

[working paper]

**Capacity or Equity?  
Federal Funding Competition Across and Within  
Regions**

Kate Lowe  
University of New Orleans

Juliet Gainsborough  
Bentley University

Sarah Reckhow  
Michigan State University

MacArthur Foundation Network on Building Resilient Regions  
<http://brr.berkeley.edu>

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## **Introduction**

Facing increasingly complex challenges, political, business and civic actors have promoted problem-solving through governance networks that cross municipal boundaries. Yet cooperation is often challenging, particularly in regions where space is divided and contested along overlapping boundaries of race, ethnicity, class, and political authority. Transportation infrastructure investment—with its political cache and presumed job benefits—has often been an issue that regional stakeholders could rally around. Such collaborations and plans for infrastructure can have limited consequences, however, without funding and authority granted by higher levels of government.

Regions have widely varying capacity to access state or federal reinforcement for collaborative problem-solving (Weir, Rongerude & Ansell, 2009), in part because federal programs require or privilege local capacity in sectors ranging from education to transportation (Lowe, 2013; Manna & Ryan, 2011). Furthermore, not all actors collaborate equally in capacity building nor do all priorities and stakeholders have similar ability to influence regional governance priorities (Lester & Reckhow, 2013). Given federal grants dependence on capacity and the potentially unequal role of equity interests in regional governance, federal competitive awards could deepen disparities among and within regions. We bring this interest in capacity and equity to the existing literature on federal allocation, constituent demand and congressional “pork.”

This research examines how federal transportation awards interact with metropolitan capacities and inequalities across and within regions. The mixed-methods approach combines case studies of an established competitive federal transit program (New Starts) and quantitative analysis of the Transportation Investment Generating Economic Recovery program (TIGER), a newer competitive program. The case studies show two ways through which low-income and minority communities may fail to benefit from federal transit investment: when regional capacity is insufficient for receiving federal funds and second an example of when high-capacity governance secures federal investment without attention to equity. We find that metropolitan size, certain congressional appointments, more organizational capacity, and economic spatial segregation correlate with receipt of 2009 TIGER awards. The analysis of funded projects shows some relationships between equity proxies and local sponsor type, as well as the density of advocacy organizations. Overall, our findings support the need to better understand how regional conditions and capacities may influence federal awards in ways that could exacerbate disparities.

## **The quest for federal funding**

Competitive award programs are an appealing policy tool. Such programs can provide large incentives for places and agencies that most enthusiastically and effectively pursue federal priorities. For instance, the Environmental Protection Agency, Department of Transportation, and Department of Housing and Urban Development’s Office of Sustainability award regional planning funds to incentivize cross-jurisdictional partnerships. Certainly, federal agencies want to provide funds that can be effectively utilized. For instance, the New Starts program for transit expansion evaluates rail projects partly on whether the sponsor has the financial resources to operate an

expanded system, seeking to avoid a situation in which a transit agency has a new rail line but cannot afford to run sufficient service.

A substantial literature seeks to explain federal awards across policy areas as a strategy by politicians to use the supply of funds for electoral gain. Findings from political science and public administration provide some evidence that elections, congressional committee appointments, and party strategies could influence federal awards (Gamkhar & Ali, 2007; Larcinese, Rizzo, & Testa, 2006; Lauderdale, 2008). Researchers typically use congressional districts as the unit of analysis, and consider the relationship between the partisan or ideological orientation of members of Congress, federal bureaucrats, or the President and the amount or type of grants awarded to congressional districts with similar partisan or ideological preferences (Levitt & Snyder, 1995; Bickers & Stein, 2000; Bertelli & Grose, 2009; Berry, Burden, & Howell, 2010).

Although “pork” is a common frame of reference for the distribution of federal grant dollars, it is a narrow conception of the way federal grant dollars are allocated to state and local governments and regional institutions. The President and the bureaucracy have considerable latitude to propose and develop policies and programs that influence grant allocation, but these decisions are shaped by many considerations beyond bolstering vulnerable members of Congress or rewarding ideological allies. During Obama’s presidency, the administration has used this latitude to develop several competitive grant programs in areas ranging from education to energy efficiency to transportation, which distribute funds to states, local governments, regional institutions, and nonprofits.

We argue that metropolitan characteristics, capacities, and organized interests may help explain federal allocations for competitive transportation grant programs. Prior research suggests that state and local capacity is associated with grant allocations. At the state-level, Lowry and Potoski (2004) find correlations between discretionary federal awards and organized interest groups across seven policy arenas. Bickers and Stein (2004) look instead at local government structure and relationships, concluding that interlocal cooperation results in greater federal awards. Hall (2008) also finds local government characteristics may influence funding, finding in most models that local and regional government capacity correlates with federal allocations at the county level. He notes that applying for grants requires staff capacity to prepare such applications. For competitive education awards, state capacity significantly correlates with applying for and scoring well in a competitive federal education program (Manna & Ryan, 2011), called Race to the Top. Like Lowry and Potoski, Manna and Ryan identify a pivotal role for the civic sector, as support from a large foundation had a significant and positive affect on whether states sought and received education awards.

