United States Government Accountability Office

Report to Congressional Committees

November 2022

# DISCRETIONARY TRANSPORTATION GRANTS

# DOT Should Better Communicate Federal Share Requirements to Applicants

GAO-23-105639

# GAO Highlights

Highlights of GAO-23-105639, a report to congressional committees

## Why GAO Did This Study

Since 2009, Congress has appropriated more than $12 billion to a DOT discretionary grant program currently known as RAISE. DOT has awarded hundreds of RAISE grants for a variety of surface transportation projects.

Appropriations act provisions have set the maximum federal share for funds made available under the RAISE program. For urban areas, the federal share may not exceed 80 percent of the project cost. Rural area projects can receive up to 100 percent federal funding.

The Infrastructure Investment and Jobs Act included a provision for GAO to examine RAISE's federal share requirements. This report evaluates the extent to which DOT's communication of RAISE's federal share requirements followed OMB guidance. GAO reviewed applicable statutes, OMB guidance, and DOT's notices for RAISE grants from fiscal years 2015 through 2021. It then compared the notices to OMB guidance. GAO also interviewed DOT officials and representatives of selected transportation industry associations.

## What GAO Recommends

GAO is recommending that DOT enhance its internal procedures to help ensure DOT communicates in its notices (1) how DOT calculates the federal share for RAISE grant eligibility purposes and (2) whether the federal share will or will not be a selection criterion and, if so, how it would be considered. DOT agreed with GAO's recommendations and provided technical comments, which GAO incorporated as appropriate.

View GAO-23-105639. For more information, contact Elizabeth Repko at (202) 512-2834 or repkoe@gao.gov.

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# DISCRETIONARY TRANSPORTATION GRANTS

## DOT Should Better Communicate Federal Share Requirements to Applicants

## What GAO Found

The Department of Transportation (DOT) awards Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grants to a range of road, transit, and other surface transportation projects. From fiscal years 2015 through 2021, DOT did not consistently communicate key information for the RAISE grant program, as required by Office of Management and Budget (OMB) guidance for grants management. Specifically:

- DOT's public notices of funding opportunity (notices) for RAISE grants did not inform applicants of specific eligibility information on how to calculate the federal government's portion of project costs (known as the federal share), as OMB guidance requires. The absence of an enhanced internal procedure to help ensure DOT's RAISE notices communicate this information creates the risk that applicants will contribute more non-federal funding than is necessary to be eligible for RAISE funding.
- DOT's notices for RAISE grants for fiscal years 2019 through 2021 did not disclose whether DOT would use an application's requested federal share as a merit selection criterion when evaluating applications, as required by OMB guidance. Beginning in fiscal year 2018 through fiscal year 2021, appropriations act provisions prohibited DOT from using an applicant's requested federal share as a criterion for selecting projects for awards. DOT said it followed the appropriations act prohibition for fiscal years 2018 through 2021. GAO found that DOT communicated this prohibition to applicants in its 2018 notice. However, since that time, DOT's notices have not explicitly stated whether DOT would use an applicant's federal share of costs as criteria when evaluating applications.

**DOT's Communication of RAISE Federal Share Requirements in Notices Compared to OMB Requirements, Fiscal Years 2018 through 2021**

| Fiscal year | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Did appropriations act provisions prohibit DOT to use federal share among the selection criteria? | Prohibited → | | | |
| Did the notice state whether federal share was among the selection criteria? | YES | NO | NO | NO |

Does not meet OMB requirement that the notice should state whether federal share will be considered in the evaluation.

Source: GAO analysis of Office of Management and Budget (OMB) guidance, Department of Transportation (DOT) Notices of Funding Opportunity (notice) for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program, and appropriations act provisions. | GAO-23-105639

Better communication from DOT on how it calculates the federal share for RAISE eligibility and whether DOT will consider an application's requested federal share in awarding grants, would improve transparency into DOT's grant decisions. Such communication would also help applicants make informed decisions on how to allocate scarce non-federal resources while pursuing federal funding.

# Contents

**Abbreviations**

| | |
|---|---|
| DOT | Department of Transportation |
| FAQ | frequently asked question |
| NOFO | notice of funding opportunity |
| OMB | Office of Management and Budget |
| OMB Guidance | OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards |
| RAISE | Rebuilding American Infrastructure with Sustainability and Equity |

U.S. GOVERNMENT ACCOUNTABILITY OFFICE
441 G St. N.W.
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November 17, 2022

The Honorable Maria Cantwell
Chair
The Honorable Roger F. Wicker
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate

The Honorable Peter A. DeFazio
Chairman
The Honorable Sam Graves
Ranking Member
Committee on Transportation and Infrastructure
House of Representatives

Since 2009, Congress has appropriated more than $12 billion to a Department of Transportation (DOT) discretionary grant program currently known as Rebuilding American Infrastructure with Sustainability and Equity (RAISE).[1] DOT has awarded RAISE grants on a competitive basis to states, localities, and other entities for a wide range of surface transportation projects intended to improve safety, quality of life, and economic competitiveness, among other goals. For example, RAISE grants have funded projects such as extending a streetcar line in Kansas City, Missouri, and constructing a marine terminal to transport petroleum and cement at the Port of Alaska in Anchorage. In fiscal year 2022, Congress appropriated about $2.3 billion to the RAISE program—the most funding in a single fiscal year since the program began.

Under the RAISE program, the requirements for the portion of the project costs paid using federal funds (the federal share) differs based on whether projects are located in an urban or rural area. Appropriations act provisions have generally required that for projects in urban areas, the federal share of project costs for which an expenditure is made under the RAISE program may not exceed 80 percent. For projects in rural areas, the Secretary of Transportation (Secretary) has generally had the

[1]The program was formerly known as Transportation Investment Generating Economic Recovery (TIGER) and then Better Utilizing Investments to Leverage Development (BUILD). In 2021, DOT renamed the program RAISE. In this report, we refer to all iterations of the program as RAISE.

discretion to increase the federal share above 80 percent up to 100 percent of the project cost.[2]

The Office of Management and Budget (OMB) issued streamlined guidance in 2013 to improve the effectiveness and efficiency of grant making across the federal government. In 2014, various agencies, including OMB and DOT, issued a joint interim final rule implementing the streamlined guidance. Specifically, OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (OMB Guidance) provides direction to federal agencies on preparing their public notices to applicants, called Notices of Funding Opportunity (NOFOs).[3] In general, NOFOs are designed to communicate to potential applicants the total amount of funding available for a grant program, the eligibility requirements for both an applicant and a project to receive program funding, and the merit selection criteria by which the agency plans to evaluate grant applications. The OMB Guidance directs federal agencies on what information to include in their NOFOs to ensure that grant applications are reviewed in a fair, competitive, and transparent manner. For example, the guidance directs agencies on how to communicate with applicants about whether the agency will consider the requested federal share of cost when evaluating applications.

The Infrastructure Investment and Jobs Act included a provision for us to examine federal share requirements for the RAISE grant program.[4] This

[2]In November 2021, the Infrastructure Investment and Jobs Act codified this program in statute at 49 U.S.C. § 6702 as the Local and Regional Project Assistance Program, currently referred to as RAISE. Pub. L. No. 117-58, § 21202, 135 Stat. 429, 671 (2021). For rural projects, these codified provisions include language providing the Secretary with discretion to increase the federal share beyond 80 percent.

[3]2 C.F.R. Part 200, and App. I to Part 200. In December 2013, OMB consolidated its grants management circulars into a single document, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. 78 *Fed. Reg.* 78590 (Dec. 26, 2013). In December 2014, OMB, along with DOT and other federal grant-making agencies, issued a joint interim final rule implementing OMB's Uniform Guidance for new grant awards made on or after December 26, 2014. 79 *Fed. Reg.* 75871 (Dec. 19, 2014). While known as Uniform Guidance, these provisions also contain some requirements for federal agencies and grantees.

