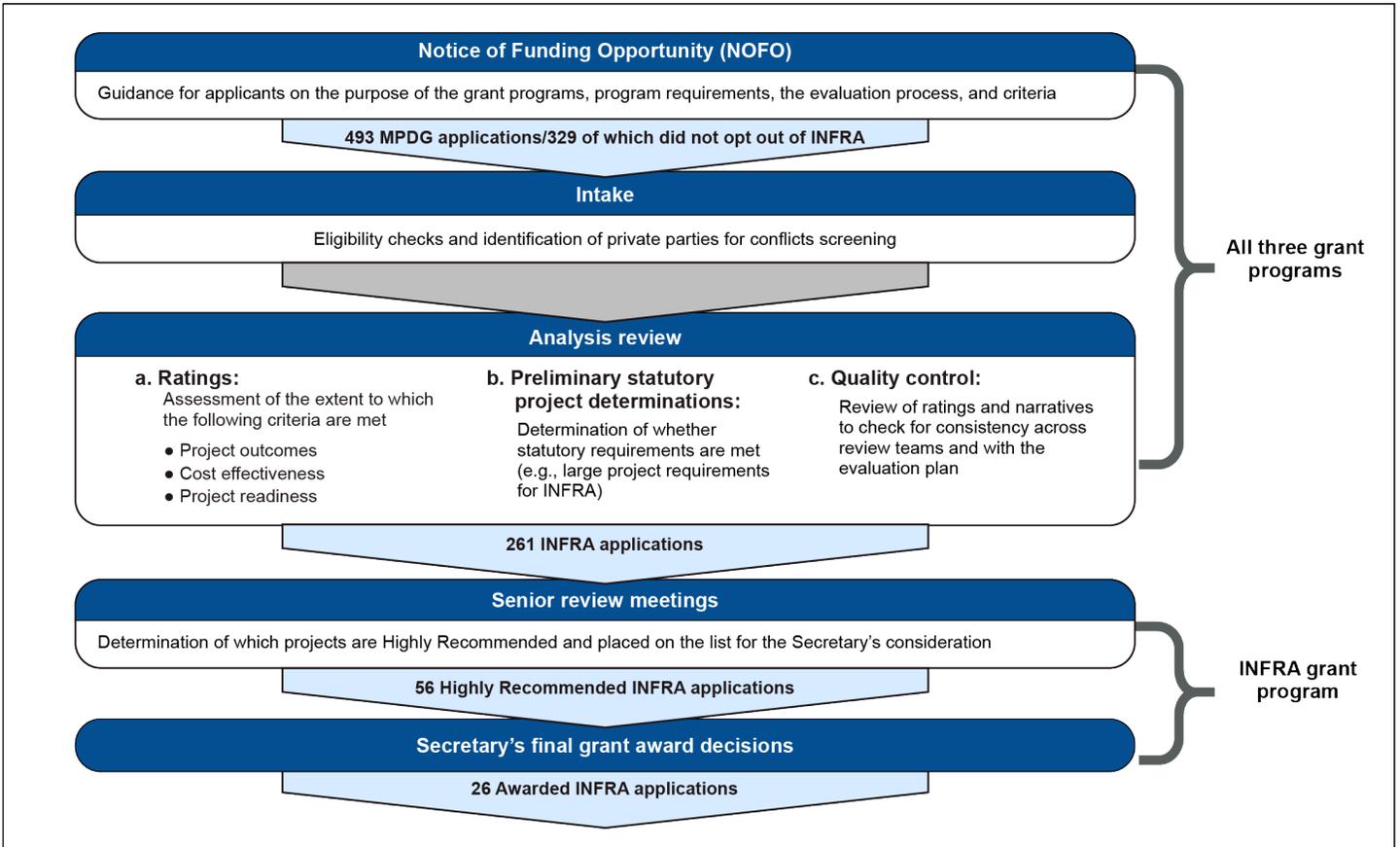
<sup>15</sup>GAO, *Priority Open Recommendations: Department of Transportation*, [GAO-23-106477](#) (Washington, D.C.: May 9, 2023).

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## DOT Combined the Solicitation and Evaluation Processes for Three Grant Programs, Then Separately Selected INFRA Applications for Award

In fiscal year 2022, DOT combined some phases of the INFRA grant award process with that of two other discretionary grant programs: the National Infrastructure Project Assistance grant program (Mega) and the Rural Surface Transportation grant program (Rural). Specifically, DOT combined the solicitation and evaluation of the applications, but made awards decisions for each program separately. According to DOT officials, combining these grant programs was intended to save applicants time and resources since they did not have to submit different applications for each program, and to save DOT time and resources since reviewers could generally conduct a single evaluation for each application. DOT refers to the combined program as the Multimodal Project Discretionary Grant (MPDG) program. See figure 1 for an overview of the MPDG processes, which we discuss in greater detail below.

**Figure 1: Overview of DOT’s Solicitation, Evaluation, and Selection Processes for the Fiscal Year 2022 MPDG Program**



Source: GAO analysis of the Department of Transportation’s (DOT) Notice of Funding Opportunity (NOFO) and evaluation documents for the fiscal year 2022 Multimodal Project Discretionary Grant (MPDG) program. | GAO-24-106378

## Solicitation Process

DOT issued a combined NOFO and application for the INFRA, Rural, and Mega grant programs. DOT officials stated that the statutory requirements and eligibility for the three programs had significant overlap, which facilitated DOT’s combining applications for the three programs into a single application.<sup>16</sup> As part of the combined NOFO, DOT established common selection criteria against which to rate applications for the three programs. The NOFO stated that DOT would consider applicants for all

<sup>16</sup>See appendix II for the statutory requirements of the three programs.

three programs unless they opted out or DOT found an application to be ineligible. The NOFO encouraged applicants to apply for multiple programs to maximize their potential of receiving federal funds.

DOT conducted outreach for the three programs by hosting webinars and participating in a conference to share program information. For example, according to officials, DOT staff attended a transit conference where they presented the combined NOFO to potential applicants in rural areas. DOT officials discussed the NOFO during these types of events and responded to applicant questions via email.

DOT received a total of 493 applications in fiscal year 2022 in response to the combined NOFO and reviewed 261 INFRA applications, up from 175 INFRA applications in 2020. DOT officials said it was difficult to determine whether the increase in INFRA applications was due to the combined NOFO. They noted that other factors, such as increased program funding and expanded eligibility, could have affected the number of applications in 2022 as well.<sup>17</sup>

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## Evaluation Process

DOT created a combined process to evaluate applications, which it described in the MPDG NOFO and evaluation plan. This evaluation process included an intake phase, analysis review phase, and a quality control process.

**Intake.** According to the evaluation plan, DOT staff were first to conduct basic eligibility determinations such as checking for eligible applicant and project types.<sup>18</sup> Intake staff also were to identify private parties (e.g., railway companies) that would financially benefit if DOT selected an application for award, as part of its conflict-of-interest screening.<sup>19</sup>

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<sup>17</sup>DOT awarded \$1.5 billion in INFRA grants in fiscal year 2022, up from \$906 million in 2020. The IIJA also expanded INFRA eligibility to include additional project types such as wildlife crossings and marine highway corridor projects.

<sup>18</sup>Because of varying eligibility requirements for the three programs, an application could be eligible for one, two, or all three grant programs, or eligible for none of them.

<sup>19</sup>DOT provides information on the identified private parties to individuals participating in the application review process to facilitate their compliance with conflict-of-interest requirements.

**Analysis review.** DOT Analysis Review Teams were then to (1) rate applications against the stated selection criteria and provide narrative justifications for the ratings, and (2) assess whether the applications met statutory requirements. To assess applications against the selection criteria, DOT Analysis Review Teams were to conduct:

- Project outcome analysis to evaluate the extent to which a project offers benefits for each of the six component criteria stated in the NOFO;
- Cost effectiveness analysis to evaluate a project's expected benefits against its expected costs;<sup>20</sup> and
- Project readiness analysis of three component criteria to evaluate whether the project is reasonably expected to begin construction in a timely manner.<sup>21</sup>

See figure 2 for a full list of the selection criteria and possible ratings.

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<sup>20</sup>Applicants were to submit benefit-cost analyses as part of their applications so that DOT could assess the cost effectiveness of projects.

<sup>21</sup>The Analysis Review Teams included staff from across DOT's Operating Administrations (e.g., Federal Highway Administration) and the Office of the Secretary, as well as staff from the Volpe National Transportation Systems Center. Six teams evaluated applications across project outcomes, and three teams evaluated project readiness. Additionally, a team of economists evaluated applications for cost effectiveness.

