

July 2007

PUBLIC TRANSPORTATION

Future Demand Is Likely for New Starts and Small Starts Programs, but Improvements Needed to the Small Starts Application Process





Highlights of [GAO-07-917](#), a report to congressional committees

Why GAO Did This Study

Through the New Starts program, the Federal Transit Administration (FTA) identifies and recommends new fixed-guideway transit projects for funding. The Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) created a separate program, commonly called Small Starts, which is intended to offer a streamlined evaluation and rating process for smaller-scale transit projects. FTA subsequently introduced a separate eligibility category within the Small Starts program for “Very Small Starts” projects. These are simple, low-risk projects that qualify for a simplified evaluation and rating process. SAFETEA-LU requires GAO to annually review FTA’s New Starts process. This report presents information on (1) FTA’s fiscal year 2008 funding recommendations, (2) the extent to which the New Starts pipeline has changed over time, and (3) future projected trends for the New Starts and Small Starts pipelines. To address these objectives, GAO surveyed 215 project sponsors—78 percent of which responded—and interviewed FTA officials, 15 project sponsors, and 3 industry groups.

What GAO Recommends

GAO recommends that FTA make several program improvements, including further streamlining the Small Starts application process. FTA officials agreed to consider GAO’s recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-917.

To view the full product, including the scope and methodology, click on the link above. To view the e-supplement online, click on www.gao.gov/cgi-bin/getrpt?GAO-07-927SP. For more information, contact Katherine Siggerud at (202) 512-2834 or siggerudk@gao.gov.

PUBLIC TRANSPORTATION

Future Demand Is Likely for New Starts and Small Starts Programs, but Improvements Needed to the Small Starts Application Process

What GAO Found

For the fiscal year 2008 evaluation cycle, FTA recommended to Congress 10 New Starts and 4 Small Starts projects for funding. The administration’s budget request of \$1.40 billion is primarily allocated to New Starts projects with existing and pending full funding grant agreements. SAFETEA-LU made several changes to the New Starts evaluation and rating process, which FTA is implementing.

Since the fiscal year 2001 evaluation and rating cycle, the New Starts pipeline—that is, projects in the preliminary engineering and final design phases—has changed in size and composition, responding to a variety of factors. The number of projects in the New Starts pipeline has decreased by more than one-half, and the types of projects in the pipeline have changed, with bus rapid transit replacing commuter or light rail as the most common type of project. FTA officials attributed the decrease in the number of projects to FTA’s increased scrutiny of applications to help ensure that only the strongest projects enter the pipeline, and to FTA’s efforts to remove projects from the pipeline that were not advancing or did not adequately address identified problems. Project sponsors that GAO interviewed cited other reasons for the pipeline’s decrease, including the complexity, lengthiness, and cost of the New Starts process. The lengthy nature of the New Starts process is due, in part, to the rigorous and systematic evaluation and rating process established by law—which GAO has previously noted could serve as a model for other programs. Other reasons cited by project sponsors for the decrease in the pipeline include finding alternative sources of funding or opting not to apply because they realize their projects are unlikely to receive funding. FTA is considering different ideas on how to improve the New Starts process, some of which may address the concerns identified by project sponsors.

Despite these concerns, GAO’s survey of project sponsors indicated future demand for New Starts funding. Project sponsors reported having 141 planned New Starts, Small Starts, and Very Small Starts projects and will likely seek New Starts funding for almost three-fourths of these projects. Of these planned projects, project sponsors indicated that they intend to seek New Starts funding for 57 New Starts projects, 30 Small Starts projects, and 14 Very Small Starts projects. Project sponsors GAO surveyed also reported considering a range of alternative project types in their planning. Although project sponsors expressed appreciation for the creation of the Small Starts program, noting it filled a funding gap, they said the Small Starts application process is not tailored to the Small Starts program and is time-consuming, costly, and duplicative. GAO also found that the application is not always tailored for Small Starts applicants and, in several instances, requests duplicative information. FTA officials acknowledged that the Small Starts application process could be further streamlined, and they are working to decrease the burden.

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Abbreviations

FFGA	full funding grant agreement
FTA	Federal Transit Administration
PCGA	project construction grant agreement
SAFETEA-LU	Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users

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United States Government Accountability Office
Washington, DC 20548

July 27, 2007

The Honorable Christopher J. Dodd
Chairman
The Honorable Richard Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable James L. Oberstar
Chairman
The Honorable John L. Mica
Ranking Republican Member
Committee on Transportation and Infrastructure
House of Representatives

Since the early 1970s, a significant portion of the federal government's share of new capital investment in mass transportation has come through the Federal Transit Administration's (FTA) New Starts program. Through this program, FTA identifies and recommends new fixed-guideway transit projects—including heavy, light, and commuter rail; ferry; and certain bus projects—for grants, typically through full funding grant agreements (FFGA).¹ An FFGA establishes the terms and conditions for federal funds available for the project, including the maximum amount of federal funds available. Over the last decade, the New Starts program has provided state and local agencies with over \$10 billion to help design and construct transit projects throughout the country.

More recently, the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU) created, and FTA

¹Fixed-guideway systems use and occupy a separate right-of-way for the exclusive use of public transportation services. These fixed-guideway systems include fixed rail, exclusive lanes for buses and other high-occupancy vehicles, and other systems.

implemented, what is commonly called the Small Starts program.² This program is intended to advance smaller-scale projects through an expedited and streamlined evaluation and rating process. Small Starts projects are defined as those with a need for less than \$75 million in funding from this program and a total capital cost of less than \$250 million.³ FTA subsequently introduced a new eligibility category within the Small Starts program called Very Small Starts, which is for projects with a total capital cost of less than \$50 million. Very Small Starts projects will qualify for an even simpler and more expedited evaluation and rating process than other Small Starts projects. In July 2006, FTA issued interim guidance on Small Starts, including Very Small Starts, to govern the administration of the program until the final rule is issued. FTA expects to issue the final rule in April 2008.

Although SAFETEA-LU made a number of changes to the New Starts program, including the creation of the Small Starts program, it also maintained many program requirements imposed by previous authorizing legislation. For example, FTA must continue to prioritize projects for funding by evaluating, rating, and recommending potential projects on the basis of specific financial commitment and project justification criteria—including mobility improvements, cost-effectiveness, economic development, land use, environmental benefits, and operating efficiencies. Using these statutorily identified criteria, FTA evaluates potential projects annually and as a condition for advancement into each phase of the process, including preliminary engineering, final design, and construction.

²Although SAFETEA-LU did not create a separate Small Starts program, it established various requirements to be applied to projects receiving capital investment grants of less than \$75 million and where the total estimated net capital cost of the project is less than \$250 million. FTA consistently refers to this authority as the Small Starts program in its regulations, annual report, and guidance. Thus, for the purposes of this report, we refer to Small Starts as a program. Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users, Pub. L. No. 109-59, title III, § 3011, 119 Stat. 1573 (2005), codified as positive law at 49 U.S.C. § 3509. See, in particular, 49 U.S.C. § 3509(e).

³Transit projects that qualify for the Small Starts program are referred to as “Small Starts projects” in this report as well as in FTA’s guidance and reports. Transit projects that do not qualify for the Small Starts program because they request more federal funding, or are larger in scope, than is permitted by 49 U.S.C. § 5309(e) are referred to as “New Starts projects.” Thus, in this report, we use the term “New Starts” in two contexts: (1) to identify projects that are larger in scope than is permitted by 49 U.S.C. § 5309(e) and (2) as a reference to the entire capital investment grants program that is subject to 49 U.S.C. § 5309(d) or (e). As used in this report, “New Starts *projects*” refer to projects that do not qualify as Small Starts, while “New Starts *program*,” “New Starts *funding*,” and “New Starts *pipeline*” refer generally to the capital investment grants program.

FTA refers to projects in the preliminary engineering or final design phases as the “pipeline” through which successful projects advance to receive funding. FTA determines which projects to fund through an evaluation and rating process, whereby projects are evaluated on the basis of various criteria and then are assigned a “high,” “medium,” or “low” rating.

We are required to report each year on FTA’s processes and procedures for evaluating, rating, and recommending New Starts projects for federal funding and on FTA’s implementation of these processes and procedures.⁴ This report examines (1) how many and what types of projects FTA evaluated, rated, and recommended for funding in the fiscal year 2008 evaluation and rating cycle, and the extent to which FTA has implemented SAFETEA-LU’s changes to the New Starts evaluation and rating process; (2) the extent to which, if any, the New Starts pipeline has changed since the fiscal year 2001 evaluation and rating cycle, and the factors that contributed to any such trends; and (3) any projected trends for the New Starts and Small Starts pipelines and the views of project sponsors on the Small Starts program. To address these objectives, we surveyed all project sponsors that are located in urbanized areas with a population of over 200,000 and that have an annual transit ridership of over 1 million.⁵ In total, we surveyed 215 project sponsors, asking them about their experience to date with the New Starts program and plans to apply for the program in the future. Of the 215 project sponsors, 168 responded to the survey—for a survey response rate of 78 percent. The survey and a more complete tabulation of the results can be viewed at www.gao.gov/cgi-bin/getrpt?GAO-07-927SP. We also interviewed 15 project sponsors, including the 10 sponsors that applied for funding for Small Starts projects, including Very Small Starts projects, for the fiscal year 2008 evaluation cycle. We selected the other 5 project sponsors that we interviewed on the basis of their agencies’ experience with the New Starts processes, size, and location. In addition, we interviewed FTA officials and representatives from transportation industry associations. We

⁴49 U.S.C. § 5309(k)(2).

⁵Project sponsors that we surveyed may or may not have previously applied to the New Starts program, but because of their size and ridership, these sponsors would be more likely to plan the types of transit projects that would potentially qualify for New Starts funding. Project sponsors are typically transit agencies, but they may also include city transportation offices and metropolitan planning organizations, among other entities. In this report, project sponsors are current sponsors of transit projects as well as past or potential sponsors of such projects.

also reviewed FTA's New Starts and Small Starts guidance, the Advanced Notice of Proposed Rule Making for Small Starts, and the statutory provisions that address the New Starts program. In May 2007, we reported on preliminary findings from our work.⁶ We conducted our work from November 2006 through July 2007 in accordance with generally accepted government auditing standards. (See app. I for more information about our scope and methodology.)

Results in Brief

For the fiscal year 2008 evaluation cycle, FTA evaluated and rated 18 projects—including 14 New Starts, 1 Small Starts, and 3 Very Small Starts projects—and recommended to Congress 14 of these projects for funding. Of the 14 New Starts projects rated, 2 were rated as “high,” 12 were rated as “medium,” and none were rated as “low.” FTA recommended 10 of the 14 New Starts projects for funding. Specifically, FTA recommended 2 New Starts projects for proposed FFGAs and 2 projects for pending FFGAs.⁷ In addition, FTA identified 6 “other” New Starts projects that may be eligible for funding outside of FFGAs in fiscal year 2008. FTA received 12 requests to enter project development for Small Starts and Very Small Starts projects, and evaluated and rated 4 of them. FTA rated these 4 projects as “medium” and recommended them for funding. The administration's fiscal year 2008 budget request for the New Starts program is \$1.40 billion. A majority of the requested funding is allocated to New Starts projects with existing and pending FFGAs and to those proposed for new FFGAs. SAFETEA-LU made several changes to the New Starts evaluation and rating process, including adding economic development as an evaluation criterion and changing the rating scale. FTA is in the process of addressing these SAFETEA-LU changes and expects to have them implemented by the completion of its upcoming rulemaking.