[4]Pub. L. No. 117-58, § 21202(a), 135 Stat. 429, 671 (2021). This provision is contained in section 21202 of the act, which authorizes the Local and Regional Project Assistance Program. DOT is implementing this program as RAISE.

report evaluates the extent to which DOT's communication of RAISE federal share requirements followed OMB Guidance.

To evaluate DOT's communication of RAISE federal share requirements, we reviewed applicable statutes and RAISE NOFOs for fiscal years 2015 through 2021.[5] We selected these years because 2015 was the earliest year for which data were readily available,[6] and 2021 was the most recently completed funding year at the start of our review.[7] For each year, we compared the RAISE NOFO against the OMB Guidance to assess the extent to which DOT followed OMB Guidance in communicating federal share information used for determining eligibility of projects and evaluating applications on merit.

We interviewed DOT officials to understand how they calculated an applicant's federal share based on information in the application and to gather their perspectives on what they communicated on the federal share to applicants. In addition, we interviewed DOT officials to understand the process for reviewing and drafting RAISE NOFOs. We also compared DOT's process for reviewing RAISE NOFOs with control activities in *Standards for Internal Control in the Federal Government* related to achieving agency objectives and responding to risks.[8] We determined that the control activities component of internal control was significant to this review, along with the underlying principle that management should design control activities to verify and approve transactions to achieve objectives and respond to risks. We also interviewed representatives from selected transportation industry

[5]We also reviewed RAISE evaluation guidelines, selection memoranda, and frequently asked questions posted to the RAISE website.

[6]We have previously reported on DOT's evaluation process for the RAISE program prior to fiscal year 2015. See GAO, *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); GAO, *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); and GAO, *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).

[7]During our review, DOT was in the process of evaluating applications for the 14th funding round (2022) and announced those awards on August 11, 2022. Due to the timing of those awards, these awards are not included in this report.

[8]GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sept. 10, 2014).

associations representing eligible applicants to get their perspectives on RAISE's federal share requirements and DOT's evaluation of an applicant's federal share.[9]

We analyzed RAISE data from fiscal year 2015 through 2021 to describe the distribution of RAISE awards. To assess the reliability of RAISE data, we reviewed DOT documentation (e.g., data dictionaries, selection memoranda), conducted a series of logic tests, and traced information to source documents. We discussed the data with knowledgeable DOT officials. We determined that DOT's RAISE data were sufficiently reliable for our purposes of describing the distribution of RAISE grant awards.

We conducted this performance audit from January 2022 to November 2022 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.

## Background

Since the inception of the program in fiscal year 2009, annual appropriations acts have provided a range of requirements applicable to the RAISE program.[10] For example, the acts have defined an array of eligible applicants including tribal, state, and local governments, U.S. territories, transit agencies, and port authorities. Eligible projects have included highway and bridge projects, public transportation projects,

[9]We selected seven transportation industry associations—(1) American Association of Port Authorities, (2) American Association of State Highway and Transportation Officials, (3) Association of Metropolitan Planning Organizations, (4) American Public Transportation Association, (5) Intertribal Transportation Association, (6) National Association of Counties, and (7) National League of Cities. We based our selection on the members represented by each association, whether they were previously interviewed for GAO work, and recommendations from other interviewees. The associations represented a range of eligible applicants including transit agencies, state departments of transportation, and metropolitan planning organizations. Their views provide perspectives of these transportation industry associations but are not generalizable to all transportation industry associations or their members.

[10]In November 2021, the Infrastructure Investment and Jobs Act codified this program in statute at 49 U.S.C. § 6702 as the Local and Regional Project Assistance Program, currently referred to as RAISE. Pub. L. No. 117-58, § 21202, 135 Stat. 429, 671 (2021). These Infrastructure Investment and Jobs Act provisions, enacted in fiscal year 2022, as well as applicable fiscal year 2022 appropriations act provisions, are not within the scope of this review that covers applicable statutes and RAISE NOFOs for fiscal years 2015 through 2021.

passenger and freight rail transportation projects, and port infrastructure projects. Additionally, in carrying out this program, DOT has had to meet specific statutory award requirements, such as requirements to ensure an equitable distribution of grant funds geographically and an appropriate balance between urban and rural areas. For example, for fiscal years 2019 through 2021, appropriations acts have required DOT to award no more than 50 percent of funding to urban or rural projects, respectively. Over the years, Congress has authorized RAISE funding for capital grants, which include the construction of projects, as well as for planning grants, which include the preparation or design of eligible projects.

DOT's Office of the Secretary has established a multi-step process for evaluating RAISE grant applications. The evaluation process involves screening applications for eligibility purposes, evaluating applications on merit selection criteria in the NOFO,[11] and having a senior review team determine which projects are sent to the Secretary to decide which projects should be awarded RAISE grants. Appendix I provides information on the distribution of RAISE grant awards for fiscal years 2015 through 2021 based on transportation mode, applicant type, geographic location, and other project characteristics.

The role of an application's proposed federal share in DOT's RAISE application review process has changed from fiscal years 2015 through 2021. From fiscal years 2015 through 2017, DOT assessed the amount of an applicant's federal share during the evaluation process. In these years, DOT's NOFOs stated that DOT would prioritize applications requesting less than the maximum federal share amount. From fiscal years 2018 through 2021, federal statute prohibited DOT from using the federal share in this manner.

[11]Selection criteria are what DOT uses to evaluate applications. Appropriations acts for fiscal year 2019 through fiscal year 2021 required DOT to award projects based solely on seven criteria contained in the fiscal year 2017 NOFO—(1) Safety, (2) State of Good Repair, (3) Economic Competitiveness, (4) Environmental Sustainability, (5) Quality of Life, (6) Innovation, and (7) Partnership. See Consolidated Appropriations Act, 2019, Pub. L. No. 116-6, 133 Stat. 13, 397 (2019); Further Consolidated Appropriations Act, 2020, Pub. L. No.116-94, 133 Stat. 2534, 2935 (2020); and Consolidated Appropriations Act, 2021, Pub. L. No.116-260, 134 Stat. 1182, 1825 (2021). In the 2021 Infrastructure Investment and Jobs Act, Congress authorized RAISE for the first time and codified the selection criteria for DOT to use.

## DOT Did Not Consistently Communicate How It Calculated and Considered Federal Share Requirements

From fiscal years 2015 through 2021, DOT did not consistently communicate information about RAISE federal share requirements through its NOFOs, as required by OMB Guidance. Specifically, DOT did not (1) communicate in its RAISE NOFOs how it calculated the federal share for determining a project's eligibility to receive an award or (2) consistently communicate whether it considered an applicant's requested federal share when evaluating applications on merit.

### DOT Did Not Communicate in RAISE NOFOs How It Calculated Federal Share for Eligibility Purposes

Through RAISE NOFOs for fiscal years 2015 through 2021, DOT communicated some information to applicants about federal share requirements including how to structure their project budgets to demonstrate they meet the requirement. RAISE NOFOs identified the maximum federal share amount for projects in urban areas (up to 80 percent) and rural areas (up to 100 percent). RAISE NOFOs also provided the minimum project cost to comply with RAISE's federal share eligibility requirement.[12] In addition, RAISE NOFOs listed examples of funding sources qualifying as non-federal funding and provided guidance for structuring the project budget in the application. Specifically, DOT directed applicants to group costs and funding sources into four categories:

1. **Project cost.** The total cost of the project for which the applicant is seeking a RAISE grant.
2. **RAISE request.** The amount of funding an applicant is requesting from the RAISE program.
3. **Other federal funding.** The amount of funding for the project from federal sources (other than RAISE funding).
4. **Non-federal funding.** The amount of funding for the project from non-federal sources, including state or local funding.