**Figure 2: DOT’s Selection Criteria for Evaluating Fiscal Year 2022 MPDG Program Applications**

Criteria and description	Possible ratings													
<p><b>Project outcomes (6 components)</b></p> <ul style="list-style-type: none"> <li>● Safety</li> <li>● State of good repair</li> <li>● Economic impacts, freight movement, and job creation</li> <li>● Climate change, resiliency, and the environment</li> <li>● Equity, multimodal options, and quality of life</li> <li>● Innovation areas of technology, project delivery, and financing</li> </ul>	<p><b>Ratings ranging from 0-3</b></p> <table border="0"> <tr> <td data-bbox="760 611 878 737"><b>Rating 0</b> the project negatively impacts this project outcome area</td> <td data-bbox="915 611 1073 800"><b>Rating 1</b> the project’s claimed benefits in the outcome area are plausible but minimal or the project’s claimed benefits in the area are not plausible</td> <td data-bbox="1110 611 1268 779"><b>Rating 2</b> the project produces non-trivial, positive benefits in this outcome area that are well supported by the evidence in the application</td> <td data-bbox="1305 611 1479 800"><b>Rating 3</b> the project produces significant, transformative benefits in this outcome area that are well supported by the evidence in the application</td> </tr> </table>					<b>Rating 0</b> the project negatively impacts this project outcome area	<b>Rating 1</b> the project’s claimed benefits in the outcome area are plausible but minimal or the project’s claimed benefits in the area are not plausible	<b>Rating 2</b> the project produces non-trivial, positive benefits in this outcome area that are well supported by the evidence in the application	<b>Rating 3</b> the project produces significant, transformative benefits in this outcome area that are well supported by the evidence in the application					
<b>Rating 0</b> the project negatively impacts this project outcome area	<b>Rating 1</b> the project’s claimed benefits in the outcome area are plausible but minimal or the project’s claimed benefits in the area are not plausible	<b>Rating 2</b> the project produces non-trivial, positive benefits in this outcome area that are well supported by the evidence in the application	<b>Rating 3</b> the project produces significant, transformative benefits in this outcome area that are well supported by the evidence in the application											
<p><b>Cost effectiveness</b></p> <p>Whether and the extent to which a project’s benefits exceed its costs</p>	<b>Low =</b> the project’s costs will exceed its benefits	<b>Medium-low =</b> the project’s costs are likely to exceed its benefits	<b>Medium =</b> the project’s benefits are likely to exceed its costs	<b>Medium-high =</b> the project’s benefits will exceed its costs	<b>High =</b> the project’s benefits will exceed its costs, with a benefit-cost ratio of at least 1.5									
<p><b>Project readiness (3 components)</b></p> <ul style="list-style-type: none"> <li>● Technical assessment</li> <li>● Financial completeness</li> <li>● Environmental review and permitting risk</li> </ul>	<p><b>Ratings ranging from 1-3</b></p> <table border="0"> <tr> <td data-bbox="846 1081 959 1102">1) Uncertain</td> <td data-bbox="1013 1081 1187 1102">2) Somewhat certain</td> <td data-bbox="1273 1081 1365 1102">3) Certain</td> </tr> <tr> <td data-bbox="834 1123 959 1144">1) Incomplete</td> <td data-bbox="1013 1123 1187 1144">2) Partially complete</td> <td data-bbox="1256 1123 1365 1144">3) Complete</td> </tr> <tr> <td data-bbox="846 1165 959 1186">1) High risk</td> <td data-bbox="1029 1165 1170 1186">2) Moderate risk</td> <td data-bbox="1273 1165 1365 1186">3) Low risk</td> </tr> </table>					1) Uncertain	2) Somewhat certain	3) Certain	1) Incomplete	2) Partially complete	3) Complete	1) High risk	2) Moderate risk	3) Low risk
1) Uncertain	2) Somewhat certain	3) Certain												
1) Incomplete	2) Partially complete	3) Complete												
1) High risk	2) Moderate risk	3) Low risk												

Source: GAO analysis of the Department of Transportation’s (DOT) Notice of Funding Opportunity and evaluation documents for the fiscal year 2022 Multimodal Project Discretionary Grant (MPDG) program. | GAO-24-106378

After rating applications against the component criteria, DOT was to assign overall ratings—High, Medium-high, Medium, Medium-low, or Low—for project outcomes and project readiness using the formulas stated in the NOFO. For example, an application receiving three or more ratings of three and no ratings of zero across the project outcomes criteria would receive an overall project outcome rating of High. An application receiving two or more ratings of zero across the project outcome criteria would receive an overall project outcome rating of Low.

DOT staff also were to assess whether projects met relevant statutory requirements, including those applicable to what are referred to as large INFRA projects. INFRA has seven statutory requirements for such large projects. Statute requires that large projects (1) generate national or regional economic, mobility, or safety benefits, (2) be cost effective, (3) contribute to the accomplishment of one or more statutory national goals, (4) be based on the results of preliminary engineering, (5) have stable and dependable non-federal funding, (6) cannot be easily and efficiently completed without other federal funding or financial assistance, and (7)

be reasonably expected to begin construction within 18 months of the funds being obligated. Large projects that do not meet one or more of these statutory requirements are not eligible to receive an INFRA grant. DOT's evaluation plan directed staff to follow up with applicants one time if additional information was necessary to determine if a project met statutory requirements.

**Quality control.** A Quality Control Team—separate from the Analysis Review Teams—was to then review the completed ratings and justifications to check for consistency. If the Quality Control Team identified inconsistencies, DOT's evaluation plan directed them to ask the responsible Analysis Review Team to revise the ratings and justifications as appropriate.

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## Senior Review and Selection Processes

**Senior review.** After the evaluation process, DOT's Senior Review Team was to review the applications and identify those needing additional follow-up on statutory requirements.<sup>22</sup> For example, an application might need additional documentation to demonstrate that the project met the statutory requirement of having dependable non-federal funding sources.

The Senior Review Team was to then assign applications an overall rating of Highly Recommended, Recommended, or Not Recommended (see table 1). According to the NOFO, applications that met all statutory requirements and received all High ratings in the analysis review phase (i.e., for project outcomes, cost effectiveness, and project readiness) would automatically receive a Highly Recommended overall application rating. Alternatively, the NOFO stated that the Senior Review Team could rate an application as Highly Recommended if it met all statutory requirements and the team determined it to be an exemplary project of national or regional significance that generates significant benefits in one of the project outcomes.

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<sup>22</sup>The Senior Review Team included senior officials from across DOT's Operating Administrations and the Office of the Secretary, and two consultants.

**Table 1: DOT’s Criteria for Assigning Overall Application Ratings to Fiscal Year 2022 MPDG Applications**

Overall application rating	Criteria
<b>Highly Recommended</b>	DOT determines the project meets all statutory requirements for award and the application receives High ratings in all of project outcomes, cost effectiveness, and project readiness; or DOT determines the project meets all statutory requirements for award and is otherwise determined by the Senior Review Team to be an exemplary project of national or regional significance that generates significant benefits in one of the six project outcomes.
<b>Recommended</b>	DOT determines the project meets all statutory requirements for award and is not otherwise assigned a Highly Recommended or Not Recommended rating.
<b>Not Recommended</b>	DOT determines the project does not meet one or more statutory requirements for award, or additional information is required for one or more statutory requirements; or The application receives a Low rating in one or more of project outcome, cost effectiveness, or project readiness; or is otherwise identified by the Senior Review Team to not be suitable for a grant award based on its weakness within a project outcome.

Source: Department of Transportation’s (DOT)’s Fiscal Year 2022 Notice of Funding Opportunity for the Multimodal Project Discretionary Grant (MPDG) program. | GAO-24-106378

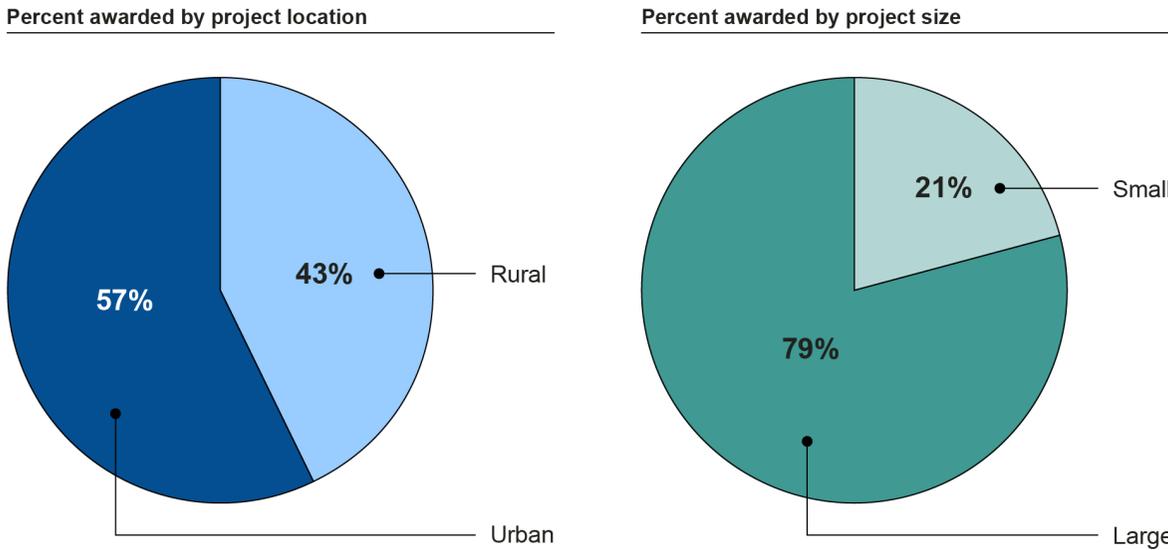
DOT conducted the Senior Review Team meetings for INFRA applications separately from the other grant programs. The Senior Review Team reviewed 261 INFRA applications as part of this process and rated 56 as Highly Recommended. DOT then advanced these 56 Highly Recommended applications to the Secretary for his selection.

