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# Highlights

Highlights of [GAO-03-701](#), a report to the Committee on Banking, Housing, and Urban Affairs, U.S. Senate, and the Committee on Transportation and Infrastructure, House of Representatives

## Why GAO Did This Study

Under the Transportation Equity Act for the 21st Century (TEA-21), Congress authorized federal funding for New Starts fixed guideway transit projects—including rail and bus rapid transit projects that met certain criteria. In response to an annual mandate under TEA-21, GAO assessed the New Starts evaluation and ratings process for the fiscal year 2004 cycle, including (1) changes to the process and any related issues and (2) any challenges related to New Starts initiatives contained in the administration's fiscal year 2004 budget proposal.

## What GAO Recommends

To ensure that transit agencies have clear information on the New Starts program, Federal Transit Administration (FTA) should (1) amend its regulations governing the level of federal funding share for projects to reflect its current policy and (2) issue additional guidance to transit agencies on the use of local travel forecasting models in calculating the Transportation System User Benefits measure.

Department of Transportation officials generally agreed with the information provided in this report. They concurred with the recommendation about providing guidance on the user benefits measure and they will consider the recommendation about amending the regulations related to federal funding share.

[www.gao.gov/cgi-bin/getrpt?GAO-03-701](http://www.gao.gov/cgi-bin/getrpt?GAO-03-701).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Rita Grieco at (202) 512-9047 or [griecor@gao.gov](mailto:griecor@gao.gov)

## MASS TRANSIT

# FTA Needs to Provide Clear Information and Additional Guidance on the New Starts Ratings Process

## What GAO Found

FTA made two changes to the New Starts evaluation and ratings process for the fiscal year 2004 cycle. First, in response to language contained in a conference report prepared by the House Appropriations Committee, FTA adopted a 60 percent preference policy, which in effect, generally reduced the level of New Starts federal funding share for projects from 80 percent to 60 percent. Because FTA has not revised its program regulations to reflect this change, transit agencies, project sponsors, and the public did not have an opportunity to formally comment on the change. Explicitly stating its criteria and procedures in regulation would allow those involved in considering potential projects to make their investment decisions on the basis of a transparent process. Second, FTA revised some of the criteria used in the ratings process to include a new Transportation System User Benefits measure. Project sponsors GAO interviewed said that the measure was an improvement over the previous benefits measure because it considers benefits to both new and existing transit system riders. However, many project sponsors experienced difficulties in generating a value for the measure for a number of reasons, such as problems with their local forecasting models. FTA officials are working closely with project sponsors to correct these problems, but more guidance may be necessary to avert similar difficulties in the future.

The administration's fiscal year 2004 budget proposal requests that \$1.5 billion be made available for New Starts for that year, a 25 percent increase over fiscal year 2003. The budget proposal contains three initiatives—reducing the federal share to 50 percent, allowing certain nonfixed guideway projects to be funded through New Starts, and establishing a streamlined ratings process for projects requesting less than \$75 million in New Starts funding. These initiatives may allow FTA to fund more projects and give local communities flexibility in choosing among transit modes. However, they may also create challenges for some future transit projects, such as difficulties in generating an increased local funding share or a reduction in the number of smaller communities that will participate in New Starts.

Light Rail Transit System in Portland, Oregon



Source: Chris Fussell and TriMet, Portland, Oregon (reprinted with permission).