U.S. Department
of Transportation

Executive Director

1200 New Jersey Avenue, SE
Washington, DC 20590

Office of the Secretary
Build America Bureau

The Honorable Mike Johnson
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The enclosed 2024 Report to Congress on the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) program is submitted pursuant to 23 U.S.C. § 609(a). The report summarizes the financial performance of projects assisted by TIFIA and discusses alternatives for achieving the program objectives in the future.

A similar letter has been sent to the President of the Senate.

Sincerely,

Morteza Farajian, Ph.D.
Executive Director of the Build America Bureau

Enclosure

Report to Congress:

Transportation Infrastructure Finance and Innovation Act of 1998 Financial Performance

June 2024

Title 23, United States Code, Section 609(a)

Contents

Page

Abbreviations, Acronyms, and Phrases Used in this Report

Build America Bureau or Bureau	National Surface Transportation and Innovative Finance Bureau
BIL	Bipartisan Infrastructure Law
Capex	Capital expenditure
CBO	Congressional Budget Office
FAST Act	Fixing America's Surface Transportation Act
FY	Fiscal year
GAO	U.S. Government Accountability Office
GSE	Government-sponsored enterprise
LOI	Letter of interest
NIB	National infrastructure bank
Pub. L.	Public Law

Abbreviations, Acronyms, and Phrases Used in this Report (continued)

OA	DOT operating administration
Secretary	U.S. Secretary of Transportation
TIFIA	Transportation Infrastructure Finance and Innovation Act, as codified at 23 U.S.C. §§601-609
U.S.C.	United States Code
DOT	U.S. Department of Transportation

1 Legislative Direction

Source: Title 23, United States Code (U.S.C.), section 609(a)

§609. Reports to Congress

(a) In General.—On June 1, 2012, and every 2 years thereafter, the Secretary [of Transportation] shall submit to Congress a report summarizing the financial performance of the projects that are receiving, or have received, assistance under the [Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA)] program, including a recommendation as to whether the objectives of the TIFIA program are best served by—

(1) continuing the program under the authority of the Secretary;

(2) establishing a Federal corporation or federally sponsored enterprise to administer the program; or

(3) phasing out the program and relying on the capital markets to fund the types of infrastructure investments assisted by the TIFIA program without Federal participation.

2 Introduction

This document responds to the legislative direction that the U.S. Secretary of Transportation report on the financial performance of the Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) program loan portfolio.[2] The U.S. Department of Transportation (DOT) submitted its previous report to Congress in 2020, providing data on the TIFIA loan portfolio as of December 31, 2019. This report provides data on the TIFIA loan portfolio as of September 30, 2023.

2.1 TIFIA Background

TIFIA established the program under which DOT may provide three forms of credit assistance – secured (direct) loans, loan guarantees, and standby lines of credit—for eligible transportation projects.[3] TIFIA leverages Federal funds by attracting private and other non-Federal co-investment with longer-term, lower-interest rate financing with tailored repayment terms. Eligible borrowers include state departments of transportation, transit operators, toll road authorities, special purpose authorities, local governments, and private entities.

TIFIA assistance can equal up to 49 percent of eligible project costs, with the balance of funding from other lending sources, equity investment, user charges, tax revenues, and federal, state, and

---

2 TIFIA was originally enacted in 1998 pursuant to the Transportation Equity Act for the 21st Century (Pub. L. 105-178, §§1501-1504). Codified at 23 U.S.C. §§ 601-609.

3 All TIFIA credit assistance instruments executed to date, except one, were direct loans.

local grants. DOT policy typically limits assistance to 33 percent of eligible costs. Project sponsors often combine TIFIA loans with other debt, including private activity bond allocations.

The types of projects eligible for TIFIA assistance include:

- Highways, bridges, and tunnels,
- Transit facilities and vehicles,
- Operations and maintenance facilities,
- Intercity bus and passenger rail vehicles and stations,
- Intermodal freight facilities,
- Intelligent transportation systems,
- Port access and transfer facilities,
- Rural infrastructure projects,
- State infrastructure bank rural projects funds,
- Natural habitats that mitigate impacts of transportation projects,
- Transit-oriented development, and
- Airport-related projects.