**Secretary’s selection.** DOT’s evaluation plan states that, following the Senior Review Team process, the Secretary of Transportation will select applications for award. Following the grant awards, DOT will provide feedback, upon request, to unsuccessful applicants about their applications. In fiscal year 2022, the Secretary selected 26 of the 56 Highly Recommended INFRA applications for award.<sup>23</sup> The applications selected for award included variations in project location, size, and other factors (see fig. 3).<sup>24</sup>

<sup>23</sup>Appendix III contains additional information on INFRA awards for fiscal years 2016-2022.

<sup>24</sup>DOT must comply with statutory funding requirements when awarding INFRA grants. For example, the INFRA statute requires that a minimum of 15 percent of available INFRA funds each fiscal year be reserved for small projects and that at least 25 percent of funds provided for INFRA large projects be used for projects located in rural areas. The INFRA statute also contains funding requirements regarding other factors, such as project types, and requires DOT to consider geographic diversity among grant recipients.

**Figure 3: Characteristics of the 26 Projects Receiving Fiscal Year 2022 Infrastructure for Rebuilding America Grant Awards**



Source: GAO depiction of Department of Transportation data. | GAO-24-106378

## DOT Generally Followed Guidance for Evaluating INFRA Applications but Quality Control Process Did Not Always Ensure Complete and Accurate Documentation

DOT generally followed the processes it described in its NOFO and evaluation plan when evaluating INFRA applications, but its quality control processes did not always ensure complete and accurate documentation. DOT guidance requires that DOT’s evaluation process and criteria be described in the NOFO, be used to evaluate applications and include how oversight will take place to ensure a consistent review of applications. While DOT has taken steps in response to our previous recommendation to implement a quality control process to ensure review ratings and narrative information is recorded correctly, we found some instances of inaccurate and incomplete information in its documentation. Additionally, we found DOT did not fully document eligibility determinations and conflict-of-interest screenings as part of the intake process.

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## DOT Designed, Followed, and Documented Its Evaluation Process as Required by Federal Guidance

We found that DOT implemented and documented an evaluation process as required by DOT guidance and the OMB Guidance. The OMB Guidance requires agencies to design and execute an application evaluation process to award discretionary grant funding. In accordance with this federal guidance, DOT designed a NOFO and evaluation plan that described the process and criteria it would use to evaluate applications.

Additionally, DOT's Financial Guide requires DOT to use that process to evaluate applications. We found that DOT followed its process as described in its NOFO and evaluation plan, including:

- DOT assigned project outcome ratings to all INFRA applications across the six component criteria (e.g., safety, economic impact). DOT also assigned an overall project outcome rating to all INFRA applications. According to our analysis, all ratings aligned with the formula DOT stated in the NOFO.
- DOT assigned a cost effectiveness rating to all INFRA applications that included a benefit-cost analysis, which was an application requirement, and assigned project readiness ratings across the three component criteria (e.g., technical capacity).
- DOT also determined whether INFRA applications for large projects met all statutory requirements and conducted additional follow-up on the statutory requirements, as described in the evaluation plan. The plan stated that DOT staff would follow up at least once on applications where DOT needed additional information to determine if requirements were met.<sup>25</sup> For the 24 large projects in our sample, DOT followed up on applications in a manner consistent with the evaluation plan.

DOT's process for documenting its evaluations also aligned with its guidance. According to this guidance, the evaluation plan must include an approach to documentation that will record the review panel's assessment of the application in relation to the review criteria and permit reviewer comments. In addition to including ratings, as previously

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<sup>25</sup>The evaluation plan stated that staff would initiate follow-up once for each statutory requirement except for the cost effectiveness requirement. For the cost effectiveness requirement, the Senior Review Team would direct any follow-up action.

discussed, DOT's documentation included text fields where reviewers could describe their justifications for how they assigned ratings against the criteria. For all 50 applications in our sample, we found that DOT provided narrative justifications for the project outcome, cost effectiveness, and project readiness ratings.<sup>26</sup>

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### DOT's New Quality Control Process Did Not Always Ensure Complete and Accurate Documentation

DOT implemented a new quality control process for reviewing its ratings and narratives, but this process did not always ensure complete and accurate evaluation documentation. DOT guidance provides that the evaluation process should include how oversight will take place to ensure a consistent review of applications.

In 2022, DOT used a Quality Control Team to review the consistency of its ratings and narratives for the INFRA program as well as the other grant programs in the MPDG program.<sup>27</sup> According to DOT documentation, the Quality Control Team was directed to review the completed INFRA ratings and narratives to ensure they aligned and were consistent with the evaluation guidelines.

The Quality Control Team reviewed the completed INFRA ratings and narratives and identified 35 applications where the project outcome ratings were not originally consistent with the justification stated in the narrative for one or more outcomes. DOT's documentation indicates DOT staff reviewed all 35 applications and revised the ratings or narratives. However, our review of these 35 applications found five instances where staff indicated they had revised the rating or narrative for a project outcome, but the justifications in the narratives did not align with the ratings. For example, the Quality Control Team stated that the innovation rating for one application seemed more aligned with the characteristics of a rating of one, rather than its assigned two, based on the text in the

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<sup>26</sup>We reviewed the ratings and narratives for all the project outcome, cost effectiveness, and project readiness criteria available in the evaluation data spreadsheet. DOT did not record narratives for one of the three project readiness criteria in the spreadsheet. However, justifications for this criterion were captured in a separate template.

<sup>27</sup>The Quality Control Team was composed of staff from the John A. Volpe National Transportation Systems Center.

narrative. DOT marked the application as revised, but we found that the narrative and rating did not align.

Moreover, our analysis of DOT's evaluation documentation shows that DOT's quality control process did not ensure complete and accurate ratings and justifications across all fields.

- **Rating calculations.** DOT assigned overall project readiness ratings to INFRA applications, but four overall project readiness ratings did not align with DOT's stated formula in the NOFO. The NOFO describes how the overall readiness rating is to be calculated based on the ratings for the three component criteria (i.e., financial completeness, technical assessment, and environmental review). DOT officials said that three of the inconsistencies were due to human error in the calculation, and that one application received an updated rating but DOT officials had not made the change in the documentation. DOT officials also noted that the applications' project readiness ratings did not affect the overall application ratings for these four applications.
- **Narrative justifications.** In our sample of 50 applications, we found 12 applications where the justification in the rating narrative did not align with one of the assigned ratings. For example, one application received a rating of one for innovation when the narrative stated that the rating was a two. DOT officials noted that the incorrect innovation rating did not affect the application's chances for award in this instance because it was assigned a Not Recommended overall application rating due to high project delivery risk and not meeting statutory requirements. DOT officials also said that the Quality Control Team checked the sufficiency of the narratives and that its first priority was to ensure no obvious disconnects between ratings and narratives.

In our prior reporting on INFRA, we found that reviewers inaccurately recorded some project ratings and that some of the narratives used to justify the ratings were incomplete. As a result, we recommended in April 2022 that DOT provide direction on how oversight activities are to be conducted for these ratings and their associated narratives and that such activities are designed to routinely detect and correct errors and verify that documentation is complete.<sup>28</sup> Taking action to implement our prior recommendation would provide better assurance to DOT that it is

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<sup>28</sup>[GAO-22-104532](#). As of December 2023, DOT has not implemented this recommendation.

selecting applications for award based on reliable data. Because these ratings are to inform the selection process, errors in the ratings and justifications could affect applications' chances for award.

Additionally, we reviewed the intake data for INFRA applications and found some instances of incomplete documentation. Specifically, the documentation for the eligibility determinations and conflict-of-interest screenings did not fully align with the processes described in the evaluation plan. According to federal standards for internal control, agencies should identify deficiencies through monitoring activities and determine appropriate corrective actions to remedy these deficiencies.<sup>29</sup>

- **Eligibility determinations.** DOT evaluated the eligibility of applications for items such as eligible applicant and project types and identified initial eligibility concerns for 96 of the 261 INFRA applications.<sup>30</sup> DOT's evaluation plan states that reviewers will "continue to screen projects for eligibility deficiencies throughout the review process. If a review team identifies a potential ineligibility, the Evaluation Management and Oversight Team makes the final eligibility determination. Those final determinations will be fully documented."