In addition to capacity within the formal confines of government, we seek to explore the more diffuse capacity possible through regional governance. In governance processes, business and civic actors join together with formal government in “the pursuit of collective goals through an inclusive strategy of resource mobilization” (Pierre, 2005, p. 449). In case studies of transportation institutions in Chicago and Los Angeles, Weir, Rongerude and Ansell (2009) suggest the impact of regional governance depends on the inclusion of already powerful actors. For example, a business coalition in Chicago pushed for critical federal and state action needed for reaching regional goals. Alpert,

Gainsborough and Wallis (2006) similarly find that business leaders were critical for the (limited) success of a regional effort.

Yet, many actors, especially those focused on equity agendas, lack ties to these vertical—state and federal—arenas. As a result, some governance efforts fizzle with limited impact, and some regions may lack sufficient multi-sector capacity (Hamilton, 2004). Indeed, community-based regionalism, which focuses on equity, may also hinge on mobilizing vertical power (Swanstorm & Banks, 2009). When capacity exists, however, equity may not rise to the top of the agenda. New Regionalist coalitions, for example, have often failed to interest environmental justice advocates, because while “in theory, the new regionalism calls for policies benefiting low-income, inner-city residents, in practice, it contains a profound suburban, middle-class bias. Smart growth initiatives around the country focus to a large extent on such quality-of-life issues as traffic congestion and preservation of green space” (Rast, 2006, p. 249). Davies finds that existing inequalities limit the potential for equitable and inclusive governance partnerships (2007), and while new regionalism is not a coherent movement, Brenner argues that economic development is its dominant rationale (Brenner, 2002). Thus, we expect that regional civic capacity matters for federal awards, but that such capacity will be unequal across regions. In addition, we anticipate that equity-advocacy capacity matters separately for whether projects benefit low-income residents and communities.

Federal rules dictate a regional and collaborative process for transportation planning. Metropolitan planning organizations (MPOs) are responsible for coordinating a cooperative, continuing and comprehensive transportation planning process that incorporates multiple stakeholders and the public. The participants in MPO processes and board members typically come from a variety of governmental agencies, each with distinct authorities and control over some funds and institutional capacity. MPO board structures, however, frequently underrepresent urban constituents and members may not be racially representative (Sanchez, 2006). Furthermore, with tightening budgets and great demand for federal awards, some regions and priorities with less capacity to pursue money may suffer. To explore this, we turn to federal competitive awards for transportation. Given our interest in equity and transit’s potential importance for low-income groups, we especially focus on transit projects.

### **Competing for transportation dollars**

The federal government provides substantial funding for transportation through a myriad of programs. Although recent legislation (2012) simplified programs somewhat, multiple agencies within the US Department of Transportation administer numerous programs, each with different award criteria and spending restrictions. Agencies allocate most funds by specific modes (e.g. marine, air travel, highway and transit) and about \$40 billion per year by formulae (GAO, 2011) that use metrics such as population, state gas tax revenue, roadway conditions, and transit ridership.<sup>1</sup>

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<sup>1</sup> Certainly, political and capacity issues could influence the development of formulae. For instance, states that pay more than they receive in federal fuel taxes (“donor states”) have formed an alliance and lobbied for change in the highway formula (See Gamkhar and Ali, 2008). Nonetheless, we anticipate the effects of competitive programs to be even more likely to exacerbate disparity.

Funding for transit expansion has been a long-standing exception to formulae funding. Transit expansion projects have been competing for federal rail money through the Federal Transit Administration's (FTA) "New Starts" program. Combined with higher required local matching funds, this tilts the "playing field" away from transit and to highways (Beimborn & Puentes, 2005)<sup>2</sup>. To secure New Starts funds, projects must go through a multi-stage process and demonstrate projected benefits, as well as matching funds and long-term financial viability. Given our interest in equity, low-income groups, and grant competition, we thus turn to case studies that draw from this program, which has been shown to reward local capacity beyond the official criterion (Lowe, 2013).

The US Department of Transportation (DOT) recently expanded the role of competitive funds with the multi-modal TIGER program created in response to the 2009 American Recovery and Reinvestment Act (ARRA). The bill designated \$48 billion for transportation infrastructure, of which \$1.5 billion would be awarded competitively. Rather than the mode-based agencies (Federal Transit Administration, Federal Highway Administration, Federal Aviation Administration, etc.), the US Secretary of Transportation's Office administers the program. Legislation required that DOT geographically balance the awards across the nation and fund both urban and rural projects. It also mandated a preference for projects with significant non-federal funding and a 3 year frame for completion.

In 2009, DOT teams evaluated 1,450 project applications, of which 51 received awards (GAO, 2011). DOT created additional criteria that generally align with existing federal transportation goals and ARRA's goals of economic growth and job creation. DOT required a cost benefit analysis, but many applicant agencies lacked expertise in developing such metrics. Furthermore, small agencies perceived this requirement as a disadvantage for them (Eno, 2013). . Project sponsors included transit agencies, municipalities, metropolitan planning organizations, state departments of transportation, and other special transportation authorities (e.g. port authorities). While a one-time infusion of funds initially, the DOT has received funds for additional rounds of TIGER awards, though at lower funding levels (\$474 million for FY 2013). Subsequent competitions have included more applicant training, minimum set asides for rural areas, reduced emphasis on shovel-readiness, and more required local funding match.