However, DOT did not communicate to applicants in its RAISE NOFOs specific eligibility information about how to calculate the federal share, as called for in OMB Guidance. OMB Guidance requires that federal

[12]In the fiscal year 2021 NOFO, DOT stated that to meet federal share requirements, the minimum total project cost for an urban project was $6.25 million. To determine this, DOT officials divided $5 million (the minimum award size for urban projects) by 80 percent (the maximum federal share for projects located in urban areas). However, as discussed below, DOT did not specify its method for calculating the federal share in its fiscal year 2021 RAISE NOFO.

agencies communicate in the NOFO "specific eligibility information, including any factors or priorities that affect an applicant's or its application's eligibility for selection."[13] In addition, DOT communicated inaccurate information in supplementary materials to applicants about the federal share calculation.

- **DOT did not specify its method for calculating the federal share in its RAISE NOFOs.** DOT officials explained to us that, for fiscal years 2015 through 2021, they verified a project's compliance with the federal share eligibility requirement by dividing the applicant's RAISE request amount by the sum of the RAISE request and any non-federal funding. DOT officials did not include federal funding other than the RAISE request in this calculation.[14] However, RAISE NOFOs did not communicate this calculation method to applicants.[15] Specifically, DOT did not state in its NOFOs that its calculation to verify an applicant's eligibility with the federal share requirement did not include federal funding other than the RAISE request in an applicant's project budget or the total project cost.[16] The NOFOs for fiscal years 2019 through 2021 reiterated language from the appropriations acts, which stated that the federal share of project costs for which an expenditure is made under the RAISE grant program could not exceed 80 percent for urban projects. However, RAISE NOFOs for those years and prior years did not define federal share or how to calculate it, leaving applicants to determine whether the federal share included all federal funding sources or just RAISE funding.
- **DOT provided inconsistent information on calculating the federal share in supplementary RAISE materials.** From fiscal years 2018 through 2020, DOT posted on its RAISE frequently asked questions (FAQs) webpage, "For a project located in an urban area, total federal

[13]2 C.F.R. § 200.204(c)(3).

[14]DOT officials said they used this calculation based on their interpretation of appropriation act language, which provided that for projects in urban areas, "the federal share of the costs for which an expenditure is made" under the RAISE program shall not exceed 80 percent. Officials said that they calculated the federal share differently for the fiscal year 2022 round of RAISE funding, in line with the language in the Infrastructure Investment and Jobs Act.

[15]DOT officials told us that they used this used this calculation method to verify that a project in an urban area had at least 20 percent non-federal funding in relation to the applicant's RAISE request.

[16]The total project cost should equal the sum of the RAISE request, other federal funding, and non-federal funding.

assistance for a project receiving a [RAISE] grant may not exceed 80 percent." DOT officials told us that that this information was inaccurate because they did not determine eligibility based on the total federal assistance but instead only on an applicant's RAISE request.[17] DOT continued to provide inaccurate information in the fiscal year 2021 RAISE Project Information Form, which stated that "for RAISE projects designated as urban, federal funding cannot exceed 80 percent of the total project cost."[18] DOT officials acknowledged that this statement was not accurate.

The absence of specific calculation information in the NOFO creates the risk of applicants budgeting more non-federal funding than necessary to meet federal share eligibility requirements. Specifically, if applicants calculated their federal share based on the eligibility requirement as stated in the FAQs—including all federal funding and the total project cost—they could have assumed they needed more non-federal funding to meet the 80 percent federal share requirement than if they used DOT officials' calculation method.[19] Our analysis of RAISE grant application data from fiscal year 2015 through 2021 found that about 21 percent of applications included other federal funding in their project budget. The lack of communication in the NOFO on DOT's calculation method creates the risk of these applicants overestimating how much non-federal funding they needed to comply with RAISE's federal share requirement. See table 1.

[17]While DOT removed that response from the fiscal year 2021 FAQs, DOT continued to provide inaccurate information in another response in those FAQs. In question 17 of the 2021 FAQs, DOT stated "For projects designated as urban, total Federal funding cannot exceed 80 percent of total future eligible project costs."

[18]The Project Information Form is an optional form applicants could attach to their application. The form is a standardized template for applicants to provide information on the project location, a description of the project, project cost, and amount of funding from federal and non-federal sources, among other things. Similar language also appeared in the fiscal years 2019 and 2020 Project Information Forms.

[19]DOT officials' method of calculating the federal share accurately reflected the full federal share for those projects with only RAISE funding as federal funds, but this method did not accurately reflect the full federal share for applications with other federal funding. By "full federal share", we mean the federal share considering all federal funding and the total project cost.

**Table 1: Potential Impact of Two Methods for Calculating the Federal Share to be Eligible for a RAISE Grant**

| | DOT officials' method for calculating the federal share $\frac{RAISE\ request}{RAISE\ request + nonfederal\ funds}$ | RAISE frequently asked question eligibility requirement method for calculating the federal share[a] $\frac{RAISE\ request + other\ federal\ funds}{total\ project\ cost}$ |
|---|---|---|
| Total project cost | $40 million | $40 million |
| Other federal funds | $10 million | $10 million |
| **RAISE request for a project to achieve an 80 percent federal share[b]** | **$24 million** | **$22 million** |
| **Non-Federal funding needed for a project to achieve an 80 percent federal share** | **$6 million** | **$8 million** |

Source: GAO analysis of Department of Transportation (DOT) information on the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program. | GAO-23-105639

[a]For fiscal years 2018 through 2021, DOT's frequently asked questions informed applicants that total federal assistance for a project receiving a RAISE grant could not exceed 80 percent for a project in an urban area. DOT officials told us this information was an inaccurate description of RAISE's federal share eligibility requirement.

[b]For fiscal years 2015 through 2021, appropriations act provisions required that for projects in urban areas, the federal share of project costs for which an expenditure is made under the RAISE program not exceed 80 percent.

DOT officials told us DOT communicated federal share eligibility requirements to applicants through several channels and considered those efforts sufficient. Specifically, DOT officials told us they believed applicants understood how the federal share was calculated based on DOT's efforts to communicate the federal share requirement through NOFOs, FAQs posted on the RAISE website, meetings with applicants to discuss why their applications were not selected, and applicant webinars. However, we found that these channels did not meet OMB Guidance requirements. First, although RAISE NOFOs cited the federal share eligibility requirement, they did not inform applicants how to apply that requirement so that applicants could calculate the federal share using DOT's calculation method. Second, the RAISE FAQs provided information on the federal share eligibility requirement, but this information generally reiterated the NOFO or provided inaccurate information for fiscal years 2018 through 2021, as previously discussed. Third, although DOT officials may have told applicants how to calculate the federal share during a meeting, DOT only conducts these meetings when requested by applicants. Fourth, DOT may have communicated this information to applicants through webinars, but these webinars would not be sufficient to meet OMB Guidance requirements, which require specific eligibility information to be included in the NOFO.

Further, DOT officials told us they established a review process for RAISE NOFOs; however, this process did not ensure RAISE NOFOs aligned with OMB Guidance. DOT officials said that they circulated draft NOFOs for review within DOT and with OMB before publishing them. DOT officials also told us this review process involved cross-referencing statutes, applicable government-wide regulations, and DOT policies with the NOFO language. However, this process did not ensure that DOT communicated specific information in the NOFO on how an applicant should calculate the federal share to determine eligibility for RAISE funding.

In the absence of an enhanced internal procedure to ensure that DOT's RAISE NOFOs communicate specific eligibility information on the calculation of the federal share, applicants may not have the information necessary to make project budget decisions. Specifically, the absence of communication on the federal share calculation in the NOFO could have resulted in some applicants overestimating the amount of non-federal funding they would need to provide to comply with RAISE's federal share eligibility requirements. Such overestimation might lead some prospective applicants, especially those from underserved or disadvantaged communities with limited resources, to not apply for RAISE funding if they cannot provide that amount of non-federal funding. Beginning in fiscal year 2022, in addition to eligible projects carried out in rural areas, RAISE capital projects in Historically Disadvantaged Communities and Areas of Persistent Poverty were eligible for up to 100 percent federal share.[20]

DOT's lack of clarity in RAISE NOFOs remained an issue in the fiscal year 2022 round of RAISE funding. As with prior years, DOT did not communicate specific eligibility information in the fiscal year 2022 RAISE NOFO, as required by OMB Guidance, on how to calculate the required federal share. While an applicant might choose to contribute additional non-federal funding beyond the program eligibility requirements, it is incumbent on DOT to provide specific information on the federal share calculation so that applicants can make an informed decision on how to allocate scarce non-federal resources while pursuing federal funding.

