



United States General Accounting Office
Washington, DC 20548

Resources, Community, and
Economic Development Division

B-283676

October 15, 1999

The Honorable Phil Gramm
Chairman
The Honorable Paul S. Sarbanes
Ranking Minority Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate

The Honorable Bud Shuster
Chairman
The Honorable James Oberstar
Ranking Democratic Member
Committee on Transportation and Infrastructure
House of Representatives

Subject: Mass Transit: "Mobility Improvements" Is One of Many Factors Used to Evaluate Mass Transit Projects

Since the early 1970s, the federal government has contributed large sums to the nation's capital investment in urban mass transit. In the 5 years prior to April 1999, for example, the Department of Transportation's (DOT) Federal Transit Administration's (FTA) "new starts" program—which funds major new rail, bus, and trolley transit projects using separate and exclusive rights of way—has provided state and local transit agencies with about \$3.8 billion to help design and construct such projects nationwide. The Transportation Equity Act for the 21st Century (TEA-21),¹ enacted in June 1998, authorizes \$8.2 billion for new starts transit projects through fiscal year 2003. As required by that act, we reported in April 1999 on FTA's processes and procedures for evaluating, rating, and recommending new starts transit projects for federal funding.² The act requires FTA to issue regulations describing how it considers new starts project criteria for overall project ratings. TEA-21 also required us to review "mobility improvements"—one of the factors considered in FTA's evaluation of "new starts" projects. FTA measures mobility improvements in terms of the amount of time potential projects will

¹P.L. 105-178.

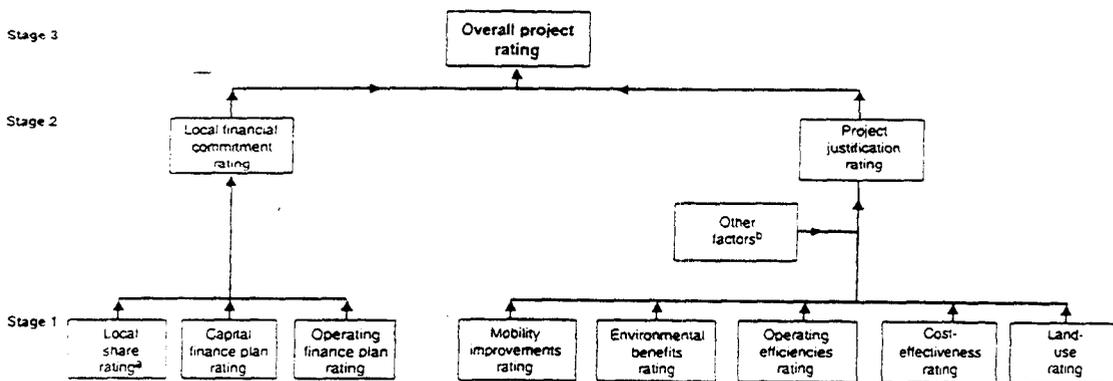
²Mass Transit: FTA's Progress in Developing and Implementing a New Starts Evaluation Process. (GAO/RCED-99-113, Apr. 26, 1999).

save system users and other commuters and the number of low-income households potential projects will serve. As agreed with your offices, this report describes how FTA currently considers mobility improvements as it evaluates proposed new starts projects. This report also discusses (1) how a proposed project's rating for mobility improvements affects its likelihood for selection and (2) FTA's proposed changes in how it will evaluate mobility improvements.

How FTA Considers Mobility Improvements When Evaluating Proposed New Starts Projects

TEA-21 requires that, before FTA may approve a grant or loan for a proposed new starts transit project, it must evaluate the project in a variety of ways, including its operating and capital finance plans and the mobility improvements, environmental benefits, and projected cost-effectiveness and operating efficiencies associated with the project. As shown in figure 1, FTA organizes these various criteria into two separate categories: local financial commitment and project justification. Mobility improvements is one of several project justification criteria.

Figure 1: FTA's New Starts Evaluation and Rating Process



^aThe local share is the percentage of a project's capital cost to be funded from sources other than new starts funding.

^bAccording to FTA, this optional criterion gives grantees the opportunity to provide additional information about a project that may contribute in determining the project's overall success.

Source: FTA.

To help develop a proposed project's overall rating, FTA, based on documentation submitted by project sponsors, assigns a descriptive rating of high, medium-high, medium, low-medium, or low to each criterion, including mobility improvements. Once the individual criterion ratings are completed, FTA combines them to develop summary project justification and local financial commitment ratings. FTA then combines the project justification and financial commitment summary ratings to assign an overall project rating of highly recommended, recommended, or not recommended. To receive the highly recommended rating, a project must have summary project justification and local financial commitment ratings of at least medium-high. To receive a rating of recommended, the project must have summary ratings of at least medium. A project is rated as not recommended when either summary rating is less than medium.³

³For a complete description of FTA's new starts evaluation and recommendation process, see our Apr. 26, 1999, report.