## **Data and Methods**

In order to address these questions about the relationship between federal grants, capacity, and inequality across and within regions, we consider both qualitative and quantitative data. For the case study analysis, we compare two regions (Orlando and Miami) within a single state (Florida) and consider their varied success in securing New Starts funding for rail projects. By comparing two regions within the same state, we are able to maintain a focus on how regional characteristics, not state characteristics, shape how the competitive federal grant process plays out in each region. The case studies are based on multiple site visits to the regions and more than 60 semi-structured

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<sup>2</sup> New Starts provides funds for rail or other fixed-guideway systems that can include bus rapid transit in instances with significant, exclusive right of way. Additional types of transit projects are eligible for the related newer programs, small starts and very small starts.

interviews with local government officials, civic leaders, non-profits, and transportation agencies (including MPOs and FDOT). In addition, we reviewed written documentation in the form of transportation plans and Federal Transit Administration (FTA) reports, as well as newspaper coverage of transit issues in each region. After the discussion of these two cases, we turn to a quantitative analysis of TIGER grants to metropolitan areas in 2009.

Due to our interest in regional institutions and capacity, the engagement of low-income groups and equity proponents at a regional scale, and the distribution of grant benefits within regions, our unit of analysis for the quantitative data is Metropolitan Statistical Areas (MSAs). Our analysis assesses two aspects of the distribution of TIGER grants to MSAs. First, we assess the characteristics of MSAs that received TIGER grants, starting with a dataset that includes every MSA from the Building Resilient Regions dataset. We use a dummy variable that indicates whether or not a TIGER grant was awarded to the MSA in 2009. Some TIGER grants were not distributed at the MSA level—some were awarded within cities and others stretch across multiple MSAs. The more localized grants are counted within the corresponding MSAs. For the multiple MSA grants, we include any MSAs that are part of the geographic area covered by the TIGER grant. Second, we focus on the group of MSAs that received TIGER grants and assess whether the project serves low-income neighborhoods or users, as well as other characteristics. We coded these variables based on the US DOT (2010) profiles of funded projects. First, we used the descriptions to identify the project sponsor for each funded project, including four types of sponsors—state DOT, MPO, city/county government, and transportation agency. Additionally, we reviewed the project descriptions in order to identify projects that funded transit development. Lastly, the analysis uses an equity indicators based on project description codes. We used dummy variables to indicate whether 1) low-income residents were specified as beneficiaries/users of the project and 2) whether the project would aid neighborhood revitalization (downtown revitalizations were excluded). For the most part, we examine these indicators separately, but we did combine the sum of the two dummy categories for an equity index (a score of 0, 1, or 2 for the combined equity metric).

Additional variables, including population and demographic data, were compiled from the Building Resilient Regions dataset, which includes measures from the 1990 and 2000 U.S. Census, as well as the American Community Survey for 2005-09. The analysis includes several demographic variables that are frequently associated with grant distribution, including the total population, the percent of the population below poverty, and percent living in urban areas. Additionally, we use an indicator of economic segregation—a regional dissimilarity index for people below the poverty level. These measures allow us to assess whether or not grants are distributed to regions with equity challenges, such as a high poverty rate or high levels of economic segregation. A sizable body of literature suggests that economic segregation can exacerbate inequalities in health outcomes, economic opportunities, exposure to crime, and various other social outcomes. We attempt to explore how grant awards may further exacerbate or ameliorate the consequences of economic segregation within regions.

Other independent variables provide measures of institutional and organizational density in the metropolitan area, in order to assess regional capacity. Drawing on prior research demonstrating the relationship between civic sector characteristics and federal grant awards, we use measures of nonprofit density as indicators of regional capacity (Lowry & Potoski, 2004; Manna & Ryan, 2011). The number of nonprofit organizations in each MSA was compiled from the National Center for Charitable Statistics (NCCS). These data were used to compute a nonprofit density measure for each MSA—the number of nonprofits per 10,000 residents in 2009. Additionally, we used the National Taxonomy of Exempt Entities (NTEE) classification system to identify nonprofit organizations involved in equity advocacy, including human services advocacy organizations, civil rights and social action advocates, community improvement advocacy, and community/neighborhood development advocacy.<sup>3</sup> We calculated the total number of equity advocacy organizations for each MSA, and computed a density measure—the number of equity advocacy organizations per 10,000 residents in 2009. We used an additional variable to control for a region’s overall capacity to attract federal grants—the total grants per capita for each MSA in 2008. These data were based on county level grant totals from the Consolidated Federal Funds Report (CFFR). The CFFR data can easily be restricted to federal grants, excluding transfer payments to individuals. The grant categories included in the CFFR are block grants, formula grants, project grants, and cooperative agreements. We aggregated the county level grant data to the MSA level.

Congressional committee appointments were incorporated to control for political influence. Using the Congressional Directory for the 111th Congress (2009-2010) we identified members on the House Committee on Infrastructure and Transportation, the Senate Committee on Commerce, Science and Transportation, and due to the size and generality of that committee, the Senate Subcommittee on Surface Transportation and Merchant Marine Infrastructure, Safety, and Security. Each MSA had three resulting variables that indicate whether it had a representative on each committee and in a few cases has a value of 2 to indicate to members on the respective committee.

We estimated logistic regression models to predict whether or not an MSA received a TIGER grant based on regional characteristics. Also using logistic regression models, we predict the characteristics of TIGER grants awarded, including transit projects and equity factors. We view these models as baseline estimates that demonstrate associations between regional characteristics and TIGER grants, but we do not assume that our quantitative analysis provides evidence of causality.