[20]For more information on how DOT defined these terms, see section C.3.iii of the fiscal year 2022 RAISE NOFO.

## DOT Did Not Consistently Communicate Whether It Considered the Federal Share when Evaluating Applications on Merit

For fiscal years 2015 through 2021, DOT did not consistently communicate to potential applicants in the RAISE NOFO whether it would consider the federal share when evaluating applications on merit. OMB Guidance requires that if an application's requested federal share will be considered in the evaluation process, federal agencies should specifically state in the NOFO how it will be considered. Further, the guidance states that if the federal share will not be considered in the evaluation, the NOFO "should say so, so that there is no ambiguity for potential applicants."[21]

From fiscal years 2015 through 2017, DOT used an applicant's federal share among the merit selection criteria when evaluating applications. Subsequently, appropriations act provisions prohibited DOT from using an applicant's federal share as a merit selection criterion in awarding projects from fiscal years 2018 through 2021.[22] DOT said it followed the appropriations act prohibition for fiscal years 2018 through 2021. For fiscal year 2018, DOT stated in the RAISE NOFO that, as mandated by the fiscal year 2018 appropriations act, the federal share would no longer be used as a selection criterion when evaluating projects for award. However, from fiscal years 2019 through 2021, DOT did not disclose in the respective RAISE NOFOs that the federal share was not a selection criterion for the evaluation process. Such a disclosure was required by OMB Guidance. Figure 1 compares information in DOT's RAISE NOFOs with OMB Guidance requirements and applicable appropriations act provisions by year.

[21]The OMB Guidance uses the term "cost share" which we refer to as federal share in this report. 2 C.F.R. Part 200, App. I(E)(1).

[22]See Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, 132 Stat. 348, 973 (2018); Consolidated Appropriations Act, 2019, Pub. L. No.116-6, 133 Stat. 13, 397 (2019); Further Consolidated Appropriations Act, 2020, Pub. L. No.116-94, 133 Stat. 2534, 2935 (2020); and Consolidated Appropriations Act, 2021, Pub. L. No.116-260, 134 Stat. 1182, 1825 (2021).

**Figure 1: Comparison of Information in DOT's RAISE NOFOs with OMB Requirements and Appropriations Act Provisions from Fiscal Years 2015 through 2021**

| Fiscal year | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|---|---|---|---|---|---|---|---|
| Did appropriations act provisions prohibit DOT to use federal share among the selection criteria? | Not prohibited → | | | Prohibited[a] → | | | |
| Did the NOFO state whether federal share was among the selection criteria? | YES | YES | YES | YES | NO | NO | NO |

(2019–2021) Does not meet OMB requirement that the NOFO should state whether federal share will be considered in the evaluation, so that there is no ambiguity for potential applicants.

Source: GAO analysis of Office of Management and Budget (OMB) guidance, Department of Transportation (DOT) Notices of Funding Opportunity (NOFOs) for the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) program, and appropriations act provisions. | GAO-23-105639

Note: OMB guidance defines cost sharing or matching to mean the portion of project costs not paid by federal funds (unless otherwise authorized by federal statute). 2 C.F.R. § 200.1. Starting with the fiscal year 2022 RAISE program, an example of federal funds being authorized under federal statute to be treated as part of the non-federal share for the purposes of RAISE is amounts provided under the tribal transportation program under section 202 of title 23. See 49 U.S.C. § 6702(e)(3)(A).

[a]The fiscal years 2018 through 2021 appropriations acts prohibited DOT from considering cost sharing as selection criteria in awarding projects. See Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, 132 Stat. 348, 973 (2018); Consolidated Appropriations Act, 2019, Pub. L. No.116-6, 133 Stat. 13, 397 (2019); Further Consolidated Appropriations Act, 2020, Pub. L. No.116-94, 133 Stat. 2534, 2935 (2020); and Consolidated Appropriations Act, 2021, Pub. L. No.116-260, 134 Stat. 1182, 1825 (2021).

DOT officials cited two reasons why the RAISE NOFOs did not disclose that DOT would not consider federal share when evaluating applications:

- **Changing merit selection criteria.** First, in its fiscal year 2018 RAISE NOFO, DOT introduced a new selection criterion that assessed applications based on whether projects would secure and commit "new, non-federal revenue streams," such as tolls or gas taxes, to transportation infrastructure investment.[23] DOT officials told us that applicants could have interpreted this new criterion as a

[23]The new criterion was called "Non-Federal Revenue for Transportation Infrastructure Investment." According to the 2018 RAISE NOFO, the administration believed that attracting significant new, non-federal revenue streams (e.g., tolls, gas taxes) dedicated to transportation infrastructure investment was desirable to maximize investment in transportation infrastructure. It also stated that DOT would assess the extent to which applications provided evidence that the applicant would secure and commit new, non-federal revenue to transportation infrastructure investment.

federal share requirement. The officials said that to address that possible misinterpretation, DOT stated in its fiscal year 2018 NOFO that the federal share would not be used as a merit selection criterion.

For fiscal years 2019 through 2021, appropriations act provisions prohibited DOT from using selection criterion related to federal share or an applicant's ability to generate non-federal revenue streams when evaluating RAISE applications.[24] DOT officials told us that they responded to the prohibition by removing that criterion from the respective RAISE NOFO in those years. Along with this removal, DOT also removed the statement that was included in the 2018 NOFO that DOT would not consider federal share in evaluating applications. The officials said they believed that applicants understood that DOT would not be considering federal share as a merit selection criterion of the evaluation process because they removed the "new, non-federal revenue streams" criterion from the respective RAISE NOFOs. Further, the officials told us they communicated such information to applicants in webinars, FAQs, and feedback meetings with unsuccessful applicants.

- **DOT's NOFO review process.** Second, DOT's review process for issuing RAISE NOFOs did not include the OMB Guidance requirement to disclose that federal share would not be a selection criterion in the NOFO. As previously noted, DOT officials said that they circulated draft NOFOs for review within DOT and with OMB before publishing them, and cross-referenced the draft NOFO with statutes, applicable government-wide regulations, and DOT policies. However, DOT's review process did not ensure that the draft NOFO addressed the federal share requirements in the OMB Guidance. This remained an issue in the fiscal year 2022 RAISE NOFO, in which DOT also did not disclose whether the requested federal share was a selection criterion.

Although DOT officials believed that applicants understood the federal share requirements, our interviews with representatives of selected transportation industry associations and some of their members suggested that some confusion persists. For example, representatives and members of one association representing the public transit industry

[24]In addition, appropriations acts for fiscal year 2019 through fiscal year 2021 required DOT to solely use seven criteria contained in the fiscal year 2017 NOFO. See Consolidated Appropriations Act, 2019, Pub. L. No. 116-6, 133 Stat. 13, 397 (2019); Further Consolidated Appropriations Act, 2020, Pub. L. No.116-94, 133 Stat. 2534, 2935 (2020); and Consolidated Appropriations Act, 2021, Pub. L. No.116-260, 134 Stat. 1182, 1825 (2021).

expressed varying levels of uncertainty whether DOT considered an applicant's requested federal share in award decisions. According to a representative from an association for local governments, the RAISE program is known for awarding grants to projects providing more non-federal funding than required. A member of a third association told us that its organization submitted an application for a rural project supported with non-federal funding although the project was eligible for 100 percent RAISE funding. The member believed DOT would view the application more favorably and credited this approach with securing a RAISE grant.[25]

Under federal standards for internal control, agency managers can achieve their objectives and respond to risks by designing a review process with control activities to verify and approve agency actions.[26] While DOT has established a process for reviewing draft NOFOs, that process did not ensure the RAISE NOFOs followed OMB Guidance pertaining to the federal share criteria for evaluation of applications. By implementing policies and procedures for officials to use when drafting NOFOs, DOT would have greater assurance that its RAISE NOFOs meet OMB requirements regarding federal share. For example, a process that includes a checklist or other procedures to help ensure that OMB requirements are included in DOT's RAISE NOFOs would help DOT provide consistent information to potential applicants and contribute to a fair, competitive, and transparent application review process.