However, DOT did not document how it resolved the eligibility concerns for all applications. DOT officials acknowledged there were 11 applications with eligibility concerns for which a resolution was not documented. For example, in its documentation, DOT noted that one project "does not appear to be on the National Highway System or otherwise eligible for INFRA," but its documentation did not indicate whether or how DOT resolved this concern. According to DOT, those flags would have been resolved prior to final selections as part of the award portfolio screening, if the applications had advanced to that stage.

DOT officials stated that they encouraged intake staff to enter eligibility flags and comments in the documentation if they had any concerns, but to keep the applications moving in the process due to a

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<sup>29</sup>[GAO-14-704G](#).

<sup>30</sup>DOT evaluated eligibility across the three programs and could flag applications with eligibility concerns for one or more programs. DOT flagged applications due to concerns such as eligible project types and eligible cost share amounts.

statutory INFRA deadline.<sup>31</sup> Officials said they felt a sense of urgency to keep the evaluation process moving forward and did not want to prematurely rule any applications ineligible. According to officials, the DOT staff overseeing INFRA evaluations—in consultation with DOT legal counsel—made the final eligibility determinations, and these determinations could be made at any point in the process. Additionally, they noted that DOT determined that all awarded INFRA applications were eligible prior to their selection and award.

- **Conflict-of-interest screenings.** DOT generally conducted conflict-of-interest screenings for submitted applications, but six of the 261 INFRA applications did not have a screening recorded in the documentation. DOT’s evaluation plan states that to facilitate reviewers’ compliance with conflict-of-interest requirements, DOT will identify for each application if there are private entities (e.g., a railroad company) that could directly benefit from the project. DOT will make this information available to individuals participating in the review process to help them determine if they have any personal or financial conflicts of interest that may affect their evaluation of applications. Additionally, DOT’s intake instructions directed reviewers to record either a yes or no to indicate whether there were any private entities identified. In the six instances where DOT did not record that this screening was completed, DOT officials stated that no entry by intake staff meant there were not any private entities identified.

According to DOT officials, due to limited time, they focused their efforts on ensuring accurate data for those projects that were ultimately selected and may not have gone back to address data or documentation issues for projects not advancing through the process. However, fully documenting eligibility and conflict-of-interest reviews would help DOT ensure it is implementing its policies as designed. For example, documenting the conflict-of-interest screening would help DOT ensure that it completed all screenings and has identified and mitigated any potential issues. Additionally, having complete eligibility information would help DOT provide feedback to applicants on whether their project was eligible for INFRA and the rationale for that determination, which could be useful to provide to applicants if they decide to apply again. According to DOT officials, they communicated eligibility flags in debriefs to help applicants

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<sup>31</sup>DOT was required to provide written notification to the House and Senate Committees on Appropriations of the proposed INFRA grants, including an evaluation and justification for the projects and the amounts of the proposed grant awards, not later than 180 days after the date of enactment (March 15, 2022) of the Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, § 123, 136 Stat. 49, 704.

frame their projects or be clearer about their eligibility. However, documenting final eligibility determinations is consistent with action DOT states in its evaluation plan that it will undertake. Further, resolving and documenting final eligibility determinations could help DOT provide applicants with more specific feedback during those debriefs.

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## DOT's INFRA Award Selection Process Did Not Fully Align with Guidance

DOT did not have clear criteria and complete documentation for advancing applications to the Secretary but did improve its documentation of the fiscal year 2022 INFRA award decisions. DOT relied primarily on the professional judgement of Senior Review Team members to identify highly recommended projects and advance applications to the Secretary but did not clearly define the criteria the team would use or consistently document the rationale for the team's decisions. However, in response to our previous recommendations, DOT created additional documentation for the fiscal year 2022 INFRA award process that provided insight into why the Secretary selected certain applications for award over others.

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### DOT Did Not Fully Describe Its Criteria or Document Its Rationale for Advancing Applications for Award

Our review of DOT's selection process found that DOT did not fully follow federal grants guidance for ensuring consistency and transparency when it advanced applications to the Secretary. OMB Guidance states that the intent of a NOFO is to make the application review process transparent so applicants can make informed decisions when preparing their applications, to maximize the fairness of the process. Under this OMB Guidance, the announcement should clearly describe all criteria, including any sub-criteria. Additionally, DOT guidance requires DOT to maintain written documentation on the standards used and implemented in the evaluation and selection process and document its decisions.

DOT created a new rating system for advancing applications to the Secretary for the fiscal year 2022 INFRA program. Specifically, according to the NOFO, DOT would assign a Highly Recommended rating to an application that either (a) received high scores across the selection criteria, or (b) Senior Review Team members determined to be "an exemplary project of national or regional significance that generates

significant benefits in one of the project outcome areas.”<sup>32</sup> The Senior Review Team would then advance a list of applications to the Secretary for his selection. Almost all the applications that the Senior Review Team advanced to the Secretary (53 of the 56) were rated as Highly Recommended based on the “exemplary project” criteria; the remaining three were rated Highly Recommended based on their high scores. Additionally, almost all the applications that the Secretary selected to receive an award (24 of the 26), had advanced based on the “exemplary project” criteria.

However, neither the NOFO nor the evaluation plan provided a clear definition of what constituted an “exemplary project of national or regional significance that generates significant benefits in one of the project outcome areas.” The NOFO and evaluation plan did not describe what factors Senior Review Team members would consider when determining which applications met this criterion.

According to DOT officials, individual Senior Review Team members identified projects that they believed to be exemplary prior to the Senior Review Team meetings. They added that Senior Review Team members generally identified applications related to their area of expertise.<sup>33</sup> In team meetings, officials said they then described to the other team members why they had determined a project to be exemplary. If no team members objected, officials reported that the Senior Review Team assigned the application a Highly Recommended rating and decided to advance all Highly Recommended projects to the Secretary. According to DOT officials, team members did not raise objections in the meetings to any of the determinations of exemplary projects.

DOT officials told us that DOT relied on Senior Review Team members’ professional judgement and expertise to identify “exemplary projects” on a case-by-case basis, rather than creating decision rules about which applications to advance as they had done in the past. According to officials, DOT stopped using decision rules because, as we had previously reported, they had not led to increased transparency.

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<sup>32</sup>As described above, DOT issued a combined NOFO and evaluation plan for INFRA and two other discretionary grant programs. When we refer to the NOFO or evaluation plan, we are referring to the combined MPDG NOFO and evaluation plan.

<sup>33</sup>According to DOT officials, Senior Review Team members are senior transportation industry officials with access to project information, including context for the projects and real-time information that might not have been available to reviewers or communicated well in application materials.

Specifically, in fiscal year 2019 and 2020, the Senior Review Team developed rules to determine which projects advanced to the Secretary, but we found these rules changed throughout the selection process and were not well documented.<sup>34</sup> For fiscal year 2022, DOT officials said they instead relied on individuals' professional judgment to advance projects because it gave Senior Review Team members the flexibility to bring their diverse backgrounds and expertise to advance DOT's strategic goals.

However, without clear criteria to guide their use of professional judgement, DOT's process to advance applications lacked consistency and transparency.

- DOT did not consistently use the project outcome scores in determining which applications to identify as an exemplary project. According to DOT's evaluation plan, evaluators should assign an application a score of three—the highest possible score—in an outcome area, such as Safety or Innovation, if a project would have “significant benefits” in that area. However, we found eight applications in our sample that did not receive a three in the outcome area that the Senior Review Team members identified as being “exemplary.” Four of these applications received an award. For example, the Senior Review Team identified one project as “exemplary” because of its significant climate benefits, but the Analysis Review team rated it a two not three in Climate Change, Resiliency and Environment; this application later received an award. Many other applications received higher climate ratings, but the Senior Review Team did not identify them as “exemplary projects.” According to DOT officials, Senior Review Team members may have come to a different conclusion about the extent of the benefits in that outcome area than the DOT Analysis Review Team.

DOT officials stated, however, that it is incorrect to link outcome ratings with exemplary projects. For example, they stated that a project could receive a two in outcome ratings, but if it is a first-of-its-kind for the region or state, it might therefore be considered exemplary. Alternatively, they noted that some of the highest rated projects (i.e. with threes in outcome ratings) may stand out more than others as being truly exemplary for various reasons, and those reasons would be cited in the Senior Review Team notes. Finally, an applicant may not have communicated a project's benefits well and the Senior Review Team member may provide context to describe the exemplary nature of the project. However, DOT did not describe any

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<sup>34</sup>[GAO-22-104532](#).

of these criteria for being an exemplary project in the NOFO or evaluation guide.