### **Case Studies: New Starts Funding in Orlando and Miami**

Orlando and Miami have both sought New Starts funding for rail projects, successfully in the case of Orlando and unsuccessfully in the case of Miami. These two cases illustrate the complex interaction between federal funding requirements, local capacity and equity as regions pursue transportation projects.

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<sup>3</sup> The applicable NTEE classifications for these types of organizations were: I, J, K, L, M, N, O, P (designated Alliance and Advocacy- 01), R (all designations), S01, and S20.

The final agreement for Orlando to receive New Start funding for phase one of its commuter rail system (SunRail) was signed in 2011. The service will connect the northern suburbs to Orlando's CBD and have 7,400 daily boardings in 2030 according to projections (FTA, 2008 [FY 2009 report]). The FTA will provide half of the capital costs, FDOT a quarter, and the counties (Volusia, Seminole, Orange and Osceola) and the city of Orlando the remaining quarter (FTA, 2008; <http://www.metroplanorlando.com/fact-sheets/sunrail>). Phase one, which covers 31 miles and includes 12 stations, is currently under development and scheduled to start service in 2014.

From the beginning, the project had strong local backing. The regional consensus around commuter rail emerged out of a region-wide visioning process that began in part as a reaction to a failed Orlando-Tampa bid for the 2012 Olympics. In rejecting the bid, the Olympic Committee cited the lack of transportation infrastructure as prominent weakness (Interview). A 1999 retreat of central Florida leaders resulted in the creation of myregion.org, initially housed in the Greater Orlando Chamber of Commerce. A formal partnership with the East Central Florida Regional Planning Council in April 2001 led to extensive research on the region's demographics, economics and resident opinions (2003-2005). Next a regional vision titled "How Shall We Grow?" emerged from a cooperative and extensive outreach effort (2006-2007) (myregion.org website).

Transit was seen as an essential piece of realizing the Central Florida vision. Support for SunRail, the commuter rail project which emerged, was strong among elected officials and business leaders, as well as environmental groups. The Florida Department of Transportation served as the project sponsor. FDOT staff (Interview) attribute the district's leadership on transit to its realization that even with investment, future roads would be so congested that many roads would have a failing service level. FDOT expended significant funds on right of way and paid out more than \$44 million to contractors, \$941,000 for public relations, including \$266,000 to myregion.org for outreach efforts in support of SunRail (Garcia & Deslatte, 2009, June 11).

Despite the regional consensus and successful movement through the FTA New Starts process, the project hit a major stumbling block at the state level. The service will use the tracks of a large freight company—CSX—which demanded an agreement that would protect it from any liability. The agreement required approval from the state legislature, which local leaders attempted to win in multiple sessions. The second attempt, in the spring of 2009, came close, with leadership by State Representative Lee Constantine (R; parts of Seminole and Orange counties), as well as continual lobbying by Mayors Dyer (Orlando), Crotty (Orange) and private sector leaders, but ultimately fell short.

Despite this second unsuccessful attempt to secure an agreement, the FTA maintained its support for the project. DOT Secretary LaHood commented publicly that the state should reach agreement on SunRail or hurt its efforts to secure funding in the future for high speed rail. During a special session later in 2009, the state legislature was able to finally reach agreement and send a bill to the governor for his signature. This cleared the way for the project to move through the final stages of the FTA New Starts process, and the final agreement was signed in 2011. An agreement with the FTA for Phase II funding is expected to be finalized later in 2013.

The story of how the Orlando region secured New Starts funding for its new commuter rail system illustrates the complex interaction between the federal agency, local capacity, and state politics. The regional consensus around SunRail emerged because of a concerted effort lead by local business leaders based in the chamber of commerce and joined by local political leaders. Local interviewees were adamant that the project must occur. Local leaders mentioned that important cities all have rail. Others explained that SunRail is a vital first step in creating transit options in the region and transit is an essential element in realizing the regional vision. One explained that precisely because of all the past failed attempts at rail this one must succeed to ensure public support for transit.

The Orlando and Orange Mayors were active backers who lobbied at the state level for SunRail. County and state representatives in Central Florida—with the exception of one based at the periphery of Central Florida—expressed united support for SunRail. FDOT played a key supportive role through not only its financial commitment but also by serving as the official project sponsor. However, the near failure to secure approval of the liability agreement from the state legislature almost killed the project. Another key element in Orlando's ultimate success was the fact that Congressman Mica (R), as the ranking member of a key transportation committee, could ensure funds remained in place for Central Florida rail investments, while the state reached agreement on the liability issue.

While local capacity that spanned multiple levels of government was key to the region's ultimate success in securing federal funding for SunRail, the nature of this local capacity may have meant that Orlando was better situated to fund transit projects that benefit suburban commuters than the low-income transit-dependent population that also makes up a significant share of the region's population base. In Orlando, alternative voices appear to be absent from debates over transit (regional leaders were unable to name any consistent involvement by organized groups representing low-income residents or communities of color), and the prominent transit debates are for projects that have limited benefits for low-income residents or transit dependant citizen. The commuter rail will largely serve suburban residents who work in Orlando's CBD; the FTA's measure of benefit distribution demonstrates this service would disproportionately benefit those who are *not* transit dependent. Long term transportation plans from the metropolitan planning organization do call for an expansion of Orlando's current bus fleet. However the needs of transit dependent citizens, low-income workers and communities of color, as well as the distribution of project benefits, are absent from regional dialogue rather than defeated in debate. While regional actors lobbied for SunRail, the area's transit agency cut services by 10 percent due to a funding crisis.

