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TUESDAY, JANUARY 19, 2010

## Are New Transit Guidelines An Improvement?

Last week Transportation Secretary Ray LaHood proposed new livability-based funding guidelines for major transit projects and rescinded Bush administration requirements that based funding decisions on how much a project shortened commute times compared to its cost. The criteria determine which projects get funded under the Federal Transit Administration's New Starts and Small Starts programs.

"We're going to free our flagship transit capital program from long-standing requirements that have allowed us only to green-light projects that meet very narrow cost and performance criteria," LaHood told the Transportation Research Board annual meeting on Jan. 13. "Instead, as we evaluate major transit projects going forward, we'll consider all the factors that help communities reduce their carbon footprint, spur economic activity and relieve congestion. To put it simply, we will take livability into account."

What do you think of the new criteria that Secretary LaHood proposed? How would they improve the New Starts and Small Starts programs and how might they hurt them? What other changes would you propose making to the criteria for determining which transit projects receive federal funding?

-- Lisa Caruso, NationalJournal.com

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- Geoff Anderson



RESPONDED ON JANUARY 25, 2010 3:55 PM

**Jon Martz, Public Policy Council Chair, Association for Commuter Transportation**

Let me start by echoing my agreement with the statements of Mr. Downey and Mr. Shorris. This is not a change that affects the full transit program, merely the funds set aside for large, new infrastructure projects. As such, we in the transportation community need to use this as an opportunity to jump-start the conversation with the Administration over new policies that positively affect personal mobility. At the same time, we need to recognize that there are limits to what a federal transportation funding program can and should do, and that we need to have a broad spectrum of measures, quantitative, qualitative, and multi-disciplinary that allows us to review the projects we have approved for our funding so that we can better assess projects in the future. At the same time, I agree with many of the posters here that we need to define livability in some manner that we can all understand and hold projects and programs accountable to, both in the New/Small Starts programs as well as our standard transit and highway formula programs. We are not doing enough to ...

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RESPONDED ON JANUARY 25, 2010 3:51 PM

**Jon Martz, Public Policy Council Chair, Association for Commuter Transportation**

Let me start by echoing my agreement with the statements of Mr. Downey and Mr. Shorris. This is not a change that affects the full transit program, merely the funds set aside for large, new infrastructure projects. As such, we in the transportation community need to use this as an opportunity to jump-start the conversation with the Administration over new policies that positively affect personal mobility. At the same time, we need to recognize that there are limits to what a federal transportation funding program can and should do, and that we need to have a broad spectrum of measures, quantitative, qualitative, and multi-disciplinary that allows us to review the projects we have approved for our funding so that we can better