

Highlights of [GAO-11-54](#), a report to the Committee on Banking, Housing, and Urban Affairs, U.S. Senate

Why GAO Did This Study

Public demand and federal funding for transit have grown in recent years, yet most of this funding is not tied to performance. As Congress prepares for reauthorization of the federal surface transportation programs, GAO was asked to report on (1) the extent to which federal transit programs use performance information in making decisions about funding distribution and in evaluating the programs' effectiveness; (2) mechanisms for making these programs more performance based, and strategies for supporting their successful implementation; and (3) how selected U.S. and foreign transit agencies have used performance measurement in their planning and decisions, and their views on the federal role in transit. To do so, GAO analyzed legislation, federal documents, and literature; interviewed federal officials and transit experts; and conducted semistructured interviews with selected transit agencies using criteria that, for U.S. agencies, covered a variety of regions and population sizes and, for foreign agencies, multiple transit modes and English language capability.

What GAO Recommends

The Federal Transit Administration (FTA) should (1) report to Congress on options for adding performance accountability mechanisms to transit programs to ensure efficient and effective federal transit programs and (2) further analyze and use transit agency data, when applicable, for evaluating federal transit program performance. DOT reviewed a draft of this report, provided technical clarifications, and said it would consider our recommendations.

View [GAO-11-54](#) or key components. For more information, contact David J. Wise at (202) 512-2384 or wised@gao.gov.

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FEDERAL TRANSIT PROGRAMS

Federal Transit Administration Has Opportunities to Improve Performance Accountability

What GAO Found

Some federal transit programs distribute funds based partly on performance, but opportunities to improve grant recipients' performance accountability remain. Of the eight transit programs GAO reviewed—which represent 97 percent of total federal transit grants in fiscal year 2010 (excluding funds provided under the American Recovery and Reinvestment Act)—two are generally funded by congressional direction, while the remaining six are funded through legislatively defined grant formulas. Federal funding for the two nonformula programs GAO reviewed—the New Starts Program and the Bus and Bus Related Equipment and Facilities Program—is awarded in part according to performance. A small percentage of federal transit funding for the six formula programs is apportioned based on performance—according to GAO's analysis, about 5 percent, on average, of fiscal year 2010 funding. FTA does not, in general, analyze fully or use the performance data it collects from transit agencies to evaluate the effectiveness of its transit grant programs; thus, FTA is missing a valuable opportunity to evaluate the end results of its program activities and programs' funding formulas.

GAO identified three performance accountability mechanisms for making federal transit programs more performance based, including providing financial rewards or penalties/sanctions, increasing or decreasing program flexibility as a performance incentive, and recognizing entities that achieve certain performance goals. These mechanisms have both potential advantages—most notably, they can encourage improved performance and help agencies make sound decisions when allocating limited funds—and potential disadvantages that can produce inequitable results or burden transit agencies with requirements to gather, maintain, and analyze data. GAO also identified several key strategies that can support the use of these mechanisms and mitigate their disadvantages, such as ensuring that mechanisms are of sufficient value and that appropriate measures are selected, among others. However, without FTA analysis of the appropriateness, feasibility, and potential impact of using various transit performance mechanisms, Congress may lack information to determine whether and how these mechanisms could be used to make transit funding more performance based as it prepares for the upcoming surface transportation reauthorization.

Transit agencies that GAO interviewed use performance measurement to varying degrees, but they face challenges in linking performance with planning and decision making. All of these agencies measure performance in certain categories, such as ridership and on-time performance, but the extent to which they measure it in others—such as environmental impact, energy usage, and economic development—varies widely. Transit agency officials reported that measuring performance presents challenges, in part because it can be difficult to obtain relevant data and develop a sound methodology. They also said that linking performance to planning and decision making is challenging because of either limited funding or political priorities. These transit agencies and other experts suggested a variety of changes to the federal role in transit, including increasing investment in existing transit infrastructure; developing federal transit program goals that generally address broader issues, such as encouraging a shift from automobiles to public transit; and promoting livable communities around transit systems.