Borrowers repay TIFIA credit assistance from pledged funding streams, such as project-based revenues or future tax revenues. DOT can tailor repayment terms to borrower needs and preferences, construction schedules, and useful lives of project elements. Borrowers must achieve investment-grade credit ratings and meet other statutory and DOT project and financial requirements.

The Build America Bureau (Bureau) within DOT's Office of the Secretary of Transportation, Under Secretary of Transportation for Policy, manages the TIFIA program and other credit assistance, private activity bond allocations, technical assistance grants, and direct technical assistance.

2.2 Credit Assistance Process

Reflecting statute and DOT policy and practice, the credit assistance process formally begins when a project sponsor submits a draft letter of interest (LOI) to the Bureau. The Bureau provides its LOI template on the public website,[4] which asks the project sponsor to describe the project location, purpose, and cost; demonstrate the ability to fulfill federal requirements for transportation projects and TIFIA eligibility; and outline the proposed financial plan, including requested TIFIA credit assistance, federal grants, state and local funds, and private investment. Bureau staff work with the project sponsor to ensure all requirements are met and identify statutory, regulatory, financing, timing, or other issues that could prevent or delay TIFIA assistance. This engagement between the Bureau and project sponsor helps the sponsor refine and complete its final LOI for DOT consideration.

[4] https://buildamerica.dot.gov/buildamerica/financing/forms/rrif-and-tifia-letter-interest-form-doc.

After DOT accepts the LOI, the Bureau begins creditworthiness review, underwriting, and negotiating assistance terms and conditions.[5] Creditworthiness reviews involve evaluation of the plan of finance, financial model, feasibility of the anticipated pledged revenue, and other considerations. External financial and legal professionals help the Bureau evaluate the proposed credit assistance terms and borrower creditworthiness.

The Bureau invites the project sponsor to apply formally for credit assistance—submit the application—after the Bureau confirms the borrower's and project's eligibility, creditworthiness, ability to repay Federal credit assistance, and agreement on terms to protect the public interest, such as appropriate debt to income coverage ratios, rate covenants, and reserves. Project sponsors typically begin preparing their applications during creditworthiness review. The Bureau provides its application template on the public website.[6] Within 30 days of receipt, the Bureau notifies the potential borrower whether its application is complete. The Bureau recommends the application for the Secretary's consideration, through the Council on Credit and Finance, after the Bureau determines the application is complete. The Bureau then notifies the applicant whether the Secretary has approved or disapproved its application.

3 Financial Performance of Projects

3.1 Portfolio Status through September 30, 2023

DOT has provided 117 capital expenditure (capex) loans for more than $38 billion for projects totaling almost $135 billion of TIFIA-eligible project costs (Table 1).[7] The average loan face value was $326 million and ranged from $8.4 million to $1.8 billion. Eligible costs for TIFIA-assisted projects averaged $1.26 billion. Through September 30, 2023, DOT disbursed $30.6 billion to borrowers and de-obligated $1.7 billion that was never disbursed or retired, leaving $5.9 billion available for disbursement. Outstanding balances on active TIFIA loans totaled $20.7 billion.[8] Summing outstanding balances of active loans and the amount available for disbursement provides a measure of loan portfolio exposure—$26.6 billion, as of September 30, 2023.

---

5 In practice, Bureau staff often conduct steps concurrently, such as beginning creditworthiness reviews as the project sponsor is completing its final LOI.

6 https://buildamerica.dot.gov/buildamerica/financing/forms/rrif-and-tifia-application-form-doc.

7 Net of refinancings.

8 *Active loans* are those with outstanding principal or future DOT commitments.

Table 1. TIFIA Financing Activity and Portfolio Exposure, as of September 30, 2023	
Item	**Amount** ($ billions)
Project Investment (TIFIA-Eligible Costs)	**$ 134.9**
Total TIFIA Capital Loan Obligations	$ 38.2
Loan Disbursements	$ (30.6)
Loan De-obligations	$ (1.7)
Commitments Available for Disbursement	**$ 5.9**
Outstanding Loan Balances [(a)]	$ 20.7
Portfolio Exposure [(b)]	**$ 26.6**

Notes:

(a) Outstanding loan balances equals the original loan amounts plus accretion and minus scheduled amortization and prepayments.

(b) Portfolio exposure is the commitments available for disbursement plus the outstanding loan balances. This point-in-time amount excludes expected future accretion and repayments.