- Additionally, DOT did not consistently document its decisions to advance applications to the Secretary. As a result, it was unclear how DOT officials applied their professional judgement and what factors they considered in reaching their conclusions. For some applications, Senior Review Team members wrote supplementary memos that provided additional details about why they believed specific projects to be exemplary. However, for other applications, the reasons for the Senior Review Team's decisions were not clearly documented. Specifically, 31 applications from our sample were rated by the review team as Highly Recommended based on the "exemplary" criteria and we found that 13 of them did not have complete documentation for why the reviewers considered them to be exemplary. DOT awarded grants to eight of these 13 applications.

For example, for some applications the narrative described the benefits of the project, but not what made it rise to the level of "national or regional significance." For other applications, the documentation only stated that the application was strong in a particular outcome area, but provided no further explanation as to what distinguished it from other applications. We also identified one application where there was no documentation of the justification. We have found this same issue in previous reviews of DOT's INFRA program and recommended that DOT should require program teams to document their decision-making rationale throughout all levels of review.<sup>35</sup>

Providing additional information in the NOFO and evaluation plan describing how the Senior Review Team will identify exemplary projects, such as whether an application has merit scores above a certain threshold or addresses a DOT priority, would help applicants understand how they will be evaluated and ensure reviewers have a consistent method to evaluate applications. Moreover, increasing transparency into how DOT selects applications to advance to the Secretary would better position DOT to defend the overall integrity of the award process. Some reviewers documented why they believed applications to be exemplary, for example, by noting that the project had substantial, data-driven

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<sup>35</sup>[GAO-18-38](#). DOT concurred with this recommendation, but as of December 2023, DOT has not fully implemented it. According to DOT, it is developing new guidance that will include additional direction on documenting the decision-making rationale throughout the application selection process.

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benefits. By ensuring consistency among all reviewers, DOT could increase the transparency of its selection process.

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## DOT Has Taken Steps to Improve Its Documentation of the Secretary's Award Decisions

DOT's documentation on the Secretary's award decisions for the fiscal year 2022 INFRA funds aligns with federal grants guidance. DOT's Financial Guide states that grant documentation should include an explanation for why the selected applications were chosen for funding over other applications. DOT guidance requires that the documentation should also include a written justification for how program policy factors (e.g., geographical dispersion, program balance, or diversity) were used to select applications. In our previous reviews, we have found that DOT did not adequately document these selection decisions in line with this guidance.<sup>36</sup>

DOT documented the Secretary's selection decisions for the 2022 INFRA funding round in two memos: a selection memo, and a non-selection memo it developed for this round.

- DOT documented the projects the Secretary selected in the selection memo, as it has in the past. This memo provides a general justification for why applications were selected, describes the benefits that each selected application is expected to provide, and other selection or set-aside considerations (e.g., rural, small project). For example, the memo noted that one project will deliver pedestrian-safety improvements and freight and passenger rail infrastructure enhancements, and was strong in Equity, Multimodal Options, and Quality of Life outcome measures. The memo also noted that the project removes the barrier of the railway between Areas of Persistent Poverty and essential services.<sup>37</sup>

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<sup>36</sup>[GAO-18-38](#), [GAO-19-541](#), and [GAO-22-104532](#).

<sup>37</sup>An "Area of Persistent Poverty" is defined by the IJA with respect to the Local and Regional Project Assistance Program. A project is located in an Area of Persistent Poverty if (1) the County in which the project is located consistently had greater than or equal to 20 percent of the population living in poverty in all three of the following datasets: (a) the 1990 decennial census; (b) the 2000 decennial census; and (c) the most recent (2021) Small Area Income Poverty Estimates; or (2) the Census Tract in which the project is located has a poverty rate of at least 20 percent as measured by the 2014-2018 5-year data series available from the American Community Survey of the Bureau of the Census; or (3) the project is located in any territory or possession of the United States.

- In addition, for the first time as part of the INFRA 2022 award documentation, DOT created a non-selection memo that provides justifications for why Highly Recommended projects were not selected for award. The memo describes how the Secretary considered factors when selecting projects such as ratings, geography, and project size, and broadly describes the Secretary's approach to selecting applications for award. It states that the Secretary prioritized applications with strong ratings across all of criteria, while achieving a mix of urban and rural projects, and ensuring geographic diversity.<sup>38</sup> The Secretary also tried to limit the number of reduced awards, where the project received less than the full amount requested by the applicant.

The memo also provides insight into why applications chosen for award were selected over similarly situated applications. For example, the memo states that one non-selected application did not present as compelling benefits as another application in the state, which was also located in an Area of Persistent Poverty. For another non-selected application, the memo notes that other large rural highway projects presented more compelling overall benefits while also satisfying geographic diversity.

DOT officials noted that they developed this document in response to our prior recommendation to improve documentation of key decisions throughout the INFRA review process. DOT's documentation of the award decisions represents an improvement over previous INFRA funding rounds. Although the selection memo does not state why DOT awarded applications over other applications, when read with the non-selection memo, the two memos provide additional insight and transparency into DOT's selection decisions.

Compared to our prior reviews of the INFRA program, this documentation provides greater transparency into the Secretary's decision-making and rationale for awarding INFRA grants. More broadly, however, we have observed that DOT grant programs have long struggled to document key decisions in the selection process. As DOT considers and develops

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<sup>38</sup>For the purposes of the INFRA award decisions, DOT generally defined geographic diversity as awarding only one application per state, but made exceptions for larger states, states with demonstrable investment needs, or if a state had multiple exceptional applications. DOT targeted 40-45 percent of the awarded funding to applications in rural areas, similar to recent years, and 15-25 percent of awarded funding to small projects. The INFRA program statute requires that at least 25 percent of funds provided for INFRA large projects be used for projects located in rural areas and requires that a minimum of 15 percent of available INFRA funds each fiscal year be reserved for small projects.

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department-wide guidance for how to oversee discretionary grant programs, the use of these types of documents could be one approach to help ensure that DOT sustains this progress for future INFRA funding rounds and improve documentation for other discretionary grant programs.

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## Conclusions

The enactment of the IIJA and the substantial funding associated with it provides DOT with a unique opportunity to advance a number of national goals. Competitive discretionary grant programs, such as DOT's INFRA program, are an important tool for targeting federal spending to areas of national significance. For the 2022 INFRA round, DOT has taken some steps to address issues we have raised related to its evaluation and selection processes. For example, DOT implemented a new quality control process and created new documentation about the Secretary's selection decisions. All these actions move DOT to be better aligned with federal grants guidance and with our existing recommendations for this program.

However, given the increase in discretionary grant funds, it remains critical that DOT continue to improve the consistency and transparency of the INFRA program. Although DOT has taken steps to improve its quality control processes, we continued to find instances of incomplete or inaccurate data, including incomplete eligibility documentation. As a result, DOT lacks assurance that it is using accurate and complete information throughout its evaluation and selection process. Additionally, DOT did not clearly define in the MPDG NOFO or evaluation plan how it would identify exemplary projects that qualified for the final phase of the INFRA award process. As a result, applicants are missing key information about the award process, and DOT cannot ensure that it is treating similarly situated applicants consistently. By clarifying how it identifies projects as exemplary, DOT can help ensure it evaluates applicants consistently and transparently and position decision makers to make better-informed selection decisions in support of national goals.

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## Recommendations for Executive Action

We are making the following two recommendations to DOT:

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The Secretary of Transportation should ensure that Office of the Secretary officials establish quality control procedures to verify that the conflict-of-interest screening and eligibility determination documentation is complete for Multimodal Project Discretionary Grant program applications. (Recommendation 1)

The Secretary of Transportation should clearly define, in the Multimodal Project Discretionary Grant program evaluation plan and Notice of Funding Opportunity, how an application may qualify as an “exemplary project of national or regional significance that generates significant benefits in one of the project outcome areas.” (Recommendation 2)

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## Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Transportation (DOT) for review and comment. In its comments, reproduced in appendix IV, DOT concurred with our first recommendation related to establishing quality control procedures for its conflict-of-interest screening and eligibility determination documentation.

DOT did not concur with our second recommendation, which is to clearly define, in the Multimodal Project Discretionary Grant program evaluation plan and Notice of Funding Opportunity (NOFO), how an application may qualify as an “exemplary project of national or regional significance that generates significant benefits in one of the project outcome areas.” DOT stated in its letter that the Senior Review Team has the discretion to determine which projects are exemplary projects using its professional judgement. However, we continue to believe that DOT should implement our recommendation for the reasons outlined in the report. Specifically, according to Office of Management and Budget guidance, the NOFO should clearly describe all criteria, including any sub-criteria. Clearly defining what constitutes “exemplary project” criteria would enhance the consistency and transparency of the program and provide better information to applicants.

DOT also stated in its response to this recommendation that its justifications for the Secretary’s award decisions are well documented and, therefore, decisions by the Senior Review Team to advance applications to the Secretary for award are also well documented. However, final award and advancement of applications for award are two different stages of the INFRA process. Improvements in one stage do not necessarily constitute improvements in the other. Specifically, while we

found DOT improved its documentation of the Secretary's final award decisions, we continued to find that DOT did not consistently document its rationale for its decisions to advance applications to the Secretary, including why an application was exemplary.