## Conclusions

The RAISE program is a key component of DOT's efforts to improve the U.S. transportation system by funding projects intended to enhance the quality of life and economic competitiveness of local communities, among other goals. Given the significant funding increase to the RAISE program provided by the Infrastructure Investment and Jobs Act for fiscal years 2022 through 2026, it is especially important that DOT enhance its internal procedures to consistently communicate the federal share requirements for RAISE grants to applicants. Explaining how applicants should calculate the federal share of their projects—such as by including the federal share formula in the NOFO—would give DOT confidence that applicants are developing project budgets that reflect RAISE eligibility requirements. In turn, including information in the NOFO about whether DOT is considering the federal share as a selection criterion would give applicants the necessary information to make informed decisions about

[25]This organization received a RAISE grant in a fiscal year for which the appropriations act prohibited DOT from considering the federal share as a selection criterion.

[26]GAO-14-704G.

whether to apply for a RAISE grant. Such steps would be particularly important to applicants with limited financial capacity to contribute additional non-federal funding to meet or exceed RAISE eligibility requirements.

## Recommendations for Executive Action

We are making the following two recommendations to DOT:

The Secretary of Transportation should enhance DOT's internal procedures to ensure that DOT's RAISE NOFOs clearly communicate how DOT calculates the federal share for eligibility purposes, in alignment with OMB Guidance, and ensure that DOT's supplementary materials for applicants are consistent with the information in the RAISE NOFOs. (Recommendation 1)

The Secretary of Transportation should enhance DOT's internal procedures to ensure that DOT discloses in its RAISE NOFOs whether an applicant's federal share will or will not be used as a criterion for selecting RAISE grants, and if so, how it will be considered. Such procedures could include a checklist to help ensure that NOFOs align with OMB Guidance for communicating federal share requirements. (Recommendation 2)

## Agency Comments

We provided a draft of this report to the Department of Transportation for review and comment. In its written comments, reproduced in appendix II, DOT concurred with our recommendations. DOT also stated its commitment to implement the RAISE grant program in alignment with statutory requirements and that these grants are a key component to improving the quality of life and economic competitiveness of local communities and broader regions. DOT also provided technical comments, which we incorporated as appropriate.

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

If you and your staff have any questions about this report, please contact me at (202) 512-2834 or 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 III.

Elizabeth Repko
Director
Physical Infrastructure Issues

# Appendix I: Information on Rebuilding American Infrastructure with Sustainability and Equity Awards from Fiscal Years 2015 through 2021

We analyzed Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant awards data from fiscal years 2015 through 2021 based on transportation mode, applicant type, and geographic location.[1] We also analyzed RAISE grant awards to applicants requesting the maximum federal share amount and by merit score assigned by the Department of Transportation (DOT) reviewers during the same time period.[2]

## Awards by Year

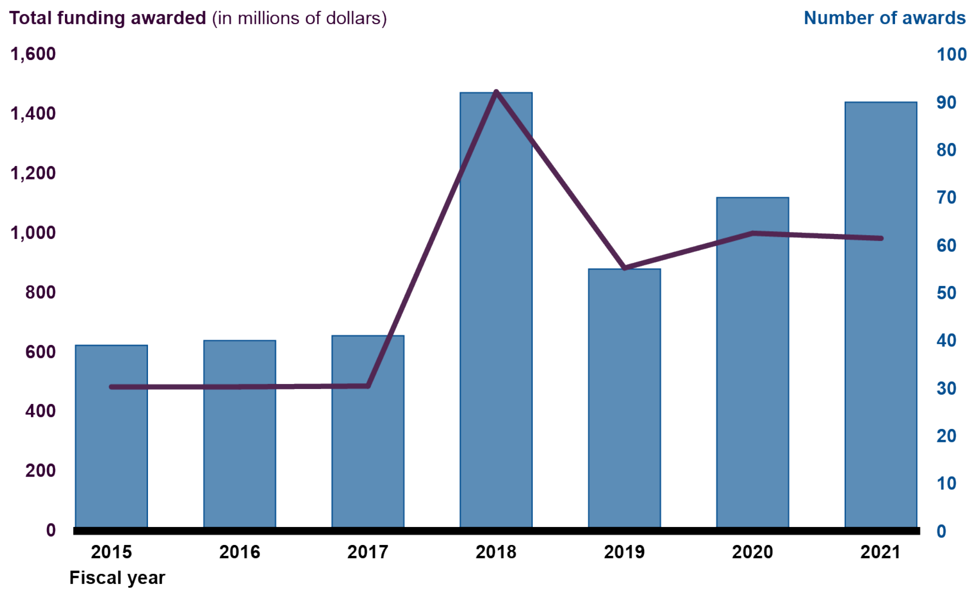
DOT awarded 427 RAISE grants totaling almost $6 billion from fiscal year 2015 through 2021.[3] Funding awarded in each year ranged from over $484 million (in 2016) to about $1.5 billion (in 2018) (see fig. 2).

[1]To assess the reliability of RAISE's grant award data from fiscal years 2015 through 2021, we reviewed DOT documentation (e.g., data dictionaries, selection memoranda); conducted a series of logic tests on the data; and traced information to source documents. We also discussed the data with knowledgeable DOT officials. We determined that DOT's RAISE grant award data were sufficiently reliable for our purposes of describing the distribution of RAISE awards and funding from fiscal years 2015 through 2021.

[2]The program was formerly known as Transportation Investment Generating Economic Recovery (TIGER) and Better Utilizing Investments to Leverage Development (BUILD). In 2021, DOT renamed the program RAISE. In this appendix, we refer to all iterations of the program as RAISE.

[3]All below years are fiscal years unless otherwise noted.

**Figure 2: RAISE Program Funding and Number of Awards, Fiscal Years 2015 through 2021**




Source: GAO analysis of Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity (RAISE) data. | GAO-23-105639

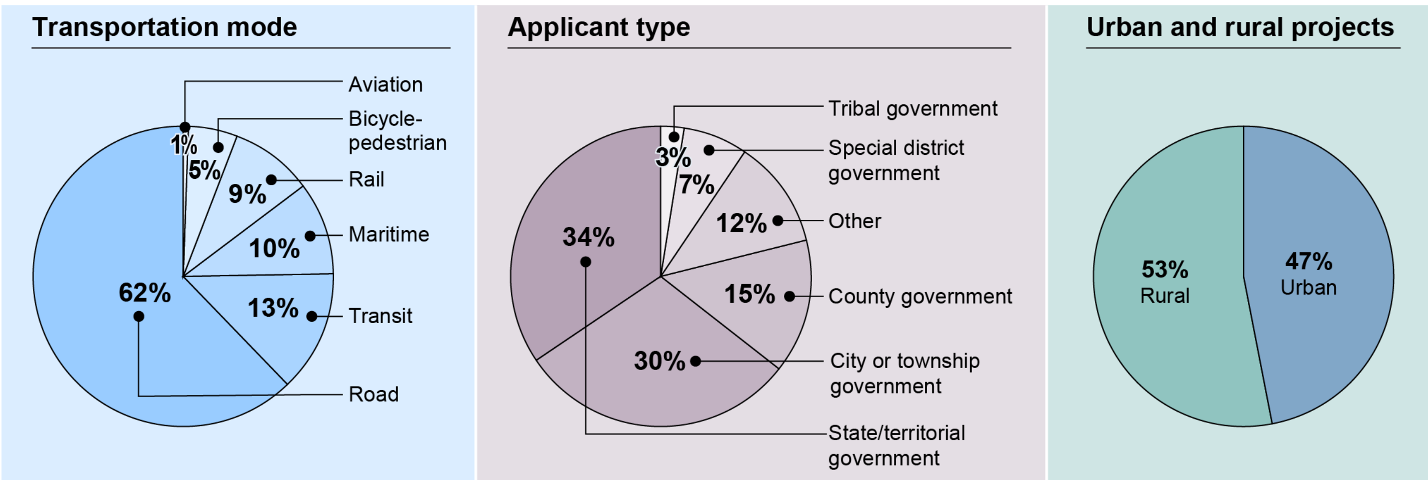
## Awards by Transportation Mode, Applicant Type, and Geographic Location

DOT awarded RAISE grants to a range of transportation modes, applicant types, and geographic locations from 2015 through 2021.[4] Within those three categories, DOT awarded the largest shares of funding to road projects, state and territorial governments, and projects located in rural areas, respectively (see fig. 3).[5]

[4]According to DOT officials, urban and rural set-asides for the RAISE program were an important contributing factor to the distribution of awards across categories. For example, DOT officials said rural applications tend to have a greater proportion of road projects. Thus, set asides for rural areas also increased the proportion of awards to road projects.