Source: Mercator Advisors analysis of Build America Bureau data.

Loan repayments reduce Federal financial exposure. Net repayments have reduced the TIFIA portfolio balance by one-third from the initial face value of obligated loans. Through September 30, 2023, borrowers repaid 32 loans[9] totaling $12.6 billion, mostly using proceeds of tax-exempt refunding bonds. All payments are remitted to the U.S. Treasury and do not benefit DOT or the Bureau in terms of lending capacity or available funds.

3.2 Loan Refinancings

The TIFIA statute authorizes DOT to refinance existing loans, if such refinancing would provide additional funding capacity for the completion, enhancement, or expansion of a TIFIA-eligible project.[10] The statute also authorizes refinancing loans for rural infrastructure projects, without the additional funding capacity requirement. In refinancings, borrowers may replace existing loans with new loans at the current interest rate. When refinancing a TIFIA loan, DOT cancels and de-obligates the undrawn balance and obligates new principal for the drawn balance plus accreted interest (if applicable). In addition to refinancings, the Bureau may adjust the interest rate and other loan terms through loan amendments or restatements. However, these changes

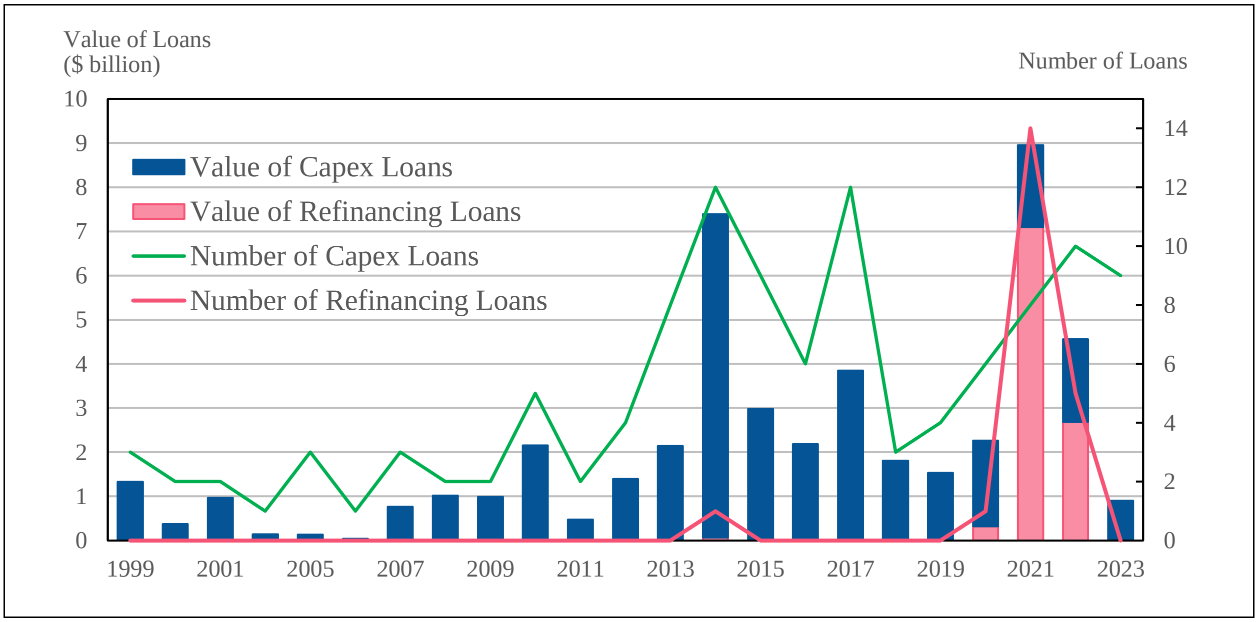
[9] This total includes the first credit commitment for the Washington Metro capital program that technically was a loan guarantee.

[10] 23 U.S.C. § 603(a)(1).

may result in a loan modification and potentially requiring the obligation of additional budget authority to cover the modification costs.

In FY 2020, DOT began replacing and modifying loans to provide cash-flow relief to borrowers who faced significantly lower user charges and dedicated tax revenues due to the COVID-19 pandemic. By September 30, 2023, the Bureau had completed 21 replacements or modifications totaling more than $10 billion (Figure 1). Nineteen refinancings were undertaken to provide cash-flow relief according to the COVID-19 policy. Two refinancings involved broader loan restructurings.