In contrast to Orlando where representatives of low-income workers and communities of color seem conspicuously absent from discussions about regional transit, representatives of the black community in Miami have been vocal advocates for an extension of the existing Metrorail system that would serve communities north of the city center. However, a lack of strong regional consensus and weak funding mechanisms ultimately sunk the region's efforts to secure federal New Starts money for the project.

The proposed north corridor Metrorail extension was a 9.5 mile heavy rail line with 7 stations and would have included service to Miami Gardens, the largest black majority municipality in the state of Florida (Interview) and had an estimated 22,600 boardings each day by 2030 (FTA, 2008 [FY 2009 report]). Metrorail currently travels northwest of Miami, thereby serving Hialeah, a predominantly Latino community and the county's second largest municipality. The decision to route Metrorail to Hialeah in the 1970s was a political compromise, and the black community dates promises, from county officials, for north corridor service back to that period (Charite, 2008, May 7).

The Miami-Dade MPO board approved the north corridor 27<sup>th</sup> Avenue alignment in 1995 and included it in its 2015 long-range plan (FTA, 1999). The project's cost was estimated at \$1.6 billion, with \$700 from the Federal Transit Administration and the remainder from FDOT and the local sales tax, in equal shares (FTA, 2008). Although the average time for moving projects from preliminary development to a final funding agreement with the FTA is a lengthy seven years (New Starts Working Group, 2009), this project was slow even by those standards, spending approximately ten years in an early stage (FTA, 2008, p. A-117).

Throughout this time, one of the FTA's concerns was whether Miami-Dade had the financial capacity to support operating an extended Metrorail service. A transit sales tax referendum that would have increased available local matching funds for transit was twice defeated by voters. Finally, in 2002, then Mayor Penelas lead a successful campaign for a half cent transit sales tax. Supporters campaigned for the tax by linking it to the People's Transportation Plan (PTP), which was developed as a way to build support across the county for the sales tax increase. While the PTP did serve this consensus building purpose, it was ultimately a wish list of community projects with little attempt to prioritize or realistically match costs with projected revenue.

After passage of the half cent sales tax, the FTA initially gave the north corridor extension a rating of "medium" for local funding commitment. However, it soon became clear that the operating and capital stock replacement needs of Miami-Dade Transit were substantial enough that the system would have difficulty maintaining current services, let alone supporting new projects. With continuing concerns about the financial stability of local funding mechanisms, the FTA announced in 2008 that Miami-Dade Transit's fiscal outlook was the primary issue preventing the project's progress toward federal funds.

After the FTA's announcement, several political leaders came out in support of the project and expressed plans to address the transit agency's financial outlook. Speakers at a press conference included Congressman Meek (D; representing parts of northern Dade and southern Broward counties), the County Manager, and several county commissioners, such as Barbara Jordan, a long time project supporter (Charite, 2008, May 7). Commissioner Barbara Jordan and Chairman Barreiro proposed raising the sales tax further and then making transit service free (Charite, 2008, June 4), while others proposed fare increases. Perhaps due to the upcoming re-election, the commission did not enact tax or fare increases.

As revenues from the sales tax fell below projections and cost estimates rose, county leaders held a forum in the spring of 2009 admitting the unmet expectations. Soon after, the County Commission voted to allow almost all of the sales tax revenue for transit uses other than the PTP capital expansions. Not surprisingly, the FTA again ranked the project poorly and held it back from federal funds in 2009. Nonetheless, leaders—like County Commission Chairman Moss—continued to emphasize the importance of this Metrorail extension (Osborne, 2009, June 24). In 2010, however, county officials announced that they were formally requesting that the FTA remove the project from consideration for New Starts funding (Chardy 2010, July 10).

In contrast to Orlando, the project for which Miami-Dade sought New Starts funding was a key priority for the black community and was expected to disproportionately serve low-income and transit dependent residents. Although the project was supported by local leaders, including those serving in the state legislature and the member of Congress who represented the north corridor communities, it failed to secure federal funding because of concerns about local funding commitment. With the PTP, local supporters of increased transit funding calculated that they would not be able to win voter support for a dedicated funding source without reducing the size of the sales tax increment being requested (from one penny to a half cent) and promising a broad array of new projects throughout the county. In the face of the financial realities of Miami-Dade Transit’s funding shortfalls and declining revenues, the north corridor project failed to secure New Starts funding and is unlikely to move forward anytime soon.

### **Assessing the Distribution of TIGER Grants**

Based on our two case studies, the New Starts funding process seemed to interact with variations in local capacity in ways that have significant implications for low-capacity regions and low-income populations in each region. We now consider to what extent some of these factors may matter across a broader sample of metropolitan areas. Our analysis of the characteristics of regions that received TIGER grants in 2009 shows that factors related to regional capacity and political representation are associated with TIGER awards. Table 1 reports the results of a logistic regression model predicting TIGER awards to MSAs. Among the political factors in our analysis, we find that MSAs located in a state with a senator serving on the relevant transportation subcommittee are more likely to receive a TIGER grant. Regions with larger populations are more likely to attract grants, but other population characteristics such as the percent urban population and the percent below federal poverty level are not statistically significant in this model.