We previously recommended that DOT should require INFRA program teams to document their decision-making rationale throughout all levels of review. DOT has not yet taken action to fully implement this recommendation. Implementing our prior recommendation along with our second recommendation in this report would better position DOT to defend the overall integrity of its award process. DOT also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to the appropriate congressional committees and the Secretary of Transportation. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-2834 or [RepkoE@gao.gov](mailto:RepkoE@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

A handwritten signature in black ink, reading "Elizabeth Repko", followed by a long horizontal line extending to the right.

Elizabeth Repko  
Director, Physical Infrastructure

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## Appendix I: Objectives, Scope, and Methodology

This report reviews the Infrastructure for Rebuilding America (INFRA) program. Specifically, it (1) describes the Department of Transportation's (DOT) processes to solicit, evaluate, and select applications for awarding INFRA grants in fiscal year 2022 and assesses the extent to which DOT's (2) evaluation and (3) selection processes aligned with federal guidance for ensuring consistency and transparency.<sup>1</sup>

For all objectives, we reviewed our prior work on DOT's various discretionary grant programs, including the INFRA program's implementation.<sup>2</sup>

To describe DOT's processes to solicit, evaluate, and select applications for awarding INFRA grants, we reviewed DOT's notice of funding opportunity (NOFO) for the Multimodal Project Discretionary Grant (MPDG) program and its corresponding evaluation plan. In addition, we interviewed DOT officials to understand how they administered the fiscal year 2022 INFRA program. Specifically, we interviewed DOT staff who oversaw the INFRA evaluation process and Senior Review Team officials

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<sup>1</sup>For the purposes of this report, the terminology "federal guidance" refers collectively to specified requirements contained in the Office of Management and Budget's (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Guidance) and DOT's *Guide to Financial Assistance* (DOT's Financial Guide).

<sup>2</sup>GAO, *Discretionary Transportation Grants: DOT Should Clarify Application Requirements and Oversight Activities*, [GAO-22-104532](#) (Washington, D.C.: April 6, 2022); *Discretionary Transportation Grants: Actions Needed to Improve Consistency and Transparency in DOT's Application Evaluations*, [GAO-19-541](#) (Washington, D.C.: June 26, 2019); *Discretionary Transportation Grants: DOT Should Take Actions to Improve the Selection of Freight and Highway Projects*, [GAO-18-38](#) (Washington, D.C.: Nov. 2, 2017); *DOT Discretionary Grants: Problems with Hurricane Sandy Transit Grant Selection Process Highlight the Need for Additional Accountability*, [GAO-17-20](#) (Washington, D.C.: Dec. 14, 2016); *Surface Transportation: Actions Needed to Improve Documentation of Key Decisions in the TIGER Discretionary Grant Program*, [GAO-14-628R](#) (Washington, D.C.: May 28, 2014); *Surface Transportation: Competitive Grant Programs Could Benefit from Increased Performance Focus and Better Documentation of Key Decisions*, [GAO-11-234](#) (Washington, D.C.: Mar. 30, 2011); and *Intercity Passenger Rail: Recording Clearer Reasons for Awards Decisions Would Improve Otherwise Good Grantmaking Practices*, [GAO-11-283](#) (Washington, D.C.: Mar. 10, 2011).

responsible for deciding which applications to forward to the Secretary of Transportation for final award selections.

To assess how DOT's application evaluation and selection process aligned with federal guidance, we analyzed fiscal year 2022 INFRA grant application evaluation and award data and documentation.

- For all 261 applications that DOT reviewed for INFRA in fiscal year 2022, we analyzed the spreadsheet fields describing application eligibility, conflict-of-interest screenings, evaluation ratings, statutory determinations for large projects, and quality control reviews.<sup>3</sup> Specifically, we assessed whether DOT conducted a conflict-of-interest screening and eligibility screening for each application, as described in DOT's evaluation plan. We also assessed whether DOT assigned ratings across all criteria (i.e., project outcomes, cost effectiveness, and project readiness) for each application, made statutory requirement determinations for large projects, and conducted quality control reviews, as stated in the evaluation plan.
- In addition, we also reviewed a sample of 50 INFRA applications. The sample included all 26 awarded applications and 24 non-awarded applications. We selected these non-awarded applications to achieve a mix of Highly Recommended, Recommended, and Not Recommended overall application ratings, as well as a mix of ratings across project outcomes, cost effectiveness, and project readiness. We also selected applications that represented different project types (e.g., highway, rail) and both large and small project sizes. For this sample, we reviewed evaluation process documentation such as the evaluation ratings, narratives, and minutes from Senior Review Team meetings. We compared the ratings and documentation to DOT's plan for evaluating applications. While our observations about the applications are not generalizable to all projects DOT considered for funding, they provide insight on how DOT evaluated and advanced projects for potential award.
- We further reviewed how DOT documented the Secretary's selection decisions for the fiscal year 2022 INFRA funding round, which consisted of a selection memo and a non-selection memo. The selection memo describes why applications were selected and describes the benefits that each selected application is expected to provide, as well as other selection considerations. The non-selection

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<sup>3</sup>In order to be eligible for INFRA funding, the Secretary of Transportation must determine that projects categorized as large meet requirements described in the INFRA statute.

memo describes why Highly Recommended projects were not selected for award.

- To assess the reliability of DOT data, we reviewed DOT documentation, conducted logic tests on the data, and reviewed previous GAO data reliability assessments of INFRA evaluation process data. In addition, we asked knowledgeable DOT officials questions on the reliability of the data. We determined that the data were sufficiently reliable for our purposes of understanding DOT's INFRA evaluation and selection processes.

We compared information from INFRA grant application evaluation and award data and DOT documentation against the federal guidance requirements for discretionary grant programs. These requirements are contained in federal guidance including the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Guidance)*<sup>4</sup> and DOT's *Guide to Financial Assistance* (collectively referred to as "federal guidance" in this report).<sup>5</sup> This federal guidance establishes requirements for discretionary grant programs including requirements related to consistency and transparency. We also compared data from the INFRA intake process to DOT's evaluation plan and *Standards for Internal Control in the Federal Government*—specifically the principles that management should identify deficiencies through monitoring activities and determine appropriate corrective actions to remedy these deficiencies.<sup>6</sup>

We conducted this performance audit from November 2022 to January 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>4</sup>2 C.F.R. Part 200, and App. I to Part 200; DOT has adopted these provisions in regulation. See 2 C.F.R. § 1201.1 (2023).

<sup>5</sup>DOT's *Guide to Financial Assistance* incorporates the OMB Guidance requirements.

<sup>6</sup>GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: Sept. 10, 2014).

**Appendix II: Selected Statutory Requirements  
for Multimodal Project Discretionary Grant  
Programs**

# Appendix II: Selected Statutory Requirements for Multimodal Project Discretionary Grant Programs

**Table 2: Eligible Applicant and Project Types Per Statute for Fiscal Year 2022 MPDG Programs**

	<b>Infrastructure for Rebuilding America program</b>	<b>National Infrastructure Project Assistance program</b>	<b>Rural Surface Transportation program</b>
<b>Applicant types</b>	-State or group of states	-State or group of states	-State
	-Metropolitan planning organization that serves an urbanized area with a population of > 200,000 individuals	-Metropolitan planning organization	-Regional transportation planning organization
	-Unit of local government or group of local governments	-Unit of local government	-Unit of local government
	-Political subdivision of a state or local government	-Political subdivision of a state	-Tribal government or a consortium of tribal governments
	-Special purpose district or public authority with a transportation function	-Special purpose district or public authority with a transportation function	-Multijurisdictional group of entities described above
	-Federal land management agency that applies jointly with a state or group of states	Tribal government or a consortium of tribal governments	
	-Tribal government or a consortium of tribal governments	-Partnership between Amtrak and one or more entities described above	
	-Multistate corridor organization	-Group of entities described above	
	-Multistate or multijurisdictional group of entities described above		
<b>Project types</b>	-Highway freight project on the National Highway Freight Network	-Highway or bridge project on the National Highway Freight Network	-Highway, bridge, or tunnel project eligible under National Highway Performance Program
	-Highway or bridge project on the National Highway System	-Highway or bridge project on the National Highway System	-Highway, bridge, or tunnel project eligible under Surface Transportation Block Grant
	-Highway, bridge, or freight project on the National Multimodal Freight Network	-Highway or bridge project on the National Multimodal Freight Network	-Projects eligible under the Tribal Transportation Program, including transportation planning, research, maintenance, engineering, rehabilitation, restoration, construction, and reconstruction of tribal transportation facilities