Figure 1. Number and Value of TIFIA Loans by Year



Source: Build America Bureau data

3.3 Loan Performance Relative to Budgetary Set-Aside Amounts

The Federal Credit Reform Act of 1990 establishes budgetary treatment for Federal credit programs, including TIFIA.[11] For accounting purposes, the budgetary scoring cost, also known as the *subsidy cost*, is not the face amount of the loan or guarantee. Rather, it is an estimate of the present value of the loan's future cash flows, considering repayment streams, net losses from defaults (after accounting for recoveries), and interest rate subsidies or surcharges. Subsidy costs can be negative or positive.

[11] 2 U.S.C. §661 *et. seq*.

Program offices, such as the Bureau, that administer loan programs must set aside (i.e., obligate) budget authority (such as appropriated program funds), or the borrower may contribute funds, sufficient to cover the cost of a loan or loan guarantee. If a program office's portfolio of loans perform precisely according to its modeled estimates of the loans' subsidy cost, actual losses (or gains) from the loans should equal the combined subsidy cost. For TIFIA, budget authority has funded all loan subsidy costs, except in three cases in which borrowers funded a portion of the subsidy cost: Triangle Expressway (North Carolina), Port of Miami Tunnel (Florida), and IH 635 Managed Lanes (Texas), in each case due to insufficient available budgetary authority at the time those loans were executed.

Through September 30, 2023, losses after recoveries received stand at $433 million against $2.1 billion in budgetary resources obligated for possible losses. The last TIFIA loan default was in 2016. The TIFIA portfolio performance reflects DOT's conservative approach to credit risk, which has, among other risk-mitigating strategies, traditionally limited loan values to 33 percent of eligible project costs, as well as statutory requirements of the TIFIA program that enhance credit quality. Federal statute includes the requirements that borrowers pledge a revenue stream for loan repayment, that the project's senior debt achieves an investment-grade rating,[12] and that the TIFIA debt be on par with the project's senior debt in the event of a bankruptcy, liquidation, or insolvency.

3.4 Credit Quality of the TIFIA Loan Portfolio

The TIFIA statute originally only required that a project's senior debt achieve an *investment-grade* rating (BBB- or higher) by at least one bond rating agency.[13] The Bipartisan Infrastructure Law (BIL) amended the statute in 2021 to require the TIFIA loan itself to obtain an investment-grade rating as well.[14]

The credit quality of the TIFIA loan portfolio has improved over time, due in part to the general de-risking of projects as they complete construction and become operational. Of the 76 TIFIA loans active as of September 30, 2023, 27 loans had received a rating upgrade (typically one level) from their ratings at financial close; a few loans received rating downgrades. The average dollar-weighted rating of the portfolio based on each loan's initial rating was BBB+. As of September 30, 2023, the average dollar-weighted rating of the portfolio is A-, based on each active loan's rating.

---

[12] BIL amended the TIFIA program to require both the project's senior debt and the credit instrument to obtain investment-grade ratings (23 U.S.C. §602(a)(2)(A)(iv) as amended by Pub. L. 117-58, § 12001(b)(1)(A) (2021)).

[13] When the total amount of the project's senior debt and the TIFIA credit instrument was $75 million or more, the project's senior debt was required to receive at least two investment-grade ratings.

[14] 23 U.S.C. §602(a)(2)(A)(iv) as amended by Pub. L. 117-58, § 12001(b)(1)(A) (2021). In addition, BIL increased the amount triggering the requirement for two investment-grade ratings from $75 million to $150 million.

4 Benefits of TIFIA

The TIFIA program was created in the late 1990s to be a cost-effective tool to expand capital investment in surface transportation facilities. Federal policymakers sought Federal assistance that could leverage limited budgetary resources more effectively than grants, which typically fund up to 80 percent of project costs.