**Table 1: TIGER grants to metropolitan areas, 2009**

	<b>TIGER</b>
Senate Committee	-0.958 (.753)

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Senate Subcommittee	2.374** (.809)
House	-0.215 (.644)
Per capita federal grants 2008	-0.0004 (0.0003)
MSA population (10,000s)	.010** (.002)
% poverty	-0.083 (0.079)
% urban	0.011 (0.013)
Nonprofits per 10,000	.111 <sup>†</sup> (.064)
Dissim index, poverty	15.366** (4.610)
Constant	-9.17
Pseudo R <sup>2</sup>	.40
N	356

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Table entries are unstandardized regression coefficients. For a two-tailed test of significance, †p<0.10; \*p<0.05; \*\*p<0.01

This model includes one indicator of regional capacity—the density of nonprofit organizations—which is weakly statistically significant. This suggests some association between the size of a region’s civic sector and its capacity to attract a major competitive federal grant for transportation.

Of particular interest, given our focus on regional equity, we find that the regional dissimilarity index is positive and statistically significant in this model. Regions with a higher level of spatial segregation of poor residents were more likely to attract TIGER grants in 2009. As demonstrated by the case studies, the planning and location of routes for transit and roads are particularly important for transportation projects, producing differential spatial impact of transportation grants within an MSA. High poverty sections of a highly segregated MSA may be untouched by a new rail if the project links affluent suburban neighborhoods to the downtown core. Alternatively, perhaps new

transportation projects include plans to link high poverty neighborhoods to central city or exurban job centers. This finding from our model suggests that TIGER projects that do not explicitly incorporate equity considerations (i.e. low income residents as beneficiaries/users or neighborhood development beyond the downtown core) could be less likely to provide benefits to poor residents, because many TIGER awards were distributed to highly segregated metropolitan areas and could therefore easily support projects that bypass poor communities.

Thus, we turn to an analysis of the characteristics of funded TIGER projects in order to assess whether projects designed to address equity issues are associated with regional institutions and equity advocacy.

### **Assessing the Characteristics of Funded Projects**

In order to assess the relationship between the characteristics of funded projects and regional factors, we used a more limited dataset of regions that received TIGER awards in 2009. Thus, we are comparing projects and regional factors within the subset of regions that received TIGER grants. The TIGER program supports a wide range of transportation projects including new roads, port facilities, transit systems, and bike paths. For example, a TIGER grant awarded to the Philadelphia MSA includes a 128-mile regional network of bike and pedestrian pathways, while the North Carolina Department of Transportation received funds to improve a bridge and ease freight trucking at the Yadkin River Crossing. Denver received a grant for bus rapid transit linking Boulder to Denver. The description of the Denver project specifically mentions “safety benefits and travel time savings to low-income families who use transit.” Based on this statement, we coded the Denver project as providing benefits to low income residents.

Due to our interest in equity, our coding of the TIGER grant project descriptions focused on three characteristics: transit; neighborhood development outside of the downtown; and low-income residents as beneficiaries/users of the project. We found that MSA poverty rates *negatively* correlate with a 2-point equity index that combines the revitalization and low-income user scores, indicating that TIGER awards for poorer regions appear *less* likely to have these benefits.<sup>4</sup> However, given that these project characteristics may be associated with different regional factors, we assess each one separately in logistic regressions. We are particularly interested in the relationship between the density of equity advocacy sector in the region and TIGER projects that are transit, serve low income users, or are part of neighborhood revitalization. We expect that a greater density of advocacy organizations will be associated with projects that specifically mention neighborhood development and low income groups. Furthermore, we are interested in the institutional factors that might shape the distribution of project benefits or types of projects submitted—specifically the role of a regional institution—MPOs. Thus, we examine whether a particular category of project sponsor, MPOs, are more or less likely to be associated with projects that involve transit, neighborhood development outside of the downtown, or mention low-income residents as beneficiaries/users of the project.

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<sup>4</sup> Spearman’s (non-parametric) rank bivariate correlation is significant at the .05 level (-.354\*).

Our analysis of TIGER projects involving transit is reported in Table 3. In addition to the regional institution and equity advocacy variables of interest to us, we include the regional dissimilarity index and percent urban population in the models. We find that the dissimilarity index for poverty has a statistically significant and positive association, matching our finding from the model predicting which regions received TIGER grants. Thus, among the places that received TIGER awards, places with plans to construct transit were likely to have higher levels of spatial segregation of poor residents. Additionally, transit grants are somewhat associated with proposals sponsored by an MPO as opposed to the state DOT, city/county governments, or transportation agencies. Our equity organizational capacity variable is not statistically significant for transit project grants. We further assess the relationship between equity and funded projects by examining two other project characteristics—neighborhood development and low income beneficiaries.