The New Starts pipeline has changed in size and composition since the fiscal year 2001 evaluation and rating cycle, and a variety of factors have contributed to these changes. Since the fiscal year 2001 evaluation and rating cycle, the number of projects in the New Starts pipeline has decreased by more than one-half (from 48 to 19). The level of funding per

⁶GAO, *Preliminary Analysis of Changes to and Trends in FTA's New Starts and Small Starts Programs*, GAO-07-812T (Washington, D.C.: May 10, 2007).

⁷Projects with pending FFGAs were previously recommended for FFGAs by FTA; however, FFGAs have not been executed. FTA expects to execute both pending FFGAs by the end of fiscal year 2007.

project has grown since fiscal year 2001, from about \$20 million to about \$103 million on average. In addition, the types of projects in the pipeline have changed, as bus rapid transit projects are now more common than commuter or light rail projects, although bus rapid transit projects account for a small portion of the total cost (13 percent) for all projects in the pipeline. FTA officials and project sponsors offered different reasons for the decrease in the New Starts pipeline. FTA officials said that they had increased their scrutiny of applications to help ensure that only the strongest projects enter the pipeline. According to these officials, they took steps to remove projects from the pipeline that were not advancing or that did not adequately address identified problems—although the officials noted that most project sponsors voluntarily withdrew projects from the pipeline, rather than have FTA remove them. Project sponsors we interviewed provided other reasons for the decrease in the New Starts pipeline. In particular, they maintained that the New Starts process is complex, time-consuming, and costly. In addition, project sponsors said they found alternative sources of funding or decided not to apply because the process is well-established and they realize their projects are unlikely to receive funding. Our survey identified similar reasons offered by project sponsors. For example, the project sponsors we surveyed with completed transit projects most often said they did not apply to the New Starts program because the process was lengthy or they wanted to move the project along faster than could be done in the New Starts process. About two-thirds of these project sponsors reported that their most recent project was eligible for the New Starts program, yet more than one-fourth of them did not apply to the program.⁸ The lengthiness of the New Starts process is due, at least in part, to the rigorous and systematic evaluation and rating process established by law—which we have previously noted could serve as a model for other transportation programs. FTA has recognized that the process can be lengthy and, in 2006, commissioned a study to examine, among other issues, opportunities for accelerating and simplifying the process for implementing the New Starts program. FTA is currently reviewing the study’s findings and recommendations.

Despite these concerns, our survey of project sponsors indicated that there is likely to be a future demand for New Starts funding. The project sponsors we surveyed reported having 141 planned projects—that is,

⁸Of the 54 project sponsors with a completed transit project, 35 reported that their most recently completed project was eligible for New Starts funding. Of those 35 sponsors, 10 did not apply to the program.

projects currently undergoing an alternatives analysis or another type of corridor-based planning study.⁹ According to the project sponsors, they plan to seek New Starts funding for almost three-fourths (72 percent) of these 141 New Starts, Small Starts, or Very Small Starts projects. The project sponsors we surveyed also indicated that they were considering a range of project alternative types in their planning. The most commonly cited types were bus rapid transit and light rail. Our survey results further indicated that, through its Small Starts and Very Small Starts programs, FTA is attracting project sponsors that would not otherwise apply for the New Starts program or that have not previously applied to the New Starts program. For example, of 30 project sponsors that intend to seek New Starts funding for their planned Small Starts or Very Small Starts projects, 13 have not previously applied for New Starts funding.¹⁰ Although project sponsors we interviewed expressed appreciation for the creation of the Small Starts program, noting that it fulfilled a funding gap, they said the Small Starts application process is not tailored to the Small Starts program and is time-consuming, costly, and duplicative. They suggested, for example, that FTA further streamline the Small Starts application process by eliminating requests for information already requested in required worksheets. We also found that the application is not always tailored for Small Starts applicants and, in several instances, requests duplicative information. FTA officials acknowledged that the Small Starts application process could be further streamlined, and they are working to decrease the burden. The project sponsors we interviewed, especially those that have never applied for New Starts funding, would also like more assistance from FTA on how to complete the application process. According to FTA, 8 of the 12 applications for fiscal year 2008 were incomplete or the proposed projects were ineligible. In some instances, project sponsors did not understand what constitutes an eligible project. We found that although FTA's Small Starts guidance outlines the elements required for a project to receive funding, such as traffic signal priority/preemption, level boarding, or branding of the proposed service, it

⁹An alternatives analysis (also known as a major investment study or a multimodal corridor analysis) is conducted to evaluate a range of transportation alternatives (including the appropriate modal and alignment options) developed to address transportation problems and mobility needs in a given corridor. The alternatives analysis is intended to provide information to local officials on the benefits, costs, and impacts of alternative transportation investments developed to address the purpose and need for an improvement in the corridor.

¹⁰Thirty project sponsors that responded to our survey intend to seek New Starts funding for their planned Small Starts or Very Small Starts projects. However, 2 of those sponsors did not answer whether they had previously applied for any New Starts funding.

does not explicitly identify as ineligible those projects that have already begun to incrementally incorporate certain Small Starts elements.

This report contains three recommendations to the Secretary of Transportation to improve the Small Starts program. To facilitate information sharing about the program, FTA should develop a Small Starts working group and conduct training for applicants. To ensure that project sponsors better understand what types of projects are eligible for funding as Small Starts, FTA should clarify in its guidance that a project must include all of the required elements listed in the program guidance and must also be providing new service. Finally, to ensure that the Small Starts program provides a streamlined application process for applicants, FTA should continue to refine its Small Starts application process.

The Department of Transportation, including FTA, reviewed a draft of this report. FTA generally agreed with the report's findings and conclusions, and agreed to consider our recommendations. They also provided technical clarifications, which we incorporated as appropriate.

Background

SAFETEA-LU authorized over \$45 billion for federal transit programs, including \$8 billion for the New Starts program, from fiscal years 2005 through 2009. Under the New Starts program, FTA identifies and recommends fixed-guideway transit projects for funding—including heavy, light, and commuter rail; ferry; and certain bus projects (such as bus rapid transit). SAFETEA-LU also made changes to the New Starts program, including changes to its evaluation and rating process. FTA already has implemented some of these changes and has undertaken efforts to address the remaining changes.

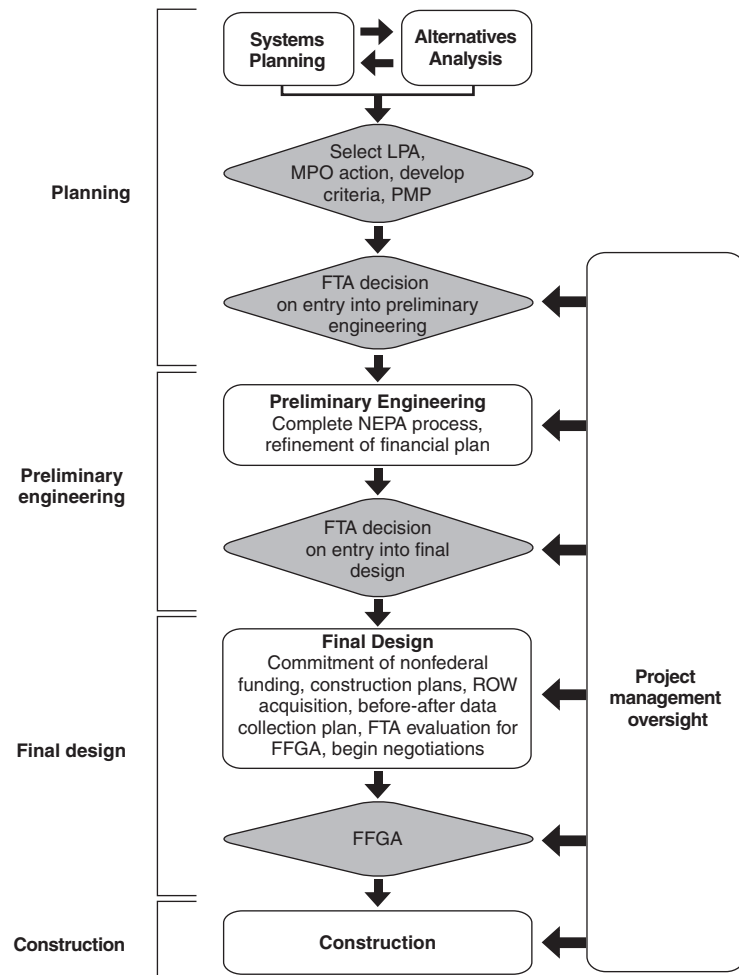
FTA generally funds New Starts projects through FFGAs, which establish the terms and conditions for federal participation in a New Starts project. FFGAs also define a project's scope, including the length of the system and the number of stations; its schedule, including the date when the system is expected to open for service; and its cost. For a project to obtain an FFGA, it must progress through a local or regional review of alternatives and meet a number of federal requirements, including requirements for information used in the New Starts evaluation and rating process (see fig. 1). As required by federal statute, New Starts projects must emerge from a regional, multimodal transportation planning process. The first two phases of the New Starts process—systems planning and alternatives analysis—address this requirement. The systems planning phase identifies the transportation needs of a region, while the alternatives

analysis phase provides information on the benefits, costs, and impacts of different options, such as rail lines or bus routes, in a specific corridor versus in a region. The alternatives analysis phase results in the selection of a locally preferred alternative, which is intended to be the New Starts project that FTA evaluates for funding, as required by statute. After a locally preferred alternative is selected, the project sponsor submits an application to FTA for the project to enter the preliminary engineering phase.¹¹ When this phase is completed and federal environmental requirements are satisfied, FTA may approve the project's advancement into final design,¹² after which FTA may approve the project for an FFGA and proceed to construction, as provided for in statute. FTA oversees grantees' management of projects from the preliminary engineering phase through the construction phase and evaluates the projects for advancement into each phase of the process. FTA also evaluates the projects annually for the New Starts report to Congress.

¹¹During the preliminary engineering phase, project sponsors refine the design of the proposal, taking into consideration all reasonable design alternatives and estimating their costs, benefits, and impacts (e.g., financial or environmental). According to FTA officials, to gain approval for entry into preliminary engineering, a project must (1) be identified through the alternatives analysis process, (2) be included in the region's long-term transportation plan, (3) meet the statutorily defined project justification and financial criteria, and (4) demonstrate that the sponsors have the technical capability to manage the project during the preliminary engineering phase. Some federal New Starts funding is available to projects for preliminary engineering activities, if so appropriated by Congress.

¹²Final design is the last phase of project development before construction and may include right-of-way acquisition, utility relocation, and the preparation of final construction plans and cost estimates.