**Appendix II: Selected Statutory Requirements  
for Multimodal Project Discretionary Grant  
Programs**

	<b>Infrastructure for Rebuilding America program</b>	<b>National Infrastructure Project Assistance program</b>	<b>Rural Surface Transportation program</b>
	-Freight intermodal, freight rail, or freight, project within the boundaries of a public or private freight rail, water (including ports), or intermodal facility and that is a surface transportation infrastructure project necessary to facilitate direct intermodal interchange, transfer, or access into or out of the facility	-Freight intermodal (including public ports) or freight rail project that provides public benefit	-Project on a publicly owned highway or bridge that provides or increases access to an agricultural, commercial, energy, or intermodal facility that supports the economy of a local rural area
	-Highway-railway grade crossing or grade separation project	-Highway-railway grade separation or elimination project	-Highway safety improvement project, including a project to improve a high-risk rural road
<b>Project types</b>	-Wildlife crossing project	-Intercity passenger rail	-Project to develop, establish, or maintain an integrated mobility management system, a transportation demand management system, or on-demand mobility services
	-Surface transportation project within the boundaries or functionally connected to an international border crossing that improves a facility owned by federal/state/local government and increases throughput efficiency	-Public transportation project eligible for assistance under Chapter 53 of title 49 and is a part of any of the project types described above	-Highway freight project eligible under National Highway Freight Program
	-Marine corridor project that is functionally connected to the National Highway Freight Network and is likely to reduce road mobile source emissions		

Source: GAO analysis of the Department of Transportation's Notice of Funding Opportunity for the Multimodal Project Discretionary Program (MPDG) and relevant statutes. | GAO-24-106378

**Appendix II: Selected Statutory Requirements  
for Multimodal Project Discretionary Grant  
Programs**

**Table 3: Statutory Selection Requirements for Fiscal Year 2022 MPDG Programs**

	<b>Infrastructure for Rebuilding America program</b>	<b>National Infrastructure Project Assistance program</b>	<b>Rural Surface Transportation program</b>
<b>Benefits</b>	Project will generate national, or regional economic, mobility, or safety benefits	Project is likely to generate national or regional economic, mobility, safety benefits	Project will generate regional economic, mobility, or safety benefits
<b>Cost effectiveness</b>	Project will be cost effective	Project will be cost effective	Project will be cost effective
<b>National goals</b>	Project will contribute to one or more of the national goals described at 23 U.S.C. § 150	No statutory requirement	The project will contribute to one or more of the national goals described at 23 U.S.C. § 150
<b>Preliminary engineering</b>	Project is based on the results of preliminary engineering	No statutory requirement	Project is based on the results of preliminary engineering
<b>Stable funding</b>	With respect to related non-federal financial commitments, one or more stable and dependable sources of funding and financing are available to construct, maintain, and operate the project, and contingency amounts are available to cover unanticipated cost increases	With respect to non-federal financial commitments, one or more stable and dependable sources are available to construct, maintain, and operate the project, and to cover cost increases	No statutory requirement
<b>Federal funding</b>	Project cannot be easily and efficiently completed without other federal funding or financing available to the project sponsor	Project is in significant need of federal funding	No statutory requirement
<b>Project readiness</b>	The project is reasonably expected to begin no later than 18 months after the date of obligation of funds for the project	Applicant has, or will have, sufficient legal, financial, and technical capacity to carry out the project	The project is reasonably expected to begin no later than 18 months after the date of obligation of funds for the project

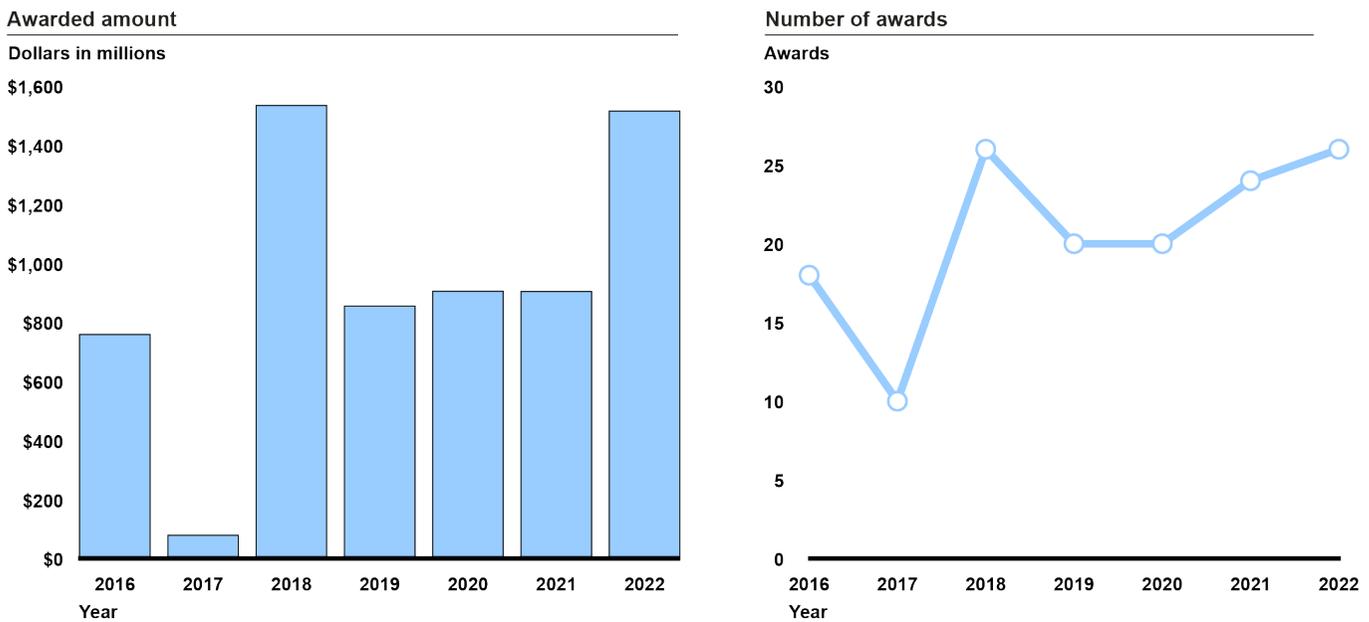
Source: GAO analysis of the Department of Transportation's Notice of Funding Opportunity for the Multimodal Project Discretionary Program (MPDG) and relevant statutes. | GAO-24-106378

Note: Federal-aid highway program national goals set out at 23 U.S.C. § 150 are: 1) Safety – to achieve a significant reduction in traffic fatalities and serious injuries on all public roads; 2) Infrastructure condition – To maintain the highway infrastructure asset system in a state of good repair; 3) Congestion reduction – To achieve a significant reduction in congestion on the National Highway System; 4) System reliability – To improve the efficiency of the surface transportation system; 5) Freight movement and economic vitality – To improve the National Highway Freight Network, strengthen the ability of rural communities to access national and international trade markets, and support regional economic development; 6) Environmental sustainability – To enhance the performance of the transportation system while protecting and enhancing the natural environment; and (7) Reduced project delivery delays – To reduce project costs, promote jobs and the economy, and expedite the movement of people and goods by accelerating project completion through eliminating delays in the project development and delivery process, including reducing regulatory burdens and improving agencies' work practices.

# Appendix III: Key Statistics for Infrastructure for Rebuilding America (INFRA) Grant Program Awards, Fiscal Years 2016–2022

This appendix contains graphs and a map showing key statistics of awarded INFRA projects from fiscal year 2016 through fiscal year 2022, as captured in Department of Transportation information.

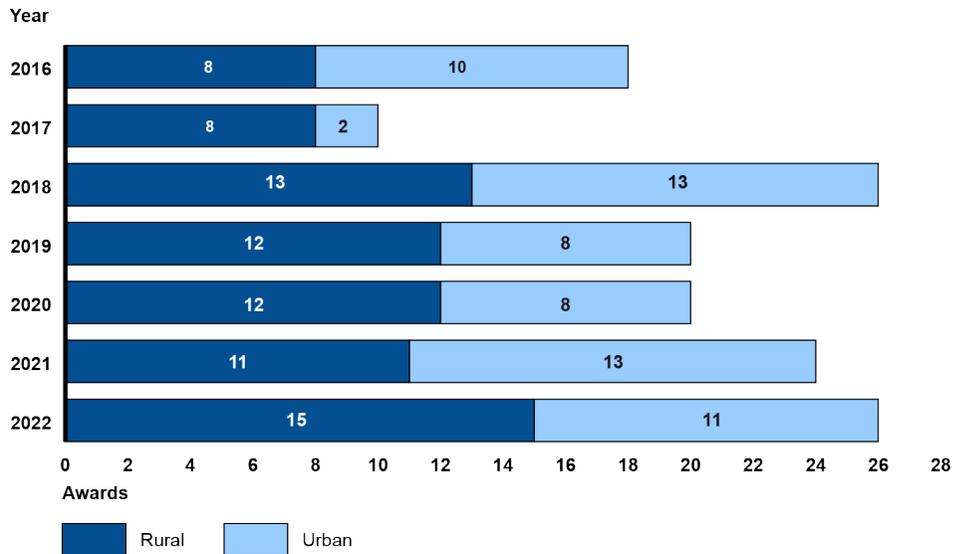
**Figure 4: Funding Amount and Number of Awarded Infrastructure for Rebuilding America Projects Fiscal Years 2016–2022**