**Table 3: TIGER projects involving transit**

	<b>Transit Grant</b>
Dissim index, poverty	19.822* (9.342)
MPO sponsor	1.884 <sup>†</sup> (1.036)
% urban	-0.010 (0.027)
Equity Advocacy Nonprofits per 10,000	-1.693 (4.563)
Constant	-7.942
Pseudo R <sup>2</sup>	.175
N	42

Table entries are unstandardized regression coefficients. For a two-tailed test of significance, <sup>†</sup>p<0.10; \*p<0.05; \*\*p<0.01

Table 4 reports the results of our model predicting TIGER projects that include neighborhood development outside of the downtown. Interestingly, the percent of the region’s population that lives in urbanized areas is negative and statistically significant. This seems to suggest that regions with a larger share of population living outside of urban areas are more likely to receive grants that address neighborhood development, other things being equal. Additionally, MPO sponsorship is weakly statistically significant and positive. Of particular interest, the density of equity advocacy

nonprofits is positive and statistically significant. Thus, a higher density of equity advocacy nonprofits is associated with TIGER grants involving neighborhood development.

**Table 4: TIGER projects involving neighborhood development**

	<b>Neighborhood Grant</b>
Dissim index, poverty	0.335 (13.895)
MPO sponsor	3.557 <sup>†</sup> (1.831)
% urban	-0.157* (0.059)
Equity Advocacy Nonprofits per 10,000	18.872* (6.593)
Constant	-0.235
Pseudo R <sup>2</sup>	.461
N	42

Table entries are unstandardized regression coefficients. For a two-tailed test of significance, †p<0.10; \*p<0.05; \*\*p<0.01

We also examined the regional characteristics that predict TIGER grants with low income beneficiaries/users (Table 5). We found few statistically significant variables in this model. Once again, MPO sponsorship is weakly statistically significant and positive. None of the other variables are statistically significant.

Overall, we have some reservations about drawing major conclusions from these models. Our coding of the TIGER projects relied on the descriptions supplied by the U.S. DOT. A brief mention of low income beneficiaries in a project description is an imperfect indicator of meaningful substantive benefits for poor transit-dependent residents of a region or neighborhood development. Some projects that claim these benefits may fail to provide them, while other projects that do benefit the poor may not mention any specific benefits in the one-page DOT description. Moreover, we treat all projects (transit, roads, bike-ped paths) the same in our coding for low income beneficiaries, when the types of benefits and the number of people who might be affected by these projects could vary widely. We also do not track the geographic or spatial impact of projects in our current analysis. While potentially useful for analysis, geographic location may or may not indicate who uses a particular project, experiences externalities, or benefits that accrue to low-income

households that are not spatially proximate. For instance, even though a New Starts application for a bus rapid transit project cited the project as benefiting equity because of *some* low-income riders, the project was largely seen as benefiting downtown development and disproportionately high-income users, (as well as having large lost opportunity costs).<sup>5</sup> In addition, we are only able to look at the relationships between beneficiaries, project type, and other regional characteristics for funded projects. We are not able to observe how the differences between funded projects compare to the applicant pool as a whole. Consequently, we cannot say whether certain regions are more or less likely to receive grants that address our equity dimensions because they are more likely to request those kinds of grants than other types of metropolitan areas or because they are more likely to be successful when requesting those kinds of grants.

**Table 5: TIGER projects involving low income beneficiaries/users**

	<b>Low Income Grant</b>
Dissim index, poverty	19.233 (13.092)
MPO sponsor	2.219 <sup>†</sup> (1.146)
% urban	-0.062 (0.038)
Equity Advocacy Nonprofits per 10,000	-9.309 (8.851)
Constant	-5.314
Pseudo R <sup>2</sup>	.210
N	42

Table entries are unstandardized regression coefficients. For a two-tailed test of significance, †p<0.10; \*p<0.05; \*\*p<0.01

### **Discussion**

Our findings indicate that metropolitan capacity and characteristics might influence the award of competitive federal programs for transportation investment. Certainly, findings are not conclusive, but we demonstrate that uneven capacity *across* regions deserves attention in federal program design.

<sup>5</sup> One example is a now scrapped downtown tunnel project that would connect bus service from a black community in Boston to the subway system. Although the region's plan rated the project high on equity measures, advocates opposed in part due to lost opportunity costs and need for improved bus service (see Wall, 2005 for a media account).

The Orlando case study shows how regional capacity led to a New Starts award, and statistical results indicate a relationship between receiving a TIGER award and metropolitan capacity and political representation. Interestingly, aligning with studies and popular conceptions of “pork”, we found a significant correlation between having a senator on the transportation subcommittee and receipt of a 2009 award. Metropolitan population also has a significant, positive effect. Most important for our hypothesis, the proxy for civic capacity (the number of nonprofits per 10,000 residents) also has a significant, positive coefficient. Finally, the coefficient for economic spatial segregation is also significant and positive. Given the spatial nature of transportation investment’s benefits and externalities, it increases the importance of understanding equity across income groups *within* each region.

Our analysis suggests within region equity may not fare well in competitive programs and that local equity advocacy capacity may matter. Although transit is not synonymous with equitable investment, we reviewed which awards were for transit and found that regional economic dissimilarity, as well as MPO sponsorship, has a significant, positive correlation with transit projects. We coded projects on whether they specified a neighborhood revitalization benefit or low-income users. Metropolitan poverty rates have a significant, negative bivariate correlation with the combined score of the two metrics. In other words, projects in poorer regions are less likely to be coded as serving neighborhood revitalization and/or low-income users. We analyzed these proxies for equity in two separate logits, anticipating potentially divergent patterns. MPO sponsorship and the proxy for equity advocacy capacity (advocacy nonprofits per 10,000 residents) both have positive and significant coefficients for neighborhood revitalization, supporting our hypothesis that advocacy capacity could influence the likelihood of equity benefits. On the other hand, the share of urban residents in the MSA has a negative and significant correlation, a relationship we are not sure how to interpret. Only MPO sponsorship had a significant coefficient for predicting whether a project was coded as benefiting low-income users.