Figure 1: Planning and Development Process for New Starts Projects



Legend

◊ Decision point ◻ Major development stage

FFGA = full funding grant agreement
 FTA = Federal Transit Administration
 LPA = locally preferred alternative
 MPO = metropolitan planning organization

NEPA = National Environmental Policy Act of 1969
 PMP = project management plans
 ROW = right-of-way

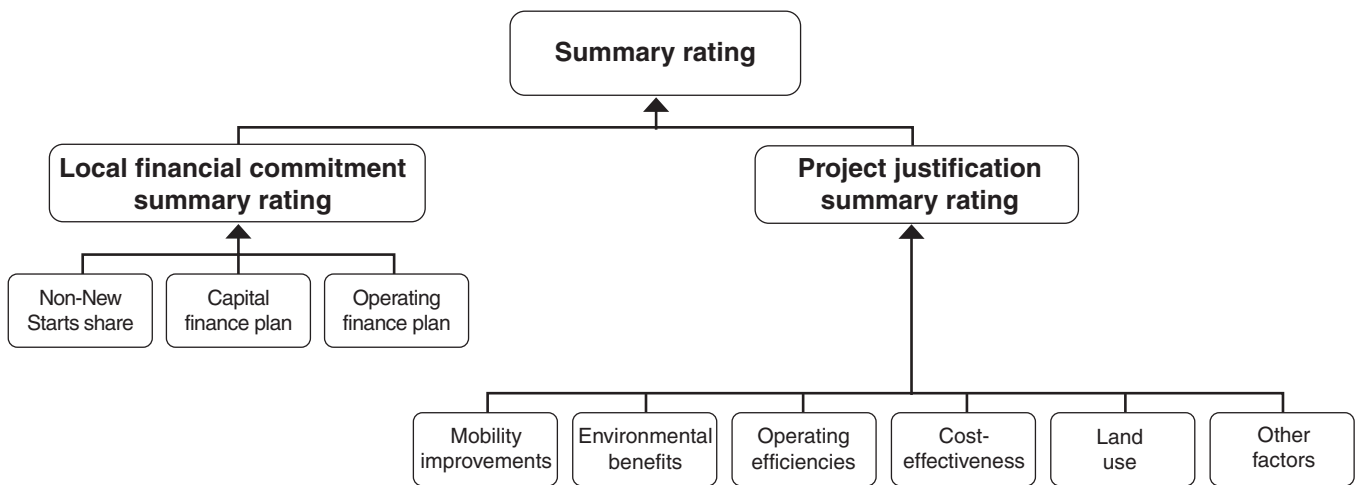
Source: FTA.

Note: The National Environmental Policy Act of 1969, Pub. L. No. 91-190, codified at 42 U.S.C. chapter 55, requires detailed statements assessing the environmental impact of and alternatives to major federal actions significantly affecting the environment, including grants funding fixed-guideway projects.

To help inform administration and congressional decisions about which projects should receive federal funds, FTA assigns ratings on the basis of

various statutorily defined evaluation criteria—including both local financial commitment and project justification criteria—and then assigns an overall rating (see fig. 2).¹³ These evaluation criteria reflect a broad range of benefits and effects of the proposed project, such as cost-effectiveness, as well as the ability of the project sponsor to fund the project and finance the continued operation of its transit system. FTA assigns the proposed project a rating for each criterion and then assigns a summary rating for local financial commitment and project justification. Lastly, FTA develops an overall project rating. Projects are rated at several points during the New Starts process—as part of the evaluation for entry into the preliminary engineering and the final design phases, and yearly for inclusion in the New Starts annual report to Congress.

Figure 2: Project Evaluation Criteria for New Starts Projects



Source: GAO analysis of FTA data.

Note: This figure outlines the criteria FTA currently uses to evaluate New Starts projects, but the criteria are subject to change as a result of SAFETEA-LU changes that FTA has yet to make.

As required by statute, the administration uses the FTA evaluation and rating process, along with the phase of development of New Starts

¹³The exceptions to the evaluation process are statutorily “exempt” projects, which are those projects with requests for less than \$25 million in New Starts funding. Sponsors of these projects are not required to submit project justification information (although FTA encourages the sponsors to do so). FTA does not rate these projects. As a result, the number of projects in the preliminary engineering or final design phases may be greater than the number of projects evaluated and rated by FTA.

projects, to decide which projects to recommend to Congress for funding.¹⁴ Although many projects receive a summary rating that would make them eligible for an FFGA, only a few are proposed for an FFGA in a given fiscal year. FTA proposes a project for an FFGA when it believes that the project will be able to meet the following conditions during the fiscal year for which funding is proposed:

- All nonfederal project funding must be committed and available for the project.
- The project must be in the final design phase and have progressed far enough for uncertainties about costs, benefits, and impacts (i.e., environmental or financial) to be minimized.
- The project must meet FTA's tests for readiness and technical capacity, which confirm that there are no remaining cost, project scope, or local financial commitment issues.

SAFETEA-LU introduced a number of changes to the New Starts program, including some that affect the evaluation and rating process that we have previously described in figure 1. For example, SAFETEA-LU added economic development to the list of evaluation criteria that FTA must use in evaluating and rating New Starts projects and required FTA to issue notice and guidance each time significant changes are made to the program. SAFETEA-LU also established the Small Starts program, a new capital investment grant program, simplifying the requirements imposed for those seeking funding for lower-cost projects, such as bus rapid transit, streetcar, and commuter rail projects. This program is intended to advance smaller-scale projects through an expedited and streamlined evaluation and rating process. Small Starts projects require less than \$75 million in federal funding and have a total cost of less than \$250 million. According to FTA's guidance, Small Starts projects must also (1) meet the definition of a fixed guideway for at least 50 percent of the project length in the peak period¹⁵ or (2) be a corridor-based bus project with the following minimum elements:

¹⁴The administration's funding recommendations are made in the President's budget and are included in FTA's annual New Starts report to Congress, which is released each February in conjunction with the President's budget.

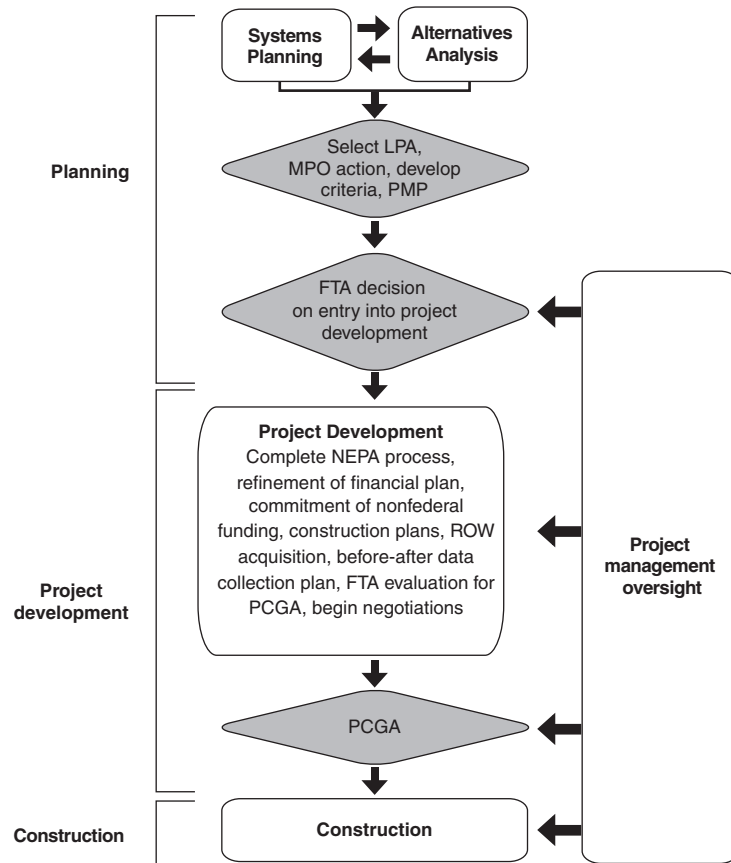
¹⁵The fixed-guideway portion need not be contiguous, but it should be located to result in faster and more reliable running times.

-
- substantial transit stations;
 - traffic signal priority/preemption, to the extent, if any, that there are traffic signals on the corridor;
 - low-floor vehicles or level boarding;
 - branding of the proposed service; and
 - 10-minute peak/15-minute off-peak running times (i.e., headways) or better while operating at least 14 hours per weekday.

FTA has also subsequently introduced a separate eligibility category within the Small Starts program for “Very Small Starts” projects. Small Starts projects that qualify as Very Small Starts are simple, low-cost projects that FTA has determined qualify for a simplified evaluation and rating process. These projects must meet the same eligibility requirements as Small Starts projects and be located in corridors with more than 3,000 existing riders per average weekday who will benefit from the proposed project. In addition, the projects must have a total capital cost of less than \$50 million (for all project elements) and a per-mile cost of less than \$3 million, excluding rolling stock (e.g., train cars).

FTA evaluates Small Starts and Very Small Starts projects using various financial and project justification criteria, including cost-effectiveness and land use. For Small Starts and Very Small Starts, SAFETEA-LU condensed the New Starts processes used for large projects. Preliminary engineering and final design are combined into one phase, referred to as “project development.” FTA may recommend proposed Small Starts and Very Small Starts for funding after such projects have been approved to enter into project development, are “ready” to implement their proposed project, and continue to be rated at least “medium” for both project justification and local financial commitment. FTA intends to provide funding for Small Starts and Very Small Starts projects through project construction grant agreements (PCGA), which are similar to FFGAs (see fig. 3).

Figure 3: Planning and Development Process for Small Starts and Very Small Starts Projects



Legend
 ◊ Decision point ◻ Major development stage

FTA = Federal Transit Administration PCGA = project construction grant agreement
 LPA = locally preferred alternative PMP = project management plans
 MPO = metropolitan planning organization ROW = right-of-way
 NEPA = National Environmental Policy Act of 1969

Source: FTA.

Note: The National Environmental Policy Act of 1969, Pub. L. No. 91-190, codified at 42 U.S.C. chapter 55, requires detailed statements assessing the environmental impact of and alternatives to major federal actions significantly affecting the environment, including grants funding fixed-guideway projects.

**FTA Recommended
14 Projects for Fiscal
Year 2008 Funding;
SAFETEA-LU
Changes to
Evaluation and Rating
Process Remain**

FTA evaluated and rated 18 New Starts, Small Starts, and Very Small Starts projects for funding during the fiscal year 2008 evaluation cycle. Of the 14 New Starts projects that FTA evaluated and rated, FTA recommended to Congress funding for 10 projects, including 2 new projects, 2 pending projects, and 6 “other” projects. FTA also evaluated and rated 4 Small Starts and Very Small Starts applications, and recommended all of these projects for funding. The fiscal year 2008 President’s budget requests \$1.40 billion in New Starts funding, including \$100 million for the Small Starts program. Although SAFETEA-LU authorized \$200 million each year for the Small Starts program, no funds have yet been allocated to the program, due, in part, to its newness.

**FTA Evaluated and Rated
14 New Starts Projects,
and Recommended
Funding for 10 Projects**

FTA’s *Annual Report on New Starts: Proposed Allocations of Funds for Fiscal Year 2008* (annual report) identified 19 New Starts projects in preliminary engineering and final design. FTA evaluated and rated 14 of these projects, rating 2 as “high,” 12 as “medium,” and none as “low.”¹⁶ Five additional projects were statutorily exempt from being rated because their sponsors requested less than \$25 million in federal funding.

