



Highlights of [GAO-08-844](#), a report to congressional committees

## Why GAO Did This Study

Through the New Starts program, the Federal Transit Administration (FTA) evaluates and recommends new fixed guideway transit projects for funding using the evaluation criteria identified in law. In August 2007, FTA issued a Notice of Proposed Rulemaking (NPRM), in part, to incorporate certain provisions within the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) into the evaluation process. SAFETEA-LU requires GAO to annually review FTA's New Starts process. This report discusses (1) the information captured by New Starts project justification criteria, (2) challenges FTA faces as it works to improve the New Starts program, and (3) options for evaluating New Starts projects. To address these objectives, GAO reviewed statutes, FTA guidance and regulations governing the New Starts program, and interviewed experts, project sponsors, and Department of Transportation (DOT) officials.

## What GAO Recommends

GAO recommends that the Secretary of Transportation take steps to improve the New Starts evaluation process, including seeking additional resources to improve local travel models and seeking a legislative change to allow FTA to consider the dollar value of mobility improvements in evaluating projects.

DOT officials generally agreed with the findings and recommendations in this report.

To view the full product, including the scope and methodology, click on [GAO-08-844](#). For more information, contact Katherine Siggerud at (202) 512-2834 or [siggeurdk@gao.gov](mailto:siggeurdk@gao.gov).

## PUBLIC TRANSPORTATION

### Improvements Are Needed to More Fully Assess Predicted Impacts of New Starts Projects

#### What GAO Found

FTA primarily uses cost-effectiveness and land use criteria to evaluate New Starts projects, but concerns have been raised about the extent to which the measures for these criteria capture total project benefits. FTA's current transportation system user benefits measure, which assesses a project's cost effectiveness, focuses on how proposed projects will improve mobility by reducing the real and perceived cost of travel. FTA told GAO that such mobility improvements are a critical goal of all transit projects. While the literature and most experts that GAO consulted with generally agree with this assertion, they also raised concerns that certain benefits are not captured. As a result, FTA may be underestimating transit projects' total benefits, but it is unclear the extent to which this impacts FTA's evaluation and rating process. FTA officials acknowledged many of these limitations but noted that resolving these issues would be difficult without a substantial investment of resources by all levels of government to improve and update local travel models.

FTA faces several systemic challenges to improving the New Starts program, including addressing multiple program goals, limitations in local travel models, the need to maintain the rigor while minimizing the complexity of the evaluation process, and developing clear and consistent guidance for incorporating qualitative information. The evaluation criteria identified in the law reflect multiple goals for the program, which has led to varying expectations between FTA and project sponsors about what types of projects should be funded. Also, models that generate local travel demand forecasts are limited and may not provide all of the information needed to properly evaluate transit projects. FTA has taken steps to mitigate the modeling limitations, such as incorporating proxy measures to account for certain project impacts and developing a request for proposals to improve local travel models so that they can better predict changes in highway user benefits. However, according to FTA officials, the request for proposals is only a first step in improving local travel models, and additional resources are needed.

Experts and project sponsors GAO interviewed discussed different options for evaluating proposed transit projects but identified significant limitations of each option. One option is to revise the current New Starts evaluation process as proposed by FTA in the August 2007 NPRM. While some experts GAO spoke to appreciated the rigor of the current evaluation process, others noted that the NPRM may still underestimate total project benefits. For example, FTA's measure of mobility improvements does not account for benefits accruing to highway users, and its measures of environmental benefits may not properly distinguish among projects. Experts also discussed other options for evaluating proposed transit projects, including benefit-cost analysis. Unlike FTA's current evaluation process, benefit-cost analysis would attempt to monetize all benefits and costs, which experts told GAO would be a more comprehensive approach to evaluating projects. FTA is currently prohibited by statute from considering the dollar value of mobility improvements in evaluating projects.