Since its creation, the TIFIA program has evolved into a significant source of financing for surface transportation projects in the United States. According to a Mercator Advisors' analysis for the Bureau, TIFIA lending represented 11 percent of the average annual highway and transit capital financed through the municipal bond market and 2 percent of capital funding for surface transportation projects from all sources, including grants and current revenues, between 2013 and 2022.[15]

A central objective of the TIFIA program has been to assist project sponsors in overcoming market impediments that hinder transportation project delivery. Initially, the program was oriented toward aiding start-up projects with significant revenue risk to gain access to the capital markets through sculpted and/or subordinate repayment terms. Subsequently, established, highly rated, tax-exempt issuers have also found attractive TIFIA's long-term loans at U.S. Treasury bond yields.

Utilization of TIFIA by transportation project sponsors depends, to a considerable extent, on how the program compares to and aligns with available borrowing options. Although the comparative yield level between tax-exempt bonds and U.S. Treasury bonds is an important element driving demand for the TIFIA program, other factors play a role as well. The ability under TIFIA to defer a portion of debt service payments and tailor the repayment schedule to the project's cash flow can help the project's debt obtain an investment-grade rating, particularly for toll-road issuers.

More recently, while short-term reinvestment rates were at record low levels, the program enabled borrowers to reduce their use of capital markets debt, thereby lowering negative carrying costs associated with the reinvestment of loan proceeds at low interest rates after disbursement. According to a Mercator Advisors' analysis for the Bureau, TIFIA saved borrowers upwards of 4 percent of the loan amount (in present value terms) by avoiding the negative carry associated

[15] Sources: Mercator Advisors' analysis of DOT (Federal Highway Administration and Federal Transit Administration), *Status of the Nation's Highways, Bridges & Transit: Conditions and Performance Report to Congress, 24th Editio*n, October 2021, and *The Bond Buyer Year in Statistics Annual Review*, 2013 through 2022. Total over the decade of $250 billion is for bond issues whose stated purpose is toll roads, highways, streets, bridges, tunnels, and public transportation, excluding refunding bonds (refinancings). This figure likely understates the volume of proceeds used for street and highway improvements that are part of a broader general obligation bond issue. From 2013 to 2022, TIFIA obligated $27.5 billion of capex loans.

with capitalized interest and construction funds in the COVID-19 pandemic low-reinvestment rate environment.

TIFIA's staged drawdown feature, deferred interest payments, longer maturities, and competitive borrowing rates together have reduced the transactional friction associated with debt financing for transportation projects. In addition, TIFIA's prepayment-without-penalty feature enables borrowers to reduce interest cost in improved bond markets by arranging replacement financing from bank or capital market sources to retire the TIFIA loan.

5 Pipeline of Potential TIFIA Borrowers and Projects

The TIFIA program continues to draw interest from project sponsors around the country. As of September 30, 2023, the Bureau's project pipeline included 19 projects seeking $6.8 billion in loans.[16] Of the 19 projects, 7 were in the Bureau's creditworthiness review phase and 12 were in the project development phase. Project sponsors for these potential loans are located in 14 states. Two sponsors are seeking Bureau credit assistance for the first time. Four sponsors are seeking financing through the TIFIA Rural Projects Initiative, which offers lower interest rates and other savings to certain sponsors.[17]

6 Alternatives to TIFIA Delivery of Infrastructure Credit Assistance

Legislative agencies of the U.S. Congress—Congressional Budget Office (CBO) and U.S. Government Accountability Office (GAO)—and others analyzed national infrastructure bank (NIB) proposals and found they offer few advantages compared to the existing Bureau implementation of TIFIA credit assistance.[18] NIB is a general term for an entity to support transportation and other infrastructure (such as water, energy, and broadband) financing.[19] CBO concluded:

> *A program with many of the characteristics of an infrastructure bank already exists within DOT: the Transportation Infrastructure Finance and Innovation Act program…*

---

[16] The Bureau pipeline includes projects in the Bureau's creditworthiness review phase and projects for which DOT's credit review team has approved assignment of a project development lead.

[17] More information on the Rural Projects Initiative is available at https://www.transportation.gov/buildamerica/financing/tifia/tifia-rural-project-initiative-rpi.

[18] Limited additional analysis has been published on this topic in the last dozen years.

[19] Examples include the following bills from the 112th Congress (2011-2013): the Building and Upgrading Infrastructure for Long-Term Development Act (S. 652), the American Infrastructure Investment Fund Act of 2011 (S. 936), and the National Infrastructure Development Bank Act of 2011 (H.R. 402).