FTA recommended 10 New Starts projects for funding. Specifically, FTA recommended 2 New Starts projects for proposed FFGAs. The total capital cost of these 2 projects is estimated to be \$6.30 billion, with the total federal New Starts share expected to about one-third of this total. In addition, FTA recommended funding for 2 projects with pending FFGAs. The total capital cost of these 2 projects is estimated to be \$1.13 billion, and the total federal New Starts share is expected to be about one-half of the total cost. FTA also recommended reserving \$72.08 million in New Starts funding for 6 “other” projects. FTA selected these “other” projects using the decision rules that the projects have a “medium” or higher rating; have a “medium” or higher cost-effectiveness rating; and is expected to advance to final design as of June 2008. According to FTA, no other project in preliminary engineering or final design met these decision rules. Similar to last year, FTA did not specify how much would be set aside for the 6 “other” New Starts projects because it wanted to ensure that the projects were moving forward as anticipated before making specific funding recommendations to Congress. Reserving funds for these projects without specifying a particular amount for any given project will allow the

¹⁶In comparison, 20 projects were evaluated and rated in the fiscal year 2007 evaluation cycle, with 1 rated as “high,” 17 as “medium,” and 2 as “low.”

administration to make “real time” funding recommendations when Congress is making appropriations decisions. FTA does not expect that all 6 “other” projects will be recommended for funding in fiscal year 2008 (see table 1).¹⁷

Table 1: Projects Recommended for an FFGA and Other Funding, Fiscal Year 2008

Dollars in millions

Project name	Location	Total capital costs	New Starts share of total capital costs
Proposed FFGA			
Second Avenue Subway Phase I	New York, NY	\$4,655.40	28%
University Link LRT Extension	Seattle, WA	1,645.90	46
Total		\$6,301.30	
Pending FFGA			
West Corridor LRT	Denver, CO	\$574.20	51%
South Corridor I-205 / Portland Mall LRT	Portland, OR	557.40	60
Total		\$1,131.60	
Other project			
New Britain - Hartford Busway	Hartford, CT	\$458.78	60%
Northstar Corridor Rail	Minneapolis-Big Lake, MN	307.31	49
North Corridor BRT	Houston, TX	275.30	50
Southeast Corridor BRT	Houston, TX	169.80	50
Norfolk LRT	Norfolk, VA	232.10	55
Dulles Corridor Metrorail Project – Extension to Wiehle Ave.	Northern Virginia, VA	2,065.00	44
Total		\$3,508.29	

Legend
 BRT = bus rapid transit
 LRT = light rail transit
 Source: GAO analysis of FTA data.

¹⁷In its annual report, FTA stated that 3 of these “other” projects are expected to be in final design by spring 2007, assuming satisfactory resolution of any outstanding issues. FTA also stated that the remaining 3 “other” projects are in final design, but because of uncertainties related to their scopes, schedules, and/or budgets, FTA lacked confidence—at the time the administration was preparing its fiscal year 2008 budget proposal—that the projects would maintain their “medium” rating and/or achieve the necessary cost-effectiveness rating to be recommended for an FFGA.

FTA Evaluated and Rated 4 Small Starts and Very Small Starts Projects, and Recommended Funding for All 4 Projects

In the fall of 2006, FTA received 12 Small Starts and Very Small Starts requests to enter project development for the fiscal year 2008 evaluation cycle.¹⁸ A majority of these Small Starts and Very Small Starts requests to enter project development were from project sponsors in the western and southern regions of the country and all but 2 were for bus rapid transit projects. FTA determined that only 1 Small Starts project and 3 Very Small Starts projects were complete, ready, and eligible to be approved into project development. FTA subsequently proposed these projects for a PCGA. We found that the reasons for ineligible projects and incomplete applications ranged from unclear program guidance to inconsistent information provided by FTA. (See table 2 for more information on the Small Starts and Very Small Starts projects for fiscal year 2008.)

Table 2: Small Starts and Very Small Starts Projects, Fiscal Year 2008

Dollars in millions

Project name	City	SS/VSS	Cost	New Starts share	Project eligible	Application complete
Pioneer Parkway BRT	Springfield, OR	SS	\$36.99	\$29.59	Yes	Yes
Pacific Hwy So BRT	King County, WA	VSS	25.07	14.08	Yes	Yes
Troost Corridor BRT	Kansas City, MO	VSS	30.73	24.58	Yes	Yes
Metro Rapid System Bus Gap Closure Project	Los Angeles, CA	VSS	25.66	16.68	Yes	Yes
Van Nuys Corridor Rapid Bus	Los Angeles, CA	VSS	8.00	6.84	No	Yes
Mountlake Terrace BRT Station	Seattle, WA	VSS	31.72	9.92	No	Yes
Sepulveda Corridor Rapid Bus	Los Angeles, CA	VSS	37.00	31.60	No	Yes
Mason Transportation Corridor (BRT)	Fort Collins, CO	SS	68.28	54.62	Yes	No
Mountain Links BRT	Flagstaff, AZ	VSS	17.73	13.76	Maybe	No
Bus/Gondola Station	Breckenridge, CO	VSS	46.70	37.36	No	No
North-South T-Way BRT	Sarasota, FL	SS	140.15	N/A	Maybe	No
Las Colinas APT Connector	Irving, TX	SS	N/A	N/A	No	No

Legend
 APT = area personal transit
 BRT = bus rapid transit
 SS = Small Starts project that does not qualify as a Very Small Starts project
 VSS = Very Small Starts project

¹⁸Portland, Oregon, submitted an application for a Small Starts project in early 2007. The application was for a \$151 million streetcar project. However, the application was submitted after FTA's deadline for inclusion in its fiscal year 2008 New Starts annual report. Therefore, we did not include this project in our review.

Source: GAO analysis of FTA data.

Note: The numbers included in this table are what was recommended by FTA in the New Starts annual report but the actual total capital cost and percent of New Starts share is subject to change at the time FTA executes the FFGA.

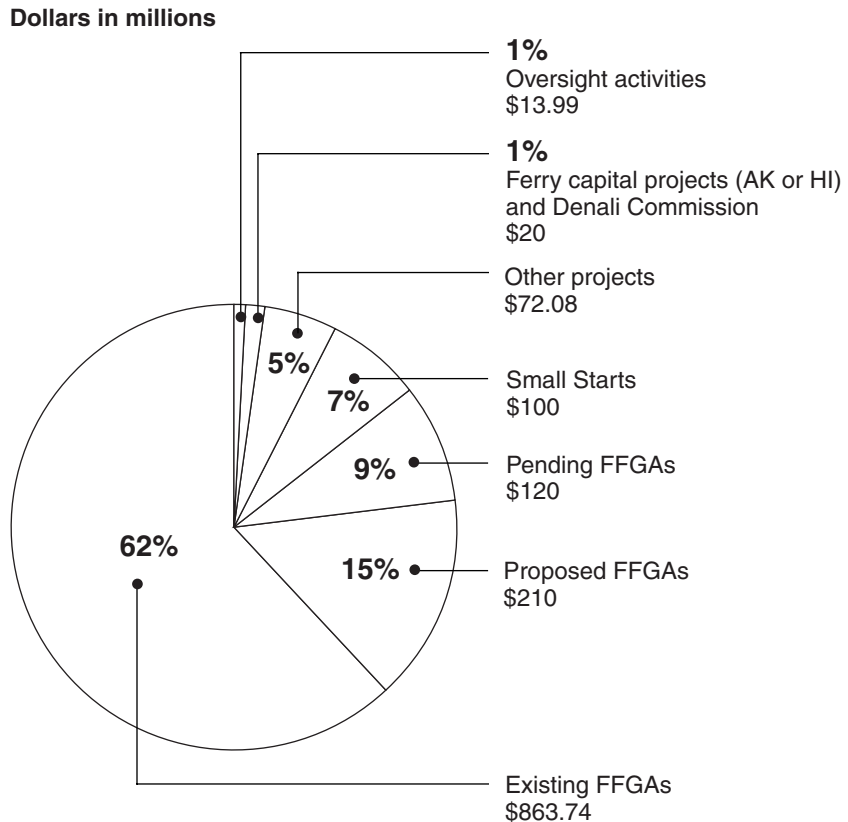
FTA evaluated and rated the 4 Small Starts and Very Small Starts projects that were eligible and had complete applications. All 4 of these projects received a “medium” rating. FTA approved the 4 Small Starts and Very Small Starts projects for advancement into the project development phase on the basis of its review, evaluation, and rating of their applications. The total capital cost of these projects is estimated to be \$118.4 million, and the total Small Starts, including Very Small Starts, share is expected to be \$84.9 million. FTA has also recommended that \$48.2 million be allocated for “other” Small Starts projects that were not ready for advancement into project development at the time applications were due, but that may be ready for advancement later in fiscal year 2008.

The Administration’s Fiscal Year 2008 Budget Proposal Requests \$1.40 Billion for the New Starts Program

The administration’s fiscal year 2008 budget proposal requests that \$1.40 billion be made available for the New Starts program. This amount is \$166 million less than the program’s fiscal year 2007 appropriation. Figure 4 illustrates the planned uses of the administration’s proposed fiscal year 2008 budget for New Starts, including the following:

- \$863.74 million would be shared among the 11 New Starts projects with existing FFGAs,
- \$120 million would be shared between the 2 New Starts projects with pending FFGAs,
- \$210 million would be shared between the 2 New Starts projects proposed for new FFGAs,
- \$72.08 million would be shared by as many as 6 “other” New Starts projects to continue their development, and
- \$100 million would be used for new Small Starts and Very Small Starts projects.

Figure 4: Planned Uses of the Administration's Proposed Fiscal Year 2008 Funding for the Capital Investment Grants Program



Source: GAO analysis of FTA data.

Notes:

FTA is authorized to use up to 1 percent of amounts made available for the New Starts program for project management oversight activities.

Federal statute requires that specified amounts of New Starts funds be set aside annually for projects in Alaska and Hawaii; new fixed-guideway systems; and extensions to existing systems that are ferryboats, ferryboat terminals, or approaches to ferryboat terminals.

FTA is authorized to provide \$5 million for each fiscal year from 2006 through 2009 for the Denali Commission, which provides critical utilities, infrastructure, and economic support throughout Alaska, particularly in remote communities.

Although SAFETEA-LU authorized \$200 million for the Small Starts program each year from fiscal years 2006 through 2009, no funding for the program has been allocated to date. For fiscal year 2007, the administration's budget proposal requested \$100 million for the Small Starts program. Of the \$1.57 billion allocated to the New Starts program

for fiscal year 2007, no funding was appropriated for Small Starts projects. The administration's budget proposal for fiscal year 2008 also requests \$100 million for the Small Starts program. FTA officials told us that they requested less than the authorized amounts for the Small Starts program for both fiscal years 2007 and 2008 because it has taken time for them to establish the program, and because they did not receive as many Small Starts applications as expected.

FTA Is Implementing Several Changes to the New Starts Evaluation and Rating Process

SAFETEA-LU requires FTA to make several changes to the New Starts evaluation and rating process, including adding economic development as an evaluation criterion and changing the rating scale. FTA is in the process of implementing these changes. For example, table 3 describes the act's changes to the evaluation and rating process and the status of their implementation, as of July 2007.