We propose that advocacy organizations could be a necessary pre-condition for ensuring federal investment is directed toward low and moderate income neighborhoods—but not a guarantee. This importance of advocacy groups is shown likewise in Swanstrom and Bank’s (2009) account of the push for workforce development practices in transportation investment. Their findings show an iterative role for equity advocacy at different scales and through different venues. Likewise, Pendall, Gainsborough, Lowe and Nguyen (2012) identify community development corporations in Boston and high-capacity housing authorities in metro Denver as critical in making transit-oriented development equitable. Thus, overall capacity in a metropolitan area, as well as the capacity of actors with equity or affordable housing agendas, may be necessary to leverage federal investment for low-income communities.

In sum, our findings substantiate concerns that competitive programs could exacerbate within and among region inequities. The small sample size and use of imperfect proxies limit the conclusiveness of statistical findings and do not demonstrate causality. Furthermore, we do not even suggest that federal awards will always follow this pattern. Analysis could incorporate more years of the TIGER

program, but we think there is value in focusing on the first year of a program, during which new and time-sensitive processes may especially require capacity. The case studies of a more established competitive program does, however, exemplify how uneven metropolitan capacities may be reinforced through competitive federal programs and raise issues with the potential within metro equity implications.<sup>6</sup> In our New Starts case studies, low-income and minority residents did not benefit from federal transit investment, but through two different routes.<sup>7</sup> The lack of regional capacity meant that Miami area did not receive federal investment for its heavy-rail system in the 2000s.<sup>8</sup> On the other hand, Orlando area business leaders, in partnership with regional entities and elected officials, were able to persist in their efforts at the state and federal level. Millions of federal dollars are slated to support the SunRail project that will serve a disproportionately low share of metropolitan residents without cars.

## Conclusion

Merit-based, competitive awards seem to be an appealing tool to leverage federal spending with local dollars, support agency priorities, and ensure that awards maximize benefits. However, our study substantiates concerns that competitive programs could enforce existing differences in metropolitan governance capacities, including but not limited to formal government.

We found that low-income groups missed out on federal investment in Florida, partially due to a lack of capacity in Miami and a lack of advocates in Orlando. Quantitative analysis showed our proxy for capacity—non profits per 10,000 residents—spatial economic segregation, and the “pork barrel” explanation of spending correlated with receipt of federal funds. We also found some statistically significant results that equity advocacy capacity correlated with whether TIGER awards were part of neighborhood revitalization. In sum, findings support the need to understand the across and within region capacity and resulting equity effects from competitive federal grants.

Due to federal dependence on local capacity, national spending is corralled in ways that may support federal goals but far from the fullest extent possible. For instance, in the Florida cases, the region with less capacity had a project which would serve thousands more daily than the funded project in Orlando. One could argue that federal funding is best spent by rewarding those best able to use it. This, however, ignores the histories and potential path dependencies that regions experience, as well

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<sup>6</sup> For example, the Boston MSA has a high number of advocacy nonprofits (.21/10,000 residents, about half of the standard deviation above the average) and has leveraged transit investments as part of neighborhood redevelopment with strong leadership by organizations that would be classified as equity non-profits, received a competitive award from HUD (sustainable communities, community challenge grant of \$1.9 million award to the City of Boston in FY 2011 with a partnership including civic and government non-profits, [http://portal.hud.gov/hudportal/documents/huddoc?id=SUM\\_OF\\_FY11COMCHALGRANTS.PDF](http://portal.hud.gov/hudportal/documents/huddoc?id=SUM_OF_FY11COMCHALGRANTS.PDF)).

<sup>7</sup> One counterexample to the New Starts picture may be metro Denver’s receipt of millions in New Starts funds for several transit lines. Some of this new transit which will benefit public housing residents as users and through neighborhood revitalization. Denver has a higher density both of all organizations (14.5/10,000 residents) and advocacy (.18/10,000) than the averages of 11.96 and .16, respectively.

<sup>8</sup> We suppose there may be some variance in capacity within the region and at different scales, over time, and by sector. The region did secure a competitive planning grant and an earlier commuter rail competitive grant. The cases and analysis of the region is not the subject of this paper, but we anticipate that there is sub-regional variation in capacity in the region, which is one of the largest in the nation.

as the continued impact of macro-economic trends and federal policies. Furthermore, the federal level can have a unique, holistic—rather than competitive view—on how to best meet national needs and priorities. National government has often been the scale to ameliorate poverty. The concern for distribution and capacity cannot be addressed simply by adding an equity (or other) criterion, if our hypothesis holds true. Rather, the structure of grant-seeking requires mitigation or redesign. Thus, debates on the federal role and redistribution need to include the disparate impacts of programs that are not explicitly distributive in nature. Finally, researchers and activists must look not just to multiple government arenas—local, state, quasi-governmental, informal, regional and national—but also to the interaction across these forums. Multiple scales matter, not just because they are decision sites, but because capacity and action in one arena influence decision making in other spaces.

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