> *As an alternative to establishing a federal infrastructure bank, the Congress could broaden the TIFIA program to achieve many of the same goals.*[20]

Congress reaffirmed its choice to continue the program most recently in 2021 by amending, expanding, and funding TIFIA in the BIL.

6.1 Federal Corporations and Government-Sponsored Enterprises

In addition to executive departments, Congress has established corporations and government-sponsored enterprises (GSEs) to carry out federal programs and further public purposes. Congress assigns combinations of powers, privileges, and duties to each type of federally created entity.[21] A NIB could be either a federal corporation or GSE, depending on the specifics of each proposal.

Federal corporations, wholly or partially U.S. government owned, typically fulfill a public purpose and provide a market-oriented product or service.[22] Wholly owned government corporations include the Government National Mortgage Association and the Community Development Financial Institutions Fund. Government corporations with public-private ownership include the Federal Deposit Insurance Corporation and the National Credit Union Administration Central Liquidity Facility. Recognizing their corporate structure, Congress granted them greater operational flexibility.[23] Federal corporations are generally expected to generate revenue equal to or exceeding their expenditures to reduce their reliance on annual appropriations.

GSEs are federally established and chartered for public policy purposes and are not government owned and operated. Generally, GSEs aim to enhance the functioning of credit markets, typically through intermediaries rather than direct lending. To provide capital market liquidity, for example, GSEs issue capital stock and short- and long-term debt instruments, guarantee mortgage-backed securities, purchase and hold loans in their portfolios, and collect fees for guarantees and other services.[24] GSEs include Fannie Mae and the Federal Home Loan

---

[20] Congressional Budget Office, *Infrastructure Banks and Surface Transportation*, July 2012, p. 9, https://www.cbo.gov/sites/default/files/112th-congress-2011-2012/reports/07-12-12-infrastructurebanks.pdf.

[21] GAO, *Federally Created Entities: An Overview of Key Attributes*, GAO-10-97, October 2009, p.4, https://www.gao.gov/assets/gao-10-97.pdf.

[22] Congressional Research Service, *Federal Government Corporations: An Overview*, RL30365, June 8, 2011, p.2, https://digital.library.unt.edu/ark:/67531/metadc812820/m2/1/high_res_d/RL30365_2011Jun08.pdf.

[23] GAO, 2009, p.14.

[24] GAO, *Federally Created Entities: An Overview of Key Attributes*, GAO-10-97, October 2009, p.17, https://www.gao.gov/assets/gao-10-97.pdf.

Mortgage Corporation. As private companies, GSEs are excluded from the federal budget and their securities are not explicitly backed by the full faith and credit of the Government.[25]

6.2 NIB Considerations

While proponents cite several possible advantages of NIBs compared to more conventional program structures, analyses to date have not validated the advantages. Existing Bureau programs address many of the purported advantages.

Incentivize Private Capital Investment. NIB Proponents assert that an NIB would incentivize private capital investment in transportation infrastructure and encourage greater reliance on user fees and value capture techniques to repay credit assistance. In its 2008 report, CBO wrote the TIFIA program enabled DOT to aid public and private surface transportation projects with dedicated revenues for repayment.[26] TIFIA has financed 51 projects (governmental and public-private partnerships) in which new facilities generate tolls and other charges that provide incremental revenues for capital investment.[27] In addition, TIFIA financed two projects that are using tax increment financing, a value capture technique, to generate new revenue.[28]

Lower Borrowing Costs. Proponents further contend an NIB would lower borrowing costs for state and local governments. In fact, TIFIA interest rates are often lower than those most borrowers could obtain elsewhere, including tax-exempt, taxable, and private bond markets, depending on market conditions, loan tenor, credit quality, and principal repayment profile.

In its 2008 report, CBO concluded a special entity would not be able to fund a given federal share of project costs at a lower budgetary cost than an appropriated or direct spending program (such as TIFIA). Special entities' costs to issue their comparatively smaller bond offerings would be higher than those of the U.S. Treasury.[29] A Brookings Institution analysis similarly concluded a shareholder–owned NIB corporation would have higher borrowing costs.[30] CBO also wrote that authorizing an NIB to lend at below-U.S. Treasury rates would increase the cost

---

[25] Congressional Research Service, *Government-Sponsored Enterprises: An Institutional Overview*, RS21663, updated September 9, 2008, pp.3-4, https://www.policyarchive.org/download/3817_Previous_Version_2005-12-20.pdf.