Table 3: Implementation of SAFETEA-LU Changes to the New Starts Evaluation and Rating Process, as of July 2007

SAFETEA-LU provision	Description	Status of implementation	Remaining action(s)
Revise New Starts overall project-rating scale	The overall project rating is based on a 5-point scale of "high," "medium-high," "medium," "medium-low," and "low." Projects are required to receive an overall rating of "medium" or higher to be recommended for funding.	FTA used a 3-point project-rating scale for the fiscal years 2007 and 2008 evaluation and rating cycles, but changed ratings to "high," "medium," and "low." FTA's February 2007 policy guidance proposed implementing the 5-point scale starting in May 2007.	None.
Identify reliability of cost estimate and ridership forecast as considerations in evaluation process	The Secretary of Transportation is required to analyze, evaluate, and consider the reliability of the forecasting methods used by New Starts project sponsors and their contractors to estimate costs and ridership.	FTA's January 2006 policy guidance for New Starts and advanced notice of proposed rulemaking for Small Starts proposed an approach for incorporating reliability into project evaluations.	Rulemaking needed to establish requirement.
Add economic development criterion to evaluation process	Projects will be evaluated on the basis of a review of their effects on local economic development.	FTA considers economic development as an unweighted "other factor" criterion in the evaluation process. FTA has sought comments from various parties on the appropriate measures for economic development.	Rulemaking needed to solicit comments on and finalize measures for economic development.
Identify land use as a specific evaluation criterion	Projects will be evaluated on the basis of a review of their public transportation supportive land-use policies and future patterns.	FTA considers land use as a weighted criterion in the evaluation process.	None.

Source: GAO analysis of FTA data.

Although FTA has taken steps to implement changes required by SAFETEA-LU, the project sponsors we interviewed frequently expressed concern that FTA has not yet fully incorporated economic development into its evaluation. Specifically, FTA currently assigns a weight of 50 percent each to cost-effectiveness and land use to calculate a project's overall rating. The other four statutorily defined criteria, including economic development, mobility improvements, operating efficiencies, and environmental benefits, are not weighted. As described in table 3, to reflect SAFETEA-LU's increased emphasis on economic development, FTA has encouraged project sponsors to submit information that they believe demonstrates the impact of their proposed transit investments on economic development. According to FTA, this information is considered as an "other factor" in the evaluation process, but is not weighted. However, FTA officials told us that few project sponsors submit information on their projects' economic development benefits for consideration as an "other factor." We previously reported that FTA's reliance on two evaluation criteria to calculate a project's overall rating is drifting away from the multiple-measure evaluation and rating process outlined in statute and current New Starts regulations.¹⁹ Thus, we recommended that FTA (1) improve the measures used to evaluate New Starts projects so that all of the statutorily defined criteria can be used in determining a project's overall rating or (2) provide a crosswalk in the regulations showing clear linkages between the criteria outlined in the statute and the criteria and measures used in the evaluation and rating process in the upcoming rulemaking process.

Many of the project sponsors and all of the industry groups we interviewed also stated that they believe certain types of projects are penalized in the evaluation and rating process because of the weights assigned to the different evaluation criteria. Specifically, the project sponsors and industry groups said that by not weighting economic development, the evaluation and rating process does not consider an important benefit of some transit projects. They also expressed concern that the measure FTA uses to determine cost-effectiveness does not adequately capture the benefits of certain types of fixed-guideway projects—such as streetcars—that have shorter systems and provide enhanced access to a dense urban core, rather than transport commuters

¹⁹GAO, *Public Transportation: Opportunities Exist to Improve the Communication and Transparency of Changes Made to the New Starts Program*, [GAO-05-674](#) (Washington, D.C.: June 28, 2005).

from longer distances (e.g., light or heavy rail). Project sponsors and an industry group we interviewed further noted that FTA's cost-effectiveness measure has influenced some project sponsors to change their project designs from more traditional fixed-guideway systems (e.g., light rail or streetcars) to bus rapid transit, expressly to receive a more favorable cost-effectiveness rating from FTA.

According to FTA officials, they understand the importance of economic development to the transit community and the concerns raised by project sponsors, and said they are currently working to develop an appropriate economic development measure. FTA is currently soliciting input from industry groups on how to measure economic development, studying possible options, and planning to describe how it will incorporate economic development into the project justification criteria in its upcoming rulemaking. FTA officials also stated that incorporating economic development into the evaluation process before issuing a regulation could potentially create significant uncertainty about the evaluation and rating process for project sponsors. Furthermore, they agreed with our previous recommendation that this issue should be addressed as part of their upcoming rulemaking, which they expect to be completed in April 2008. As part of its upcoming rulemaking, FTA will also conduct several outreach efforts with project sponsors and industry groups.

FTA officials noted that they have had difficulty developing an economic development measure that both accurately measures benefits and distinguishes competing projects. For example, FTA officials said that separating economic development benefits from land-use benefits—another New Starts evaluation criterion—is difficult. In addition, these officials noted that many economic development benefits result from direct benefits (e.g., travel time savings). Therefore, including economic development benefits in the evaluation could lead to double-counting the benefits FTA already measures and uses to evaluate projects. Furthermore, FTA officials noted that some economic development impacts may represent transfers between regions, rather than a net benefit for the nation, thereby raising questions about the usefulness of these

benefits for a national comparison of projects.²⁰ We have also reported on many of the same challenges of measuring and forecasting indirect benefits, such as economic development and land-use impacts.²¹ For example, we noted that certain benefits are often double-counted when transportation projects are evaluated. We also noted that indirect benefits, such as economic development, may be more correctly considered transfers of direct user benefits or of economic activity from one area to another. Therefore, estimating and adding such indirect benefits to direct benefits could constitute double-counting and lead to overestimating a project's benefits. Despite these challenges, we have previously reported that it is important to consider economic development and land-use impacts, since they often drive local transportation investment choices.²²

Changes in the Size and Composition of the New Starts Pipeline Are Likely Due to Different Factors

The number of projects in the New Starts pipeline has decreased since the fiscal year 2001 evaluation and rating cycle, and the types of projects in the pipeline have changed. FTA and project sponsors attributed these changes to different factors, with FTA officials citing their increased scrutiny of applications and projects, and the project sponsors pointing to the complex, time-consuming, and costly nature of the New Starts process. FTA is considering different ideas on how to improve the New Starts process, some of which may address the concerns identified by project sponsors.

The Number of Projects in the New Starts Pipeline Has Decreased, and the Types of and Funding for Projects Have Changed

Since the fiscal year 2001 evaluation cycle, the number of projects in the New Starts pipeline—which includes projects that are in the preliminary engineering or final design phases—has decreased by more than one-half, from 48 projects in the fiscal year 2001 evaluation cycle to 19 projects in the fiscal year 2008 evaluation cycle. Similarly, the number of projects FTA has evaluated, rated, and recommended for New Starts FFGAs has decreased since the fiscal year 2001 evaluation and rating cycle.

²⁰Indirect benefits, such as economic development, may represent transfers of economic activity from one area to another. While such a transfer may represent real benefits for the jurisdiction making the transportation investment, it is not a real economic benefit from a national perspective because the economic activity is simply occurring in a different location.

²¹GAO, *Highway and Transit Investments: Options for Improving Information on Projects' Benefits and Costs and Increasing Accountability for Results*, [GAO-05-172](#) (Washington, D.C.: Jan. 24, 2005).

²²[GAO-05-172](#).

Specifically, as shown in table 4, the number of projects that FTA evaluated and rated decreased by about two-thirds, from 41 projects to 14 projects.

Table 4: Number of Projects in the Pipeline, and Evaluated and Rated, by Fiscal Year

Fiscal year	Number of projects in the pipeline ^a	Number of projects evaluated and rated ^b
2001	48	41
2002	40	26
2003	43	25
2004	52	27
2005	37	23
2006	30	18
2007	22	18
2008	19	14

Source: GAO analysis of FTA data.

^aData include projects that were evaluated and rated for the fiscal year evaluation cycle as well as “exempt” projects.

^bData include projects in final design and preliminary engineering, both recommended and not recommended, but do not include “exempt” projects and those categorized by FTA as “not rated.”

Although the number of projects in the New Starts pipeline has decreased, the amount of funding FTA has requested for the program remained relatively the same, while the average dollar amount per FFGA has increased since fiscal year 2001. Adjusted to current dollars, FTA has requested nearly the same funding amounts for the program during this time frame, having requested \$1.22 billion in fiscal year 2001 and \$1.37 billion in fiscal year 2008. Twelve projects were recommended for FFGAs in fiscal year 2001, while only 2 were recommended for fiscal year 2008. However, in the fiscal years between 2001 and 2008, the number of projects recommended for FFGAs varied from as many as 5 to as few as 2 for any given fiscal year. Furthermore, we found that the average dollar amount requested for proposed FFGAs has increased since fiscal year 2001. When adjusted to current dollars, the average dollar amount of an

FFGA proposed in fiscal year 2001 was about \$20 million, but for fiscal year 2008 it was \$103 million (see table 5).²³

Table 5: Total Dollar Amounts and Numbers of New Starts FFGAs, by Fiscal Year

Amounts in 2007 dollars

Fiscal year	Total number of proposed FFGAs	Average dollar amount requested per proposed FFGA ^a
2001	12	\$20,338,288
2002	5	19,052,155
2003	2	30,568,123
2004	4	63,658,035
2005	5	62,039,958
2006	4	150,450,331
2007	5	60,520,000
2008	2	103,042,198

Source: GAO analysis of FTA data.

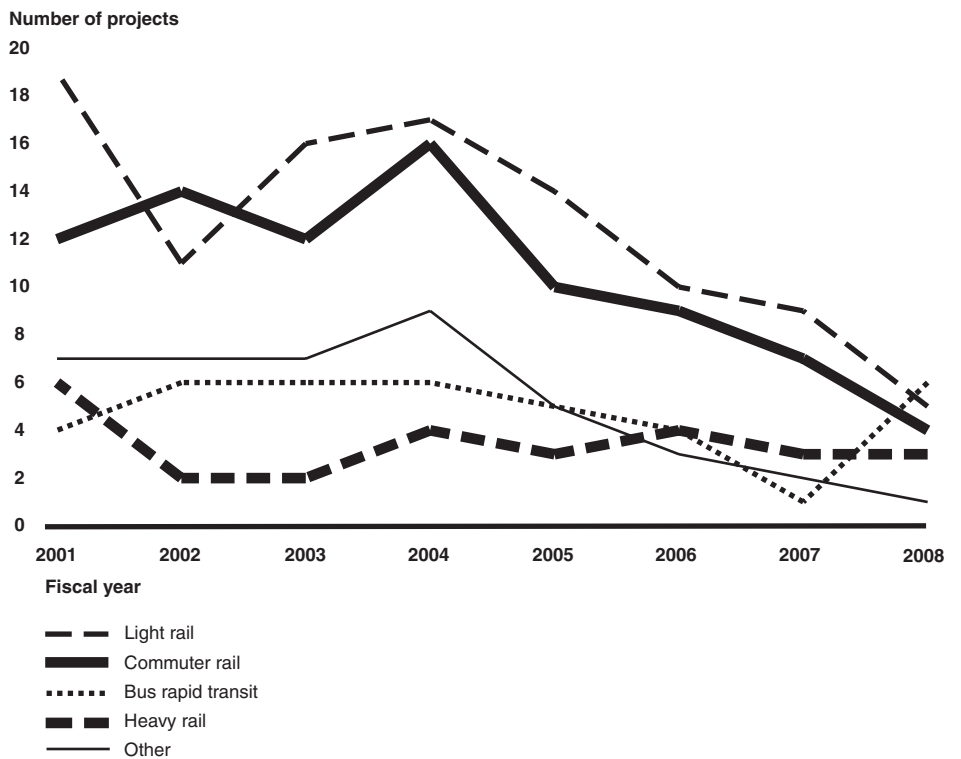
^aThese dollar values are only for the year in which the project was proposed for an FFGA. Dollar values were adjusted for inflation, using the gross domestic product (chained) price index, with fiscal year 2007 as the reference year. Dollar values through fiscal year 2006 were calculated using averages of quarterly indexes from the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, and National Income and Product Accounts, table 1.1.4 as of January 31, 2007. Dollar values for fiscal years 2007 and 2008 are from Congressional Budget Office projections, *The Budget and Economic Outlook* (Washington, D.C.: January 2007), 136-137.