[5]From 2015 through 2021, road projects accounted for 67 percent of applications among all transportation modes, State/territorial government applicants accounted for about 16 percent of applications among all applicant types, and rural applicants accounted for 54 percent of applications by urban/rural designation.

**Figure 3: Distribution of RAISE Funding among Transportation Modes, Applicant Types, and Urban and Rural Projects, Fiscal Years 2015–2021**




Source: GAO analysis of Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity (RAISE) data. | GAO-23-105639

Notes: “Other” applicants include metropolitan planning organizations and councils of government.

Percentages are rounded to the nearest whole percentage.

## Transportation Mode

Our analysis found that from 2015 through 2021, road projects received the highest percentage of funding (about 62 percent); followed by transit (about 13 percent); and maritime projects (about 10 percent).[6] (See fig. 3 above). The distribution of RAISE funding across transportation modes varied during this period.[7]

- Figure 4 below shows that in 2015 and 2016, DOT distributed funding more evenly across modes than it did in later years. In these 2 years, three modes each accounted for more than 15 percent of funding (rail, road, and transit in 2015, and bicycle-pedestrian, road, and transit in

[6]According to DOT, transit projects primarily serve to improve public transportation infrastructure including bus, streetcar, and subway projects.

[7]From 2015 through 2021, appropriations acts required DOT to take measures to ensure an equitable geographic distribution of funds, an appropriate balance in addressing the needs of urban and rural areas, and investment in a variety of transportation modes. Consolidated Appropriations Act, 2017, Pub. L. No. 115-31, 131 Stat. 135, 726; Consolidated Appropriations Act, 2018, Pub. L. No. 115-141, 132 Stat. 348, 973; Consolidated Appropriations Act, 2019, Pub. L. No. 116-6, 133 Stat. 13, 396; Further Consolidated Appropriations, 2020, Pub. L. No. 116-94, 133 Stat. 2534, 2935 (2019); Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182, 1825 (2020).

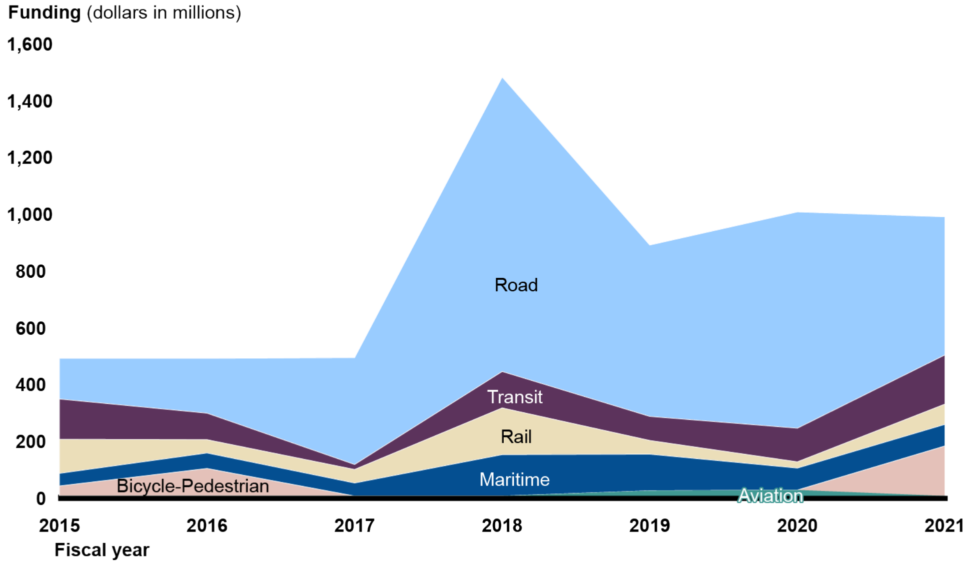
2016). Road project funding was almost 30 percent in 2015 and almost 40 percent in 2016.

- Beginning in 2017 and continuing through 2020, road projects began receiving the majority of RAISE funding.[8] The share of funding awarded to road projects ranged from about 68 percent (in 2019) to about 77 percent (in 2017). In these years, road projects were the only mode that received more than 15 percent of the funding in a given year. Also during this time, RAISE funding tripled from about $500 million (in 2017) to about $1.5 billion (in 2018). Most of this funding increase went to road projects.[9] Road projects funded with these grants included a project to widen sidewalks, improve signaling, and add bike lanes in Frankfort, Kentucky, and a bridge construction project in Nenana, Alaska.
- The 2021 round of RAISE funding awarded less funding to road projects compared to 2018 through 2020. While road projects still received nearly half of awarded funding, two other modes (bicycle-pedestrian and transit) each received at least 15 percent of funding.

[8]According to DOT officials, from 2017 through 2020, most bicycle-pedestrian projects were categorized as road projects.

[9]The percentage of applications for road projects also increased during this time. In 2015, road projects accounted for about 60 percent of all applications. From 2017 through 2020, road projects ranged from about 69 percent to about 76 percent of all applications.

**Figure 4: Rebuilding American Infrastructure with Sustainability and Equity Funding by Transportation Mode, Fiscal Years 2015-2021**



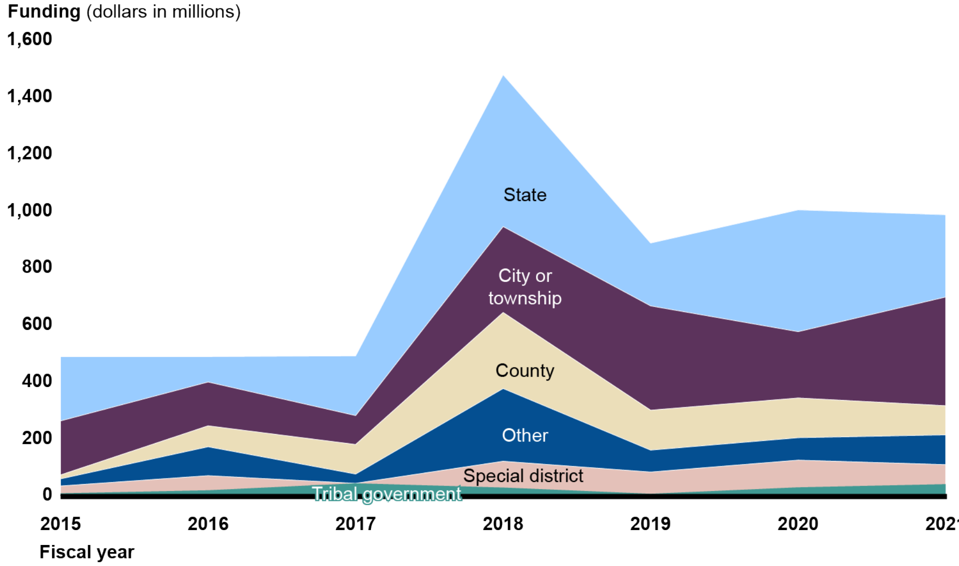

Source: GAO analysis of US Department of Transportation data. | GAO-23-105639

## Applicant Type

DOT awarded RAISE funding to a range of applicant types from 2015 through 2021.