[26] CBO, *Issues and Options in Infrastructure Investment*, May 2008, p.26, https://www.cbo.gov/sites/default/files/110th-congress-2007-2008/reports/05-16-infrastructure.pdf.

[27] Mercator Advisors analysis of TIFIA portfolio.

[28] The two projects are Denver Union Station, Colorado, and Transbay Terminal, California.

[29] CBO, 2008, p.28.

[30] Istrate and Puentes, 2009.

to federal taxpayers and could encourage financing projects that would not otherwise be cost-beneficial.[31]

TIFIA offers other advantages that lower borrower costs, including no pre-payment penalties, interest does not accrue on TIFIA loans until proceeds are drawn, and repayment periods of up to 75 years for some projects. In addition, the Bureau's Rural Project Initiative offers interest rates equal to one-half of the U.S. Treasury rate and waives some borrower costs for certain projects.

Selecting projects based on technical benefits, such as national or regional transportation significance, rather than political factors is an advantage proponents envision for an independent federal entity. CBO wrote that any Congressionally created and funded entity would be subject to similar political pressures and federal administrative procedures.[32]

Technical Assistance and Expertise. Some proponents assert that an NIB would provide better technical assistance and expertise to states and other public entities without the internal capacity to secure financing for their infrastructure projects. The Bureau provides such technical assistance with additional resources through BIL. Its offerings include through multimodal and place-based grant programs and knowledge transfer activities to increase awareness, understanding, and use of best practices in program and project planning, development, financing, delivery, maintenance, and operation to advance transformative transportation projects. The following paragraphs describe some of the Bureau's programs.

- The Regional Infrastructure Accelerators Demonstration Program helps entities build capacity to incubate good projects and accelerate delivery of projects eligible for TIFIA with assistance in project planning, revenue forecasting, preliminary engineering and design, and statutory and regulatory compliance analyses. Congress has appropriated an aggregate of $34 million for the program, which DOT has awarded to 24 entities.[33]
- The Thriving Communities Program supports disadvantaged and lower-capacity communities across project planning and scoping, development and design, and delivery. DOT has awarded $21 million to support assistance to 64 communities.
- The Innovative Finance and Asset Concession Grant Program totals $100 million over 5 years to help project sponsors identify underutilized assets with potential to generate economic development and increase capacity to utilize innovative financing and project delivery and form partnerships with private sector.

---

[31] CBO, *Infrastructure Banks and Surface Transportation*, July 2012, p.8, https://www.cbo.gov/sites/default/files/112th-congress-2011-2012/reports/infrastructurebanksone-col0.pdf.

[32] CBO, 2012, pp.10-11.

[33] DOT, *U.S. Department of Transportation Advances America's Infrastructure with Expanded Regional Grants*, October 11, 2023, https://www.transportation.gov/briefing-room/us-department-transportation-advances-americas-infrastructure-expanded-regional.

- The Rural and Tribal Assistance Pilot Program provides grants for technical, legal, and financial assistance to support early-stage development of transportation solutions in rural and Tribal communities. In November 2023, DOT awarded 13 grants totaling $3.4 million.[34]
- Through direct technical assistance and strategic partnerships, the Bureau helps project sponsors develop comprehensive approaches to complex challenges. These engagements include Bureau-led customer focused, place-based workshops with local leaders, decisionmakers, stakeholders, and DOT operating administration participation focused on innovative project delivery and financing and funding options.

Multimodal and Multi-Jurisdictional Projects. Proponents assert that an NIB would be better able to support multimodal and multi-jurisdictional projects of regional or national significance.[35] State and local governments own most U.S. infrastructure, meaning advancing multijurisdictional projects requires the relevant jurisdictions to enter into compacts or agreements. These NIB proponents do not identify specific authorities to facilitate interstate cooperation that Congress could grant an NIB that could not also be given to DOT.