The composition of the pipeline—that is, the types of projects in the pipeline—has also changed since the fiscal year 2001 evaluation cycle. During fiscal years 2001 through 2007, light rail and commuter rail were the more prevalent modes for projects in the pipeline. In fiscal year 2008, bus rapid transit became the most common transit mode for projects in the New Starts pipeline (see fig. 5). The increase in bus rapid transit projects is likely due to a number of factors, including foreign countries' positive experiences with this type of transit system. To be eligible, a corridor-based bus project must (1) operate in a separate right-of-way dedicated for public transit use for a substantial portion of the project or (2) represent a substantial investment in a defined corridor. Furthermore, medium and smaller project sponsors may be expressing more interest in the New Starts program, including Small Starts, because bus rapid transit

²³FTA officials told us that although the dollars per project have increased over time, the share or percentage of New Starts funding per project has decreased. We did not verify this information.

may serve as a more affordable and cost-effective alternative to other fixed-guideway options.

Figure 5: Types of Projects in the New Starts Pipeline, by Fiscal Year



Source: GAO.

Although bus rapid transit projects are now more common than commuter or light rail projects, they represent a small amount of the total cost for all projects in the pipeline. We found that bus rapid transit accounts for about 12 percent of the total cost of all projects in the New Starts pipeline, while commuter rail (36 percent), heavy rail (30 percent), and light rail (22 percent) account for greater shares—which is not surprising, given that bus rapid transit projects are often less expensive than rail projects. However, although bus rapid transit projects account for a smaller share of the total costs, we found that project sponsors seek higher funding shares for these projects. In fiscal year 2008, project sponsors sought, on average, New Starts funding to cover about 58 percent of the total cost of bus rapid transit projects, whereas they sought about 49 percent for commuter rail projects, about 50 percent for light rail projects, and about 38 percent for heavy rail projects.

FTA and Project Sponsors Attributed the Decrease in the New Starts Pipeline to Different Factors

FTA and project sponsors identified different factors for the decrease in the New Starts pipeline. FTA officials cited their increased scrutiny of applications to help ensure that only the strongest projects enter the pipeline, and said they had taken steps to remove projects from the pipeline that were inactive, not advancing, or did not adequately address identified problems. According to FTA officials, these projects consume FTA oversight resources and congressional funding without demonstrating evidence of progress. FTA officials said they believed projects had been progressing slowly through the pipeline in recent years and, therefore, needed encouragement to move forward or be removed from the pipeline. Along these lines, since fiscal year 2004, FTA has issued warnings to project sponsors that alert them to specific project deficiencies that must be corrected by a specified date for the project to advance through the pipeline. If the deficiency is not corrected, FTA removes the project from the pipeline. To date, FTA has issued warnings for 13 projects. Three projects have only recently received a warning and their status is to be determined; 3 projects have adequately addressed the deficiency identified by FTA; 1 project was removed by FTA for failing to address the identified deficiency; and 6 projects were withdrawn from the pipeline by the project sponsors. FTA officials told us that project sponsors are generally aware of FTA's efforts to better manage projects in the pipeline.

Although FTA has taken steps to remove inactive or stalled projects from the pipeline, FTA officials noted that most projects have been withdrawn by their project sponsors, not FTA. According to FTA data, 23 projects were withdrawn from the New Starts pipeline between calendar years 2001 and 2007. Of these, 16 projects were withdrawn from the pipeline at the request of project sponsors; 6 were removed from the pipeline in response to efforts initiated by FTA; and 1 was removed from the pipeline at congressional direction.²⁴ Of the 16 projects that were withdrawn by project sponsors, the most common reasons were that the project was either reconfigured (the project scope or design was significantly changed) or reconsidered, or that the local financial commitment was not demonstrated. Similarly, FTA initiated the removal of 4 of 6 projects for lack of local financial commitments, often demonstrated by a failed referendum at the local level. Of the 23 projects withdrawn from the New Starts pipeline, 3 were expected to reenter the pipeline at a later date.

²⁴The 16 projects withdrawn by their sponsors and the 6 projects withdrawn by FTA include the 7 projects that received a warning and were subsequently withdrawn from the pipeline by the project sponsors or FTA.

The project sponsors we interviewed provided other reasons for the decrease in the number of projects in the New Starts pipeline. The most common reasons cited by project sponsors were that the New Starts process is too complex, costly, and time-consuming:

- *Complexity and cost of the New Starts process:* The majority of project sponsors we interviewed told us that the complexity of the requirements—including those for financial commitment projections and travel forecasts, which require extensive analysis and economic modeling—creates disincentives to entering the New Starts pipeline. Sponsors also told us that the expense involved in fulfilling the application requirements, including the costs of hiring additional staff and private grant consultants, discourages some project sponsors with fewer resources from applying for New Starts funding. Furthermore, concerns about the cost of applying to the New Starts program come at a time when project sponsors expect to receive less funding for their projects from the program. Specifically, for recently completed transit projects that received an FFGA, the project sponsors we surveyed reported that, on average, the federal government funded approximately 60 percent of the total project costs via the New Starts program. For ongoing projects, sponsors reported that they expect to receive an average of about 50 percent of the total project costs from the New Starts program.
- *Time required to complete the New Starts process:* More than one-half of the project sponsors we interviewed said that the application process is time-consuming or leads to project delays, although sponsors could not provide specifics on how long various components of the process contributed to a specific delay. One project sponsor told us that constructing a project with New Starts funding (as opposed to without such funding) delays the timeline for the project by as much as several years, which in turn leads to increased project costs since inflation and expenses from labor and materials increase with the delay. The lengthy nature of the New Starts process is due, at least in part, to the rigorous and systematic evaluation and rating process established by law—which, as we have previously noted, could serve as a model for other transportation programs. In addition, FTA officials noted that most project delays are caused by the project sponsor, not FTA. These delays are attributable to the sponsor's inability to obtain local funding commitments, local decisions to significantly modify the project's scope or alignment, or unanticipated environmental impacts.

Other reasons for the decrease in the pipeline that were cited by the project sponsors we interviewed include that the project sponsors are finding alternative sources of funding, such as other federal funds or state,

local, or private funding. One project sponsor remarked that sponsors try to avoid the New Starts process by obtaining a congressional designation, so that they can skip the New Starts application process and construct their project more quickly. In addition, three other project sponsors said that since the New Starts process is well-established and outcomes are predictable, potential project sponsors do not even apply to enter the pipeline because they realize their projects will not fare well against the New Starts criteria and, thus, are unlikely to receive New Starts funding.

Our survey found similar reasons that project sponsors provided for the decline in the New Starts pipeline. Among the project sponsors we surveyed with completed transit projects, the most common reasons given for not applying to the New Starts program were that the process is lengthy or that the sponsor wanted to move the project along faster than could be done in the New Starts process. About two-thirds of these project sponsors reported that their most recent project was eligible for New Starts funding, yet more than one-fourth of them did not apply to the program.²⁵ Instead, these project sponsors reported using other federal funding and state, local, and private funding—with other federal and local funding the most commonly used and private funding the least commonly used—to fund their most recently completed project. In addition, we found that almost two-thirds of the large project sponsors we surveyed applied to the New Starts program for their most recently completed project, while only about one-third of medium and smaller project sponsors applied.²⁶ Other reasons these project sponsors cited for not applying to the program include sufficient funding from other sources to complete the project, concern about jeopardizing other projects in the pipeline, time and resources needed to complete application each year are too great, and difficulty in understanding and completing the process and in understanding the program's eligibility requirements.

FTA is considering and implementing different means of improving the New Starts process—many of which would address the concerns identified by project sponsors. For example, FTA has recognized that the

²⁵Of the 54 project sponsors with a completed transit project, 35 reported that their most recently completed project was eligible for New Starts funding. Of those 35 sponsors, 10 did not apply to the program.

²⁶For the purposes of our survey, we defined “small project sponsors” as those with an annual ridership of less than 10 million trips; “medium project sponsors” as those with an annual ridership of between 10 and 50 million trips, inclusive; and “large project sponsors” as those with an annual ridership of more than 50 million trips.

process can be lengthy, and in 2006 FTA commissioned a study to examine, among other issues, opportunities for accelerating and simplifying its implementation of the New Starts program. According to FTA officials, one of the study's recommendations was to use project development agreements to solidify New Starts project schedules and improve FTA's timeline for reviews. FTA officials told us that they are pursuing this recommendation, and have already implemented project schedules for three New Starts projects in the pipeline. Other key recommendations for FTA contained in the study include developing a simple "road map" that concisely identifies requirements for navigating through preliminary engineering and final design, more clearly defining entry criteria for each phase of the process, simplifying the travel forecasting modeling, and clarifying and consistently implementing the New Starts technical guidance and policies. The FTA Administrator has publicly stated that FTA will continue to look for ways to further improve the program.

In June 2007, FTA issued in the *Federal Register* a number of changes to the New Starts and Small Starts processes, including streamlining through the elimination of a number of reporting requirements. For example, FTA will no longer require project sponsors to submit information on operating efficiencies and environmental benefits, nor will they be required to submit information for evaluation for FTA's annual report if their project is not likely to be ready for a funding recommendation. In addition, the resubmission of information on land-use patterns for the annual report will now be optional for project sponsors. Other changes to the processes include expanding the evaluation criteria to a five-tiered rating scale, and considering a project's innovative contractual agreements in the evaluation and rating of the operating finance plan for projects. The guidance also states that under the evaluation of "other factors," if a project is a principal element of a congestion management strategy, this could increase a project's overall rating. Projects could also increase their overall rating by reporting economic development; therefore, FTA encourages project sponsors to submit such information.

Future Demand for New Starts Program Expected; Project Sponsors Seek Small Starts Program Improvements

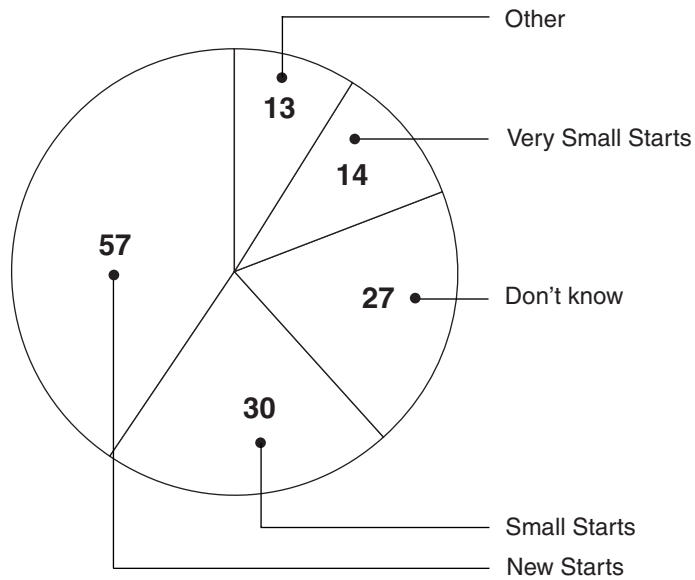
Our survey and interviews of project sponsors indicated that there will likely be a future demand for New Starts funding. Survey respondents told us that they plan to seek New Starts funding for 101 of 141 future planned New Starts, Small Starts, and Very Small Starts transit projects. While FTA has taken steps to streamline the Small Starts program as envisioned by SAFETEA-LU, project sponsors find the application process to be time-consuming and too costly to complete. In addition, project sponsors we interviewed, especially those that have never applied for New Starts funding, find the Small Starts interim guidance difficult to understand and would like more assistance from FTA on how to complete the application process.