- State and territorial governments received a total of about $2 billion—the largest share of funding—followed by city and township governments (about $1.73 billion) and county governments (about $841 million). (See fig. 5.)

**Figure 5: Rebuilding American Infrastructure with Sustainability and Equity Funding by Applicant Type, Fiscal Years 2015–2021**




Source: GAO analysis of US Department of Transportation data. | GAO-23-105639

Note: “Other” applicants include metropolitan planning organizations and councils of government. “Special district” applicants include port authorities.

## Geographic Location

Considering all projects from 2015 through 2021, DOT awarded more funding to rural projects (53 percent) than urban projects (almost 47 percent). See figure 3 above. However, the distribution of funding for urban and rural projects varied from year to year. During this 7-year period, DOT shifted from awarding most RAISE funding to urban projects (2015-2016) to awarding most funding to rural projects (2017-2018), before dividing funding evenly between urban and rural projects (2019-2021). See table 2.

**Table 2: Percentage of RAISE Funding Awarded to Urban and Rural Projects, Fiscal Years 2015–2021**

| Fiscal year | Urban projects | Rural projects[a] |
|---|---|---|
| 2015 | 61% | 39% |
| 2016 | 79% | 21% |
| 2017[b] | 34% | 64% |
| 2018 | 31% | 69% |
| 2019 | 48% | 52% |
| 2020 | 50% | 50% |
| 2021 | 50% | 50% |
| **Total** | **47%** | **53%** |

Source: GAO analysis of Department of Transportation (DOT) Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant award data. | GAO-23-105639

Note: Percentages are rounded to the nearest whole percentage.

[a]For fiscal years 2015 through 2017, appropriations act language required DOT to award at least 20 percent of RAISE funding to projects in rural areas. For fiscal year 2018, appropriations act language required DOT to award at least 30 percent of RAISE funding to projects in rural areas. For fiscal years 2019, 2020 and 2021, appropriations act language required DOT to award no more than 50 percent of funding to urban and rural projects, respectively. 9 The appropriations act provisions for these fiscal years did not require DOT to divide the awarded funding evenly between urban and rural projects.

[b]Numbers do not total 100 percent as one award was categorized as Urban/Rural.

The changes in award distribution for urban and rural projects reflect, in part, changes in statute over this time period. From 2015 through 2017, statute required DOT to award at least 20 percent of funding to projects in rural areas in each year. Beginning in 2018, statute required at least 30 percent of RAISE funding to be awarded to projects in rural areas. While the appropriations act provisions for fiscal years 2019, 2020, and 2021 set a cap of not more than 50 percent of funding for projects located in both urban or rural areas, these appropriations act provisions did not require the agency to divide the awarded funding evenly between urban and rural projects. From 2015 through 2018, with the exception of 2016, DOT awarded substantially more funding to rural projects than statute required. Funding to rural projects peaked in 2018. See table 2 above.[10]

DOT awarded RAISE funding more broadly among states in some years than others. In 2015, 2016, and 2019, DOT awarded grants to applicants in fewer than 35 states.[11] By contrast, the agency awarded grants to

[10]DOT Notices of Funding Opportunity in 2017 and 2018 informed applicants that DOT would prioritize rural applications.

[11]For this analysis, we refer to states as all applicants within that state (including city and county governments) rather than only state government applicants.

applicants in more than 40 states in the other 4 years of our review period. In 2018, the agency awarded grants to applicants in 49 states plus the District of Columbia. (See table 3). The average number of awards per state receiving funding ranged between 1 and almost 2. The average funding per state receiving funding ranged from about $12 million to about $30 million.

**Table 3: Number of States Receiving RAISE Funding, Average Number of Awards, and Average Funding per State, Fiscal Years 2015–2021**

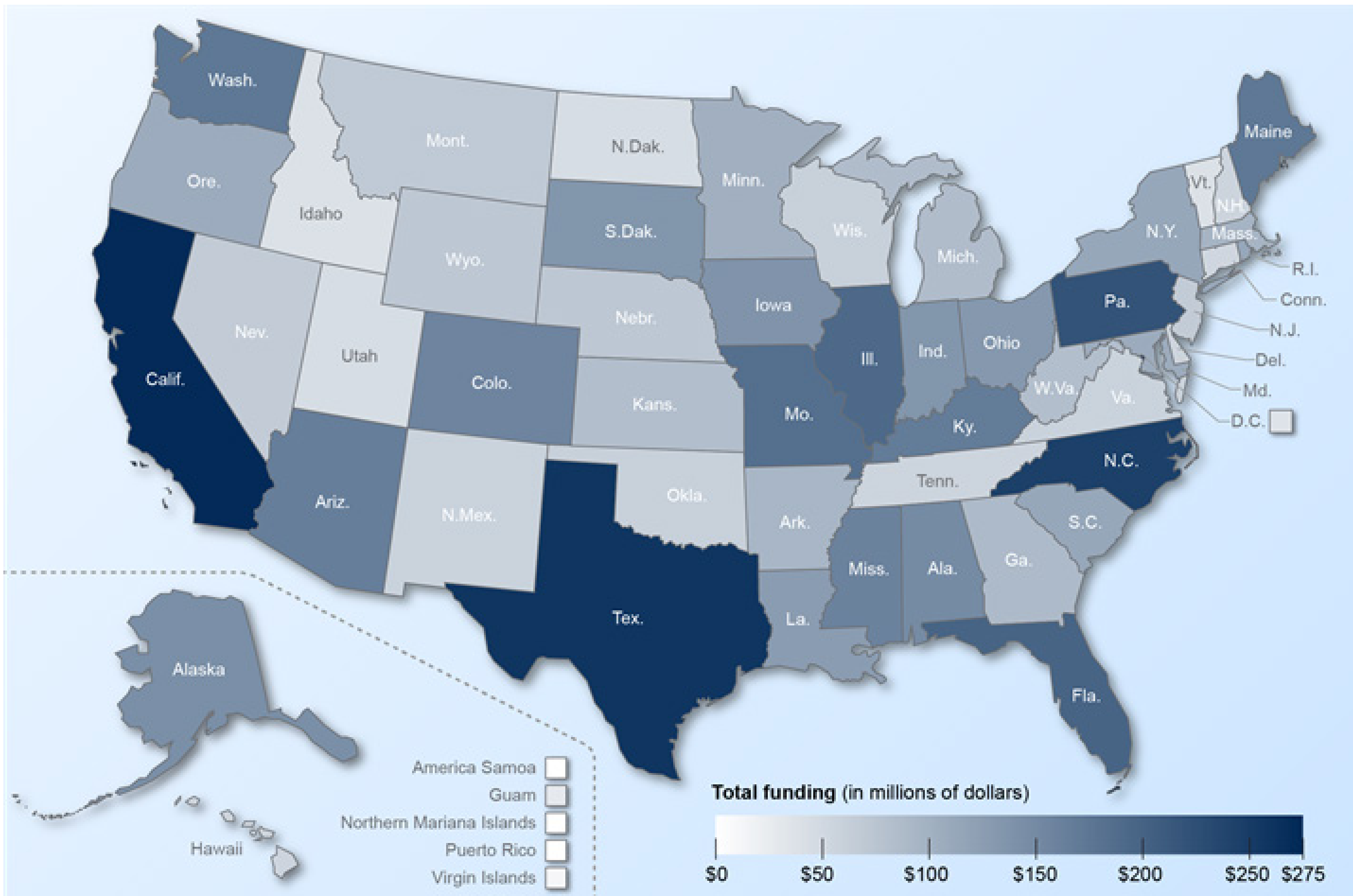
| Fiscal year | Number of states receiving funding[a] | Average number of awards per state receiving funding | Average funding per state receiving funding (in millions of dollars) |
|---|---|---|---|
| 2015 | 32 | 1.22 | $15.14 |
| 2016 | 33 | 1.21 | $14.68 |
| 2017 | 41 | 1.00 | $11.88 |
| 2018 | 50 | 1.84 | $29.50 |
| 2019 | 34 | 1.62 | $25.98 |
| 2020 | 44 | 1.59 | $22.73 |
| 2021 | 49 | 1.84 | $20.06 |

Source: GAO analysis of Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant award data. | GAO-23-105639

[a]"States" includes territories and the District of Columbia.