The Bureau has used TIFIA to finance multijurisdictional and multimodal projects. For example, the Bureau financed the Goethals Bridge Replacement Project between New York and New Jersey and the East End and Downtown Crossings bridge projects between Kentucky and Indiana. TIFIA-financed multimodal projects include:

- Chicago O’Hare Consolidated Joint Use Facility, Illinois
- Denver Union Station, Colorado
- Miami Intermodal Center, Florida
- Transbay Transit Center, California
- Warwick Intermodal Station (Interlink), Rhode Island

Federal Expertise. Proponents of an NIB acknowledge the importance of a “strong and permanent professional staff” to analyze proposed projects and advise those seeking support.[36] Since its creation in 2016, the Bureau has built its workforce with legacy Federal Highway Administration staff, who established TIFIA before the Bureau existed, and new staff with a range of skills from the private and public sectors. Moreover, the Bureau partners with the DOT operating administrations (OAs) to help sponsors successfully deliver their projects. For

---

[34] DOT, *U.S. Department of Transportation Advances Transportation Solutions in Underserved Communities with $3.4 Million in Rural and Tribal Grants*, November 20, 2023, https://www.transportation.gov/briefing-room/us-department-transportation-advances-transportation-solutions-underserved.

[35] Istrate and Puentes, 2009.

[36] Galston and Davis, 2012.

example, the Bureau and its customers rely on the OAs to interpret, apply, and administer compliance with such federal requirements as the National Environmental Policy Act, Civil Rights Act, and Uniform Relocation and Assistance Act. During project delivery, the lead OA (typically through its field staff) monitors technical progress, budget, schedule, and compliance with continuing federal requirements, such as prevailing wages and domestic content. When borrowers seek to draw funds from their loans, the lead OA determines whether their requests reflect eligible and reasonable costs. As borrowers repay their loans, the lead OA helps the Bureau ensure the projects meet operation and maintenance commitments.

6.3 TIFIA Compared to Private Capital Market

The TIFIA program offers borrowers favorable terms that they typically cannot obtain in the private capital market. TIFIA's staged drawdown feature, deferred interest payments, longer maturities, and competitive borrowing rates together reduce transactional friction associated with debt financing for transportation projects. In addition, TIFIA's prepayment-without-penalty feature enables borrowers to reduce interest cost in improved bond markets by arranging replacement financing from bank or capital market sources to retire the TIFIA loan. Because of these features, the TIFIA program continues to have a robust pipeline of applicants. The continuing interest in TIFIA loans indicates that private lenders are not offering comparable loan products.

7 Recommendation and Conclusion

DOT recommends continuing the TIFIA program under the Secretary's authority based on its accomplishments, which include:

- Delivering more than $38 billion in financing for projects across the country, accelerating the delivery of those projects and fostering public-private partnerships,
- Limiting actual losses to the U.S. Treasury, and
- Maintaining a robust pipeline of new projects and customers.

The TIFIA program has been actively utilized, prudently managed, and met the following objectives: Other accomplishments include the following.

- Assisting Projects of National Significance. TIFIA has helped 51 projects each with capital costs over $1 billion, enhancing the Nation's surface transportation capital stock.
- Encouraging New Revenues. TIFIA has financed 51 projects (governmental and public-private partnerships) in which new facilities generate tolls and other charges that provide incremental revenues for capital investment. In addition, TIFIA financed two value capture projects that are generating new tax-based revenue streams.

- Limiting Federal Exposure. TIFIA realized losses have been about 1.1 percent of loan commitments, as of September 30, 2023. The budget authority scored against these loan commitments has been sufficient to cover expected losses. The overall credit quality of the portfolio has improved from a weighted average of BBB+ to A-, due to loan prepayments and de-risking projects after construction ends and revenues stabilize.
- Making Credit Available on Equitable and Uniform Terms. TIFIA is a nationwide resource. Seventy-one different obligors in 23 states, the District of Columbia, and the Commonwealth of Puerto Rico have obtained TIFIA credit assistance.
- Targeting Capital Market Gaps. TIFIA has evolved to address market inefficiencies that create transactional friction for project sponsors. Especially during times of low short-term reinvestment rates, TIFIA has served as a useful construction financing mechanism.
- Enlisting State and Local Participation. State and local governments continue to actively engage in the pre-development identification, vetting, and approval of projects. These governments have the leading role in advancing projects through the public planning and approval processes and satisfying applicable requirements.