Project Sponsors Indicated That Future Demand for New Starts Funding Is Likely

Our survey of project sponsors indicated that there is likely to be a future demand for New Starts funding. About 46 percent (77 of 168) of the project sponsors we surveyed reported that they had a total of 141 planned transit projects, which we defined as projects currently undergoing an alternatives analysis or other corridor-based planning study. According to the project sponsors, they will likely seek New Starts funding for almost three-fourths (72 percent, or 101) of these 141 planned New Starts, Small Starts, and Very Small Starts projects. More specifically, they will likely seek New Starts funding for 57 of the planned New Starts projects, 30 of the planned Small Starts projects, and 14 of the planned Very Small Starts projects (see fig. 6).²⁷ Although the project sponsors we surveyed indicated that they were considering a range of alternative project types in their planning, the most commonly cited alternatives were bus rapid transit and light rail.

²⁷For the remaining 40 planned transit projects, respondents said either that they were not planning to apply for New Starts funding, or that they did not know whether they planned to apply.

Figure 6: Project Sponsors' Expected Use of New Starts Funding for Planned New Starts, Small Starts, and Very Small Starts Projects



Source: GAO.

Note: "Other" refers to the project sponsors we surveyed that selected "None of the above" in response to the type of federal funding, if any, they are likely to request for their planned project(s).

All of the Small Starts and Very Small Starts project sponsors we interviewed viewed the new Small Starts program favorably. These project sponsors told us that they appreciated the emphasis FTA has placed on smaller transit projects through its new programs and the steps FTA has taken to streamline the application process for the programs. The project sponsors also told us that the Small Starts program, including the Very Small Starts eligibility category, address a critical and unmet funding need, and that they believe their projects will be more competitive under these programs because they are vying for funding with projects and agencies of similar size. FTA officials told us that they have been responsive in providing assistance on the program when contacted.

Our survey results also indicated that, through its Small Starts program, FTA is attracting more project sponsors than before, including those that have not previously applied for the New Starts program and also those that would not otherwise be applying for New Starts funds. For example, of the 30 project sponsors that intend to seek New Starts funding for their

planned Small Starts and Very Small Starts projects,²⁸ 13 have not previously applied for New Starts funding.²⁹ Project sponsors also indicated that the Small Starts program, including the eligibility category for Very Small Starts projects, has influenced how they plan for their ongoing projects, which are projects that have completed the alternatives analysis phase and have moved forward into the later stages of development, such as preliminary engineering or final design. Of the ongoing Small Starts and Very Small Starts projects for which respondents indicated they would be requesting New Starts funding, project sponsors definitively reported that they would have sought New Starts funding for only about one-quarter of those ongoing projects if the Small Starts program, including the eligibility category for Very Small Starts projects, had not been established.

Project Sponsors Would Like FTA to Further Streamline the Small Starts Program

In implementing the Small Starts program, FTA has taken steps to streamline the application and evaluation and rating processes for smaller-scale transit projects, as envisioned by SAFETEA-LU. According to our analysis of the numbers and types of requirements for the New Starts and Small Starts application processes, the Small Starts process has fewer requirements. For example, in the categories of travel forecasting, project justification, and local financial commitment, the number of requirements was reduced. FTA also established a simplified financial evaluation process for Small Starts, which reduced the reporting burden for qualified projects. In addition, FTA allows simplified methods for travel forecasts that predict transportation benefits, and it reduced the number of requirements for the Small Starts application process. For example, the Small Starts application process is about one-quarter fewer requirements than those for the New Starts program. FTA also established the Very Small Starts process, which has even fewer application requirements than the Small Starts program. This process expedites the reporting, evaluation, and advancement of simple and inexpensive projects. FTA's steps have greatly reduced the amount of information to be submitted for each of the specific requirements (see table 6).

²⁸Planned projects are in the earliest stages of development (i.e., alternatives analysis or a similar corridor-based planning study). The 30 project sponsors that responded to our survey intend to seek New Starts funding for their planned Small Starts or Very Small Starts projects. However, 2 of those sponsors did not answer whether they had previously applied for New Starts funding.

²⁹These projects may or may not currently be in FTA's pipeline of New Starts or Small Starts projects.

Table 6: New Starts, Small Starts, and Very Small Starts Application Requirements

Category of reporting requirements	Number of reporting requirements, by project type		
	New Starts	Small Starts	Very Small Starts
Project background and maps	3	3	4
Travel forecasts	7	7 ^a	0
Costs (operations, maintenance, and capital)	7	5	5
Project justification criteria	12	6 ^a	1 ^a
Local financial commitment	4	3 ^a	3
Certification of technical methods and planning assumptions	1	1	0
Make-the-case document	1	1	1
Total	35	26	14

Source: GAO analysis of the New Starts, Small Starts, and Very Small Starts application requirements.

^aData indicate that in this category, whether the number of requirements has remained the same or decreased, FTA has greatly reduced the amount of information to be submitted for each specific requirement. For example, in the travel forecast category, both the New Starts and Small Starts programs have seven application requirements, but the Small Starts program requires substantially less information for each requirement.

Despite these efforts, many of the project sponsors we interviewed find the Small Starts application process time-consuming and too costly to complete, and would like to see FTA further streamline the process. Frequently, project sponsors said that the current Small Starts application process takes as long and costs as much to complete as the New Starts application process, even though the planned projects cost less. For example, a project sponsor that applied to the Small Starts program told us that FTA asks applicants to submit templates used in the New Starts application process that call for information not relevant for a Small Starts project, such as travel forecasts beyond the opening year, which are not required for the Small Starts program. The project sponsor suggested that FTA develop a separate set of templates for the Small Starts program that would ask only for Small Starts-related information. FTA officials told us that in these cases, they would not expect project sponsors to provide the additional information that is not required. Another project sponsor we interviewed told us that although FTA tried to streamline the process by requiring ridership projections only for the opening year of Small Starts projects, the environmental impact statement still mandates the development of multiyear ridership projections. Such extensive ridership projections take a considerable amount of work, staff time, and funding to

produce. FTA officials explained to us that the level of ridership projections required is dependent on the nature of the project. Several other project sponsors that applied to the Small Starts program, including sponsors that used the Very Small Starts process, expressed additional concerns about having to provide duplicate information, such as project finance and capital cost data that can be found in other required worksheets. FTA officials do not believe that such duplicate information is burdensome for project sponsors to submit. Nonetheless, smaller-sized entities that lack New Starts experience, in-house expertise, and resources may find the process burdensome.

In reviewing the Small Starts application process requirements, we also found that the application is not always tailored for Small Starts applicants and, in several instances, requests duplicate information. FTA officials acknowledged that the Small Starts application process could be further streamlined and said that they are working to decrease the burden by, for example, reducing land-use reporting requirements, simplifying the rating process, and developing specific Small Starts templates. However, FTA officials noted that some requirements are statutorily defined or reflect industry-established planning principles. For example, federal statute requires that projects, even Small Starts projects, emerge from an alternatives analysis that considers various options to address the transportation problem at hand. Therefore, only certain aspects of the process can be streamlined.

Project Sponsors Seek Additional Application Assistance and Consistent Information from FTA on Small Starts

The project sponsors we interviewed, especially those that have never applied for New Starts funding, would like more assistance from FTA in completing the application process because some find the interim guidance difficult to understand. Before the Small Starts and Very Small Starts application deadline, FTA provided initial outreach to applicants. Despite this outreach, 8 of the 12 applications were incomplete or sought funding for ineligible projects. In some cases, the project sponsors that submitted these applications had no past experience with the New Starts process, limiting their familiarity with the information required for the application. To help address this issue, FTA officials told us that, in one instance, they provided a Very Small Starts project sponsor with a copy of a submitted application from another project sponsor (with New Starts program experience) to use as a guide. The Very Small Starts project sponsor found the application to be helpful in preparing its own application. FTA officials told us that they plan to host an informal meeting of potential Small Starts project sponsors later this calendar year. In addition, some project sponsors did not understand what constitutes an

eligible project. For example, one project sponsor we interviewed submitted an application for the construction of a new station. However, FTA officials told us that the construction of a station did not meet the definition of a corridor-based project, as required. Another project sponsor we interviewed told us that it believed FTA deemed its two Small Starts and Very Small Starts projects ineligible because service was already being provided on the proposed route (and, therefore, the proposed service would not be new). In response, FTA officials told us that these projects were in fact ineligible because they already had incremental developments, including some of the elements FTA requires for Small Starts and Very Small Starts projects, such as traffic signal priority or preemption and branding of the proposed service. Yet, these project sponsors were unaware that the incorporation of some of these elements into their existing service rendered their project ineligible.³⁰ We found that although FTA's Small Starts guidance outlines the elements required for a project to receive funding, it does not explicitly state that projects that have already begun to incrementally incorporate these elements are ineligible. When we discussed this concern with FTA officials, they told us that they might consider asking project sponsors to demonstrate the cost-effectiveness of the preexisting elements to allow for such projects to be eligible for Small Starts funding.

The project sponsors we interviewed said they need more consistent, reliable information from FTA. We found that on several occasions, FTA headquarters and regional offices provided project sponsors with inconsistent information, which contributed to the sponsors' submitting applications for ineligible projects and submitting incomplete applications. For example, two project sponsors said they thought their projects were eligible after talking with FTA regional officials. However, after submitting their applications, these project sponsors learned from FTA headquarters officials that their projects were ineligible. Furthermore, one project sponsor stated that officials from a regional FTA office said there was no need to submit a separate application for the Small Starts program, since the sponsor had previously applied to the New Starts program. Rather,

³⁰According to FTA's guidance, Small Starts projects must (1) meet the definition of a fixed guideway for at least 50 percent of the project length in the peak period, (2) be a fixed-guideway project, or (3) be a corridor-based bus project with the following minimum elements: substantial transit stations; traffic signal priority or preemption, to the extent, if any, that there are traffic signals on the corridor; low-floor vehicles or level boarding; branding of the proposed service; and 10-minute peak and 15-minute off-peak running times (i.e., headways) or better while operating at least 14 hours per weekday.