FTA evaluates the proposed improvements for mobility by reviewing two measures—travel time savings and the number of low-income households served.⁴ The first measure reflects the total travel time savings anticipated from the new starts investment compared to other alternatives. This includes the travel time savings for new and existing transit riders as well as people using competitive modes of travel such as personal automobiles. Because TEA-21 directs FTA to “not consider the dollar value of mobility improvements” in assessing new starts projects, FTA evaluates the sum total of the estimated hours saved (or increased) by commuters and others affected by each proposed project. In order to compare projects, FTA normalizes the measure by each project’s annual capital cost, which results in a measure of hours saved per dollar of capital cost.

The second mobility improvements measure reflects the absolute number of low-income households—defined as households below the poverty level—located within a half-mile of a proposed project’s boarding points, or stations. As it does with the time savings measure, FTA normalizes this measure by each project’s annual capital cost, which results in a composite measure of persons served per dollar of capital cost.

FTA then ranks the projects according to both of these mobility improvements measures and assigns, for each measure, a high, medium-high, medium, low-medium, or low rating based on the projects’ relative rankings. These ratings are then combined (with greater emphasis on travel time savings) to assign an overall mobility improvements rating.

High Mobility Improvements Rating Does Not Guarantee Project Approval

Because FTA considers numerous criteria in determining a project’s overall rating, a rating in any one criterion cannot be used to absolutely predict FTA’s final determination with respect to a particular project. As a result, some projects that are rated high or medium-high for mobility improvements will not receive a rating of recommended. FTA’s Director for Policy Development told us that some proposed new starts projects could receive high ratings for improving mobility but not receive a rating of recommended because their financial commitment packages are not yet completed. He also told us that he would expect to see a fairly strong correlation between a project that receives an overall rating of recommended or highly recommended and its individual criterion ratings, because most projects that receive a rating of recommended or higher are thoughtfully conceived, well-planned, and well-managed projects and thus receive high scores across all criteria.

Of the 19 projects that FTA rated as recommended or highly recommended in its fiscal year 2000 new starts report, 15 received a medium or higher rating for mobility improvements. Only four received a low rating or medium-low rating. Conversely, of the 20 projects that were not recommended, 14 were rated low or medium-low for mobility improvements.

FTA Is Considering Some Changes to Its Mobility Improvements Rating

According to an FTA official, the agency is considering several changes that would better address mobility improvements for low-income households as part of its regulations on the entire new starts evaluation process. DOT issued, in April 1999, a notice of proposed rulemaking describing how FTA considers every new starts project criteria, including mobility improvements, to establish overall

⁴The measures for each project justification criterion were proposed by FTA in 1994 and became final in 1996, after FTA circulated its proposed new starts evaluation policy for comments to interested parties, including state and local governments, transit agencies, metropolitan planning organizations, and consultants. As a result of the comments received, FTA adopted the criteria measures currently in use.

project ratings.³ DOT received 41 comments, of which 24 contained either a general or specific comment directed at how FTA considers mobility improvements. Some of these comments were directed specifically at how the current evaluation process considers the mobility of the low-income households to be served by the proposed project. Several commenters stated that the number of low-income households within one-half mile of the system's boarding points was an inadequate measure of a proposed project's improvements to mobility. FTA expects the final regulation to be implemented in time to be used to prepare its fiscal year 2002 report on new starts funding to be issued in February 2001. For the fiscal year 2001 annual new starts report due in February 2000, FTA will use the existing process.

Agency Comments

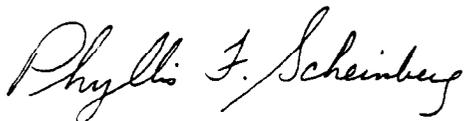
We provided a draft of this report to DOT for review and comment. We then met with FTA's Director for Policy Development. FTA agreed with the report's information and provided a minor clarification, which we incorporated.

Scope and Methodology

To address the mobility improvements issues in this report, we reviewed the legislation governing new starts transit projects, FTA's fiscal year 2000 new starts report, its technical guidance on the new starts criteria, and comments on the notice of proposed rulemaking for the new starts evaluation process. We also talked with FTA's Director for Policy Development.

We performed our work from August through October 1999 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Honorable Rodney E. Slater, Secretary of Transportation; the Honorable Gordon Linton, Administrator, Federal Transit Administration; the Honorable Jacob Lew, Director, Office of Management and Budget; and other interested parties. We will make copies available to others upon request. Key contributors to this report were Jack Bagnulo, Carol Ruchala, and Ron Stouffer. Please call me at (202) 512-2834 if you have any questions about this report.



Phyllis F. Scheinberg
Associate Director,
Transportation Issues

³64 Fed. Reg. 17062, (Apr. 7, 1999).

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 37050
Washington, DC 20013

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000
or by using fax number (202) 512-6061, or TDD (202) 512-2537.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

<http://www.gao.gov>

**United States
General Accounting Office
Washington, D.C. 20548-0001**

**Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100**

**Official Business
Penalty for Private Use \$300**

Address Correction Requested