The total amount of funding received by each state from 2015 through 2021 varied widely. While four states (California, Texas, North Carolina, and Pennsylvania) received more than $200 million from the RAISE program, some territories (e.g., Puerto Rico and American Samoa) did not receive any RAISE funding during this time. (See fig. 6.)

**Figure 6: Rebuilding American Infrastructure with Sustainability and Equity Funding Awarded by State, Fiscal Years 2015–2021**




Sources: GAO analysis of US Department of Transportation data and Map Resources. | GAO-23-105639

## Awards to Applicants Requesting the Maximum Federal Share

The percentage of RAISE awards to projects in urban areas requesting the maximum federal share increased from 14 percent in 2015 to 22 percent in 2021. However, the percentage of awards to rural project applicants requesting maximum federal funding varied from 2015 through 2021. For example, projects in rural areas requesting the maximum federal share increased from 6 percent in 2015 to 20 percent in 2021. However, DOT awarded no awards to rural projects requesting the maximum federal share in 2016, and 3 percent of such awards to rural projects in 2019. See table 4.[12]

**Table 4: Percentage of RAISE Awards to Urban and Rural Applicants Requesting the Maximum Federal Share, Fiscal Years 2015–2021**

| Fiscal year | Awards to urban applicants requesting an 80% federal share[a] | Awards to rural applicants requesting a 100% federal share |
|---|---|---|
| 2015 | 14% | 6% |
| 2016 | 6% | 0% |
| 2017 | 15% | 19% |
| 2018 | 13% | 8% |
| 2019 | 29% | 3% |
| 2020 | 38% | 13% |
| 2021 | 22% | 20% |

Source: GAO analysis of Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant award data. | GAO-23-105639

Note: For the purposes of this analysis, we rounded an urban and rural applicant's requested federal share to the nearest percentage. So applicants requesting a 79.5 percent or higher federal share were considered to be requesting an 80 percent federal share.

[a]For fiscal year 2021, we did not include planning grant applicants in urban areas that also qualified as Areas of Persistent Poverty requesting an 80 percent federal share in this table, as these applicants were eligible for up to 100 percent federal share. We did include planning grant applicants in urban areas that also qualified as Areas of Persistent Poverty requesting a 100 percent federal share in the table.

The percentage of awards to applicants requesting the maximum federal share may be related to whether DOT considered the federal share as a selection criterion.

- From 2015 through 2017—years in which DOT considered the federal share as a selection criterion—between about 6 and about 15 percent of awards to urban projects in each year went to applicants requesting the maximum federal share. Following the appropriations act prohibition on using the federal share as a selection criterion in 2018, between 13 and 38 percent of awards for urban projects went to applicants requesting the maximum federal share.
- Twenty percent of awards to rural projects went to applicants requesting the maximum federal share in 2021. This figure did not

[12]We based our analysis on the applicant's requested federal share, rather than awarded federal share. It is possible that some applicants requesting the maximum federal share received an award amount less than their requested amount, which could mean they received less than the maximum federal share. We calculated the federal share for this analysis using all federal funding and the total project cost.

differ significantly from those for awards for rural projects in the year prior to the prohibition on using the federal share as a selection criterion. In 2017, before the prohibition, almost 19 percent of awards for rural projects went to applicants requesting the maximum federal share.

DOT officials told us there are a number of reasons why an applicant would request less than the maximum federal share including:

- The total project cost is greater than the maximum award size plus 20 percent. For these projects, the applicant must contribute additional non-federal funding to complete the project.
- The applicant has private sector partners that are eager to provide funding to the project for recognition or to be a good faith partner.
- The applicant has other non-federal funding sources that are eager (or even legislatively mandated through town resolution, the Statewide Transportation Improvement Program, the Transportation Improvement Plan, etc.) to provide funding to the project, and are simply trying to fill a funding gap with RAISE funding.

## Awards by Merit Score

When evaluating RAISE applicants, DOT officials rate applications in categories including highly recommended, recommended, acceptable, and unacceptable.[13] Of the 427 RAISE awards from 2015 through 2021, most went to applications that DOT rated as highly recommended or recommended (see table 5). From 2018 through 2021, DOT awarded 17 grants to applications rated as acceptable through DOT's merit review process, compared with one award for a project rated as acceptable in the prior 3 years. From 2018 through 2020, DOT gave a higher percentage of awards to rural applications rated as acceptable (about 65 percent) than rural applications rated as recommended (about 62 percent) or highly recommended (about 59 percent).

[13]From 2015 through 2017, the lowest rating was not recommended.

**Table 5: Number of RAISE Awards by Merit Score, Fiscal Years 2015–2021**

| Fiscal year | Unacceptable/not recommended | Acceptable | Recommended | Highly recommended |
|---|---|---|---|---|
| 2015 | 0 | 0 | 9 | 30 |
| 2016 | 0 | 1 | 4 | 35 |
| 2017 | 0 | 0 | 13 | 28 |
| 2018 | 0 | 5 | 46 | 41 |
| 2019 | 0 | 5 | 23 | 27 |
| 2020 | 0 | 7 | 22 | 41 |
| 2021 | 0 | 0 | 13 | 77 |
| **Total** | **0** | **18** | **130** | **279** |

Source: GAO analysis of Department of Transportation Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant award data. | GAO-23-105639

# Appendix II: 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

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

October 28, 2022

Dear Ms. Repko:

The U.S. Department of Transportation is committed to implementing the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program in alignment with statutory requirements. The Department agrees that these grants are a key component to improving the quality of life and economic competitiveness of local communities and broader regions. The Department:

- Uses a rigorous statutorily required merit-based process to select RAISE projects with exceptional benefits to make needed investments in the Nation's infrastructure;
- Reflects in each notice of funding opportunity (NOFO) the changing eligibility requirements, merit criteria, and set asides that were previously outlined in the program's annual appropriation and are now authorized in the Bipartisan Infrastructure Law (BIL);
- For FY 2022, calculated the federal share of total project costs to comply with the RAISE eligibility requirements as required by the BIL, in contrast to prior fiscal years when the Department reviewed required non-federal fund contributions as required by then-applicable appropriations provisos; and
- Continues to demonstrate strict compliance with the statutory prohibition on using cost share as a selection criterion, agrees on the importance of communicating to applicants that cost share is not used as a selection criterion, and stated in a RAISE 2022 Application FAQ that cost share was not a selection criterion.

Upon review of the draft report, the Department concurs with GAO's two recommendations that the Department enhance its internal procedures to ensure that RAISE NOFOs: (1) clearly communicate how the Department calculates the federal share and ensure that DOT's supplementary materials for applicants are consistent with the information in the RAISE NOFOs; and (2) disclose whether an applicant's federal share will or will not be used as a criterion for selecting RAISE grants, and if so, how it will be considered. The Department will provide a detailed response to each recommendation within 180 days of the report's final issuance.

We appreciate the opportunity to respond to the GAO draft report. Please contact Gary Middleton, Director, 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

# Appendix III: GAO Contact and Staff Acknowledgments

## GAO Contact

Elizabeth Repko, (202) 512-2834 or repkoe@gao.gov

## Staff Acknowledgments

In addition to the contact named above, Matt Barranca (Assistant Director); Steve Martinez (Analyst in Charge); Amy Abramowitz; Geoffrey Hamilton; Won Lee; Alicia Loucks; Joshua Ormond; Dae Park; Travis Schwartz; and Elizabeth Wood made key contributions to this report.

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