FTA regional officials said the project sponsor needed to submit only a few additional pieces of information. However, after the project sponsor sent this information, along with a letter to FTA requesting that the application be transferred from the New Starts program to the Small Starts program, FTA headquarters officials responded that the application was incomplete. The study of the New Starts process that FTA recently commissioned found similar inconsistencies in the information provided by officials in its regional offices and headquarters. Therefore, the study recommended that FTA develop internal standard operating procedures for New Starts staff that formalize the duties and responsibilities for each position. In addition, the study recommended implementing Web-based technology to standardize the communication and enforcement of policies across the program, and having FTA establish a formal policy for responding to every project sponsor's correspondence with a formal response or written notification. FTA officials told us that they understand the need to ensure consistent information, and that they are already working on developing standard operating procedures for New Starts staff, as recommended in the study.

Conclusions

The recent decrease in the New Starts pipeline does not appear to be a reflection of diminishing interest in the program. In fact, our survey showed that there will likely be substantial demand for New Starts funding in the future if most potential project sponsors follow through on their plans for new transit projects. Rather, the decrease is likely due to a combination of factors, including FTA's increased scrutiny of projects, project sponsors' perceptions of the process as lengthy and too complex, and project sponsors' uncertainty given the recent changes made to the New Starts program. As FTA moves forward with the rulemaking process for New Starts and Small Starts, it will have to balance both the need to make the programs accessible to a range of project sponsors—both large and small agencies—and the need to maintain the rigor of the evaluation and rating process.

Although project sponsors expressed substantial interest in both the New Starts and the Small Starts programs, they also identified a number of ways to improve the programs. In particular, project sponsors raised specific concerns about the Small Starts program. Because the Small Starts program is in its first few years of implementation, it is not surprising that it may experience growing pains. Some of the project sponsors may find their concerns about the program addressed as they become more familiar and comfortable with it and as a number of implementation details are finalized through the upcoming rulemaking

process. However, we believe that the relatively low number of Small Starts applications received to date and the number of project sponsors submitting ineligible applications due to unclear guidance suggest that additional FTA action is warranted, including further streamlining the Small Starts program, providing additional information about the program through training and a working group, and clarifying eligibility guidance. Although FTA has taken some steps to further streamline the Small Starts program, continued refinement is needed to ensure a simplified and expedited evaluation process. FTA's upcoming rulemaking, including the associated outreach efforts, will provide an opportunity for FTA to continue to streamline the Small Starts program, provide additional training, and clarify guidance.

Recommendations for Executive Action

To improve the Small Starts program, we are recommending that the Secretary of Transportation direct the FTA Administrator to take the following three actions:

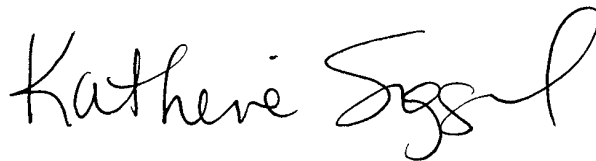
- To increase awareness and information sharing about the Small Starts, including Very Small Starts, application process, FTA should conduct training (in-person, Web-based, or both) for potential applicants and facilitate the development of a working group or community of practice.
- To ensure that project sponsors better understand the types of corridor bus projects that are eligible for Small Starts funding, FTA should clarify in its Small Starts program guidance that bus rapid transit projects cannot already include any of the required elements for eligibility, or if they do, must demonstrate the cost-effectiveness of the preexisting elements.
- To ensure that the Small Starts program provides a streamlined application process as envisioned by SAFETEA-LU, FTA should continue to refine this process as outlined in the Small Starts program guidance. Examples of refinements include collapsing the project finance or cost worksheets to minimize the duplication of data to be submitted and providing specific guidance on how, when applicable, Small Starts applicants can conduct a simplified alternatives analysis.

Agency Comments

We provided DOT, including FTA, with a draft copy of this report for review and comment. DOT generally agreed with the report's findings and conclusions, and agreed to consider our recommendations. DOT also provided technical clarifications, which we incorporated as appropriate.

We are sending copies of this report to the congressional committees with responsibilities for transit issues; the Secretary of Transportation; the Administrator, Federal Transit Administration; and the Director, Office of Management and Budget. We also will make copies available to others upon request. In addition, this report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions on matters discussed in this report, please contact me on (202) 512-2834 or at siggerudk@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Individuals making key contributions to this report are listed in appendix II.



Katherine Siggerud
Director, Physical Infrastructure Issues

Appendix I: Scope and Methodology

To address our objectives, we reviewed the Federal Transit Administration's (FTA) guidance on the New Starts and Small Starts programs; the Advanced Notice of Proposed Rule Making for Small Starts; and the provisions of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users and prior law that address the New Starts program. We reviewed this legislation to identify changes that have occurred in the New Starts program and to gather information on FTA's new Small Starts program, which we used, in part, to analyze the quantitative differences in application requirements between this program and the New Starts program. Furthermore, we reviewed the FTA's Annual Reports on New Starts for fiscal years 2001 through 2008 to determine trends in the New Starts pipeline (those projects in preliminary engineering and final design) for each year, including the number of projects evaluated, rated, and recommended for funding; the modes of projects in the pipeline; and the amount of New Starts funding requested for projects, and the total costs of proposed projects.

We also interviewed FTA officials and industry associations to gain their insights on past, current, and future aspects of the programs. We interviewed FTA officials who work extensively with the New Starts and Small Starts programs to gain a better understanding of the programs. In addition, we interviewed three industry associations that represent project sponsors that participate closely in these programs: the American Public Transportation Association, the New Starts Working Group, and Reconnecting America. Furthermore, we attended an American Public Transportation Association legislative workshop to learn about the New Starts and Small Starts programs, including New Starts project planning and evaluation process, and Small Starts interim guidance and rulemaking.

We also interviewed 15 project sponsors, including all 10 sponsors that applied for the Small Starts program (including Very Small Starts applicants) for the fiscal year 2008 evaluation cycle. We interviewed the project sponsors to gather information on their past experiences with the New Starts and Small Starts programs, and their potential future use of these programs. The 10 project sponsors we interviewed that applied for the fiscal year 2008 Small Starts program (including Very Small Starts applicants) included the City of Breckenridge Public Works Department (Breckenridge, Colorado); Dallas County Utility and Reclamation District (Irving, Texas); Fort Collins Transportation Department (Fort Collins, Colorado); Kansas City Area Transportation Authority (Kansas City, Missouri); King County Metro (King County, Washington); Lane Transit District (Springfield, Oregon); Los Angeles County Metropolitan Transit Authority (Los Angeles, California); Northern Arizona Intergovernmental

Public Transportation Authority (Flagstaff, Arizona); Sarasota County Area Transit (Sarasota County, Florida); and Sound Transit (Seattle, Washington). In addition, we interviewed 5 other project sponsors that varied in their levels of experience with the New Starts program, size, and regional location. These 5 sponsors were the Metropolitan Transit Authority of Harris County (Houston, Texas); New Jersey Transit Corporation (Newark, New Jersey); Orange County Transit Authority (Orange County, California); St. Louis Regional Transit (St. Louis, Missouri); and TriMet (Portland, Oregon).

To further address our objectives, we used a Web-based questionnaire to survey all of the project sponsors that are located in an urbanized area with a population of over 200,000 and have an annual ridership of over 1 million. These project sponsors may or may not have previously applied to the New Starts or Small Starts programs, but because of their size and ridership, they would be more likely to plan the types of transit projects that would potentially qualify for New Starts funding. Project sponsors were defined typically as transit agencies, but they may also have included city transportation offices and metropolitan planning organizations, among other entities.

The questionnaire to project sponsors asked questions that allowed for a combination of open-ended and closed-ended responses. The questionnaire included questions about project sponsors' (1) current transit situation, (2) most recently completed transit projects, (3) current ongoing transit projects, and (4) future planned transit projects. For each question, we asked the project sponsors about the types of transit project they sponsored, how they funded or intended to fund transit projects in the future, and their experiences with and perceptions of the various programs.

The questionnaire was designed by a GAO survey specialist in conjunction with other GAO staff knowledgeable about the grant program. We pretested the questionnaire with 5 project sponsors that had varying levels of experience in working with the New Starts program. Three project sponsors had previously applied to either the New Starts program or the Small Starts program, while 1 project sponsor had not applied to either program. In addition, the 5 project sponsors represented both larger and smaller project sponsors included in our list of the 215 largest transit agencies. The 5 project sponsors were the Fort Collins Transportation Department (Fort Collins, Colorado); Maryland Transit Administration (Baltimore, Maryland); Rockford Mass Transit District (Rockford, Illinois); TriMet (Portland, Oregon); and Washington Metropolitan Area Transit

Authority (Washington, D.C.). Furthermore, we asked two industry groups (the American Public Transportation Association and the New Starts Working Group) and FTA to review the project sponsor questionnaire and provide comments. During the pretests and reviews of the questionnaire, we asked the project sponsors and industry groups whether the questions were understandable and if the information was feasible to collect. We refined each of the questions as appropriate in response to the feedback we received.

To conduct the questionnaire, we posted self-administered electronic questionnaires to the World Wide Web and sent e-mail notifications to project sponsor contacts provided to us by FTA in early February 2007. We found after our first e-mail that some addresses were no longer valid, so we contacted each agency by telephone to find the appropriate contact to send the e-mail notification. We also responded to inquiries from project sponsors. Many project sponsor contacts believed they were not the right person to answer the questions. In these instances, we resent the e-mail notification to the correct contact at the project sponsor. Our goal was to find the staff member at each project sponsor who was the most knowledgeable about the New Starts program and the Small Starts program.

After determining the correct contact, we e-mailed each potential respondent a unique username and password to ensure that the project sponsor would have access to the questionnaire. We asked the project sponsor contact to complete the questionnaire within 2 weeks. To encourage respondents to complete the questionnaire, we sent an e-mail message to prompt each nonrespondent every 2 weeks after the initial e-mail message for approximately 6 weeks. After 6 weeks, we called all nonrespondents at least once to encourage their participation in the questionnaire and to increase our response rate. We closed the questionnaire on May 11, 2007. In total, we surveyed 215 project sponsors and received responses from 168 of them, for a response rate of 78 percent. To view our questionnaire and the aggregated project sponsor responses, go to www.gao.gov/cgi-bin/getrpt?GAO-07-927SP.

Because the questionnaire was not a sample survey, it has no sampling errors. However, the practical difficulties of conducting any survey may introduce errors, commonly referred to as “nonsampling” errors. For example, difficulties in how a particular question is interpreted, in the sources of information available to the respondents, or in how the data are entered into a database or were analyzed can introduce unwanted variability into the questionnaire results. We took steps in developing the

questionnaire, collecting the data, and analyzing the data to minimize these nonsampling errors. For example, as we have previously noted, our survey specialists designed the questionnaire in collaboration with GAO subject matter experts, and we pretested the draft questionnaire with the appropriate officials to ensure that the questions were relevant, clearly stated, and easy to comprehend. After the data were analyzed, a second, independent analyst checked all computer programs. Since this was a Web-based questionnaire, the respondents entered their answers directly into the electronic questionnaire, eliminating the need to have the data keyed into a database, thereby removing an additional potential source of error.

We performed our work from November 2006 through July 2007 in accordance with generally accepted government auditing standards.

Appendix II: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individual named above, other key contributors to this report were Nikki Clowers, Assistant Director; Elizabeth Eisenstadt; Carol Henn; Bert Japikse; Amanda Miller; SaraAnn Moessbauer; Nitin Rao; Tina Won Sherman; Bethany Claus Widick; and Elizabeth Wood.

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