Source: GAO depiction of Department of Transportation information. | GAO-24-106378

**Appendix III: Key Statistics for Infrastructure  
for Rebuilding America (INFRA) Grant Program  
Awards, Fiscal Years 2016–2022**

**Figure 5: Number of Infrastructure for Rebuilding America Grant Awards by Project Location, Fiscal Years 2016–2022**



Source: GAO depiction of Department of Transportation information. | GAO-24-106378

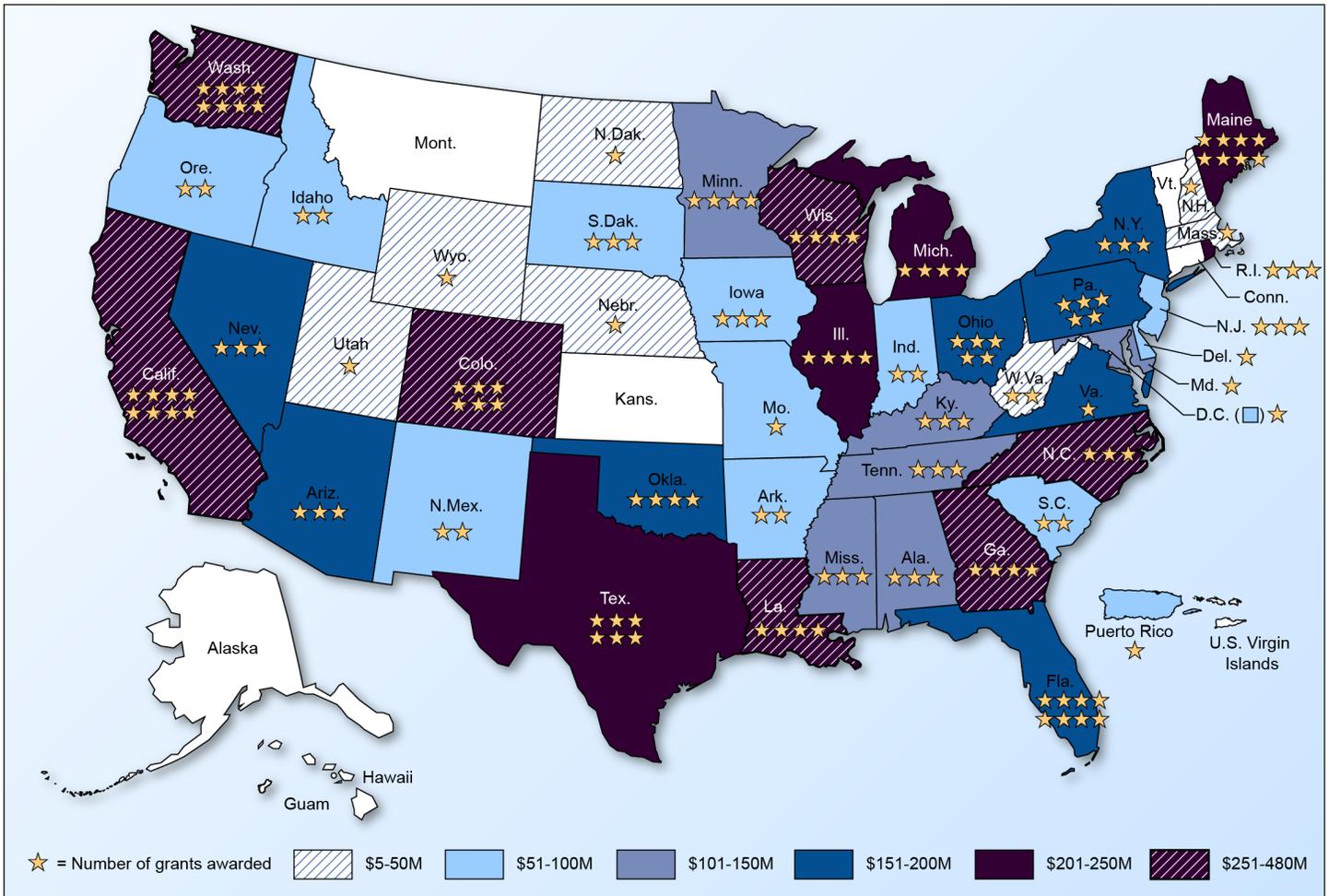
**Accessible Data Table for Figure 5: Number of Infrastructure for Rebuilding America Grant Awards by Project Location, Fiscal Years 2016–2022**

Fiscal Year	Rural	Urban
2016	8	10
2017	8	2
2018	13	13
2019	12	8
2020	12	8
2021	11	13
2022	15	11

Source: GAO depiction of Department of Transportation information | GAO-24-106378

Appendix III: Key Statistics for Infrastructure for Rebuilding America (INFRA) Grant Program Awards, Fiscal Years 2016–2022

Figure 6: Geographic Distribution of Infrastructure for Rebuilding America Grant Awards and Funding Amounts, Fiscal Years 2016–2022



Source: GAO depiction of Department of Transportation information and Map Resources (map). | GAO-24-106378

# Appendix IV: Comments from the Department of Transportation



**U.S. Department of  
Transportation**  
Office of the Secretary  
of Transportation

Assistant Secretary  
for Administration

1200 New Jersey Avenue, SE  
Washington, DC 20590

December 4, 2023

Elizabeth Repko  
Director, Physical Infrastructure  
U.S. Government Accountability Office (GAO)  
441 G Street NW  
Washington, DC 20548

Dear Ms. Repko:

The US Department of Transportation (Department) is committed to implementing the Nationally Significant Freight and Highway Program (INFRA) in alignment with Congressional mandate. Since the inception of the program, the Department has made significant administrative improvements to enhance the application process for potential grantees as well as internal review processes for the evaluation and selection of applications for award. In 2022, for the first time, the Department issued a combined Notice of Funding Opportunity (NOFO) for INFRA and two other programs to make it easier for communities to apply to one, two, or three major discretionary grant programs with a single application and a common set of criteria. GAO notes that in the 2022 round, the Department made significant improvements in documenting the INFRA evaluation process, referring, in particular, to the Department's reasons for selection and non-selection.

Upon review of the draft report, the Department concurs with GAO's first recommendation to establish quality control procedures to verify that the conflict-of-interest screening and eligibility determination documentation is complete for Multimodal Project Discretionary Grant (MPDG) applications. The Department non-concurs, however, with the second recommendation to clearly define in the MPDG evaluation plan and NOFO how an application may qualify as an "exemplary project of national or regional significance that generates significant benefits in one of the project outcome areas."

Regarding recommendation 1, the Department believes the current quality control procedures do verify that the conflict-of-interest screening and eligibility determination documentation is complete. The initial screening process involves a degree of "over-flagging" to ensure that potential problems are noted and not overlooked. For the FY22 INFRA round of applicants, 16 of the 27 projects GAO identified as having unresolved eligibility issues were part of this "over-flagging" process—that is, for these projects, there were no real eligibility concerns. As for the remaining 11 projects, documentation for eligibility determination was not provided, per the rolling eligibility check and prioritization process, as these projects were not considered for selection for other reasons, and, therefore, DOT did not expend additional resources resolving their eligibility concerns.

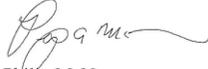
For recommendation 2, per the evaluation guideline the Senior Review Team, with its varied and significant experience, has the discretion to determine, based on the pool of applications, which projects are exemplary projects of national or regional significance that generate significant benefits in one of the project outcome areas. Furthermore, the justifications for selection (and therefore advancement) are well documented, as GAO acknowledged in the report.

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**Appendix IV: Comments from the Department  
of Transportation**

The Department appreciates the opportunity to respond to the GAO draft report. We will provide a detailed response to these recommendations within 180 days of the final report's issuance. Please contact Gary Middleton, Director of Audit Relations and Program Improvement, at 202-366-6512 with any questions or if you would like to obtain additional details.

Sincerely,



Philip McNamara  
Assistant Secretary for Administration

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## Accessible Text for Appendix IV: Comments from the Department of Transportation

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U.S. Government Accountability Office (GAO)  
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Sincerely,

Philip McNamara  
Assistant Secretary for Administration

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## Appendix V: Contact and Staff Acknowledgments

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### GAO Contact

Elizabeth Repko, (202) 512-2834, or [RepkoE@gao.gov](mailto:RepkoE@gao.gov).

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### Staff Acknowledgments

In addition to the contact named above, Matt Voit (Assistant Director); Catrin Jones (Analyst in Charge); Kelly Husted; Michael Sweet, Melissa Bodeau; Geoffrey Hamilton; Malika Rice; and Kelly Rubin made key contributions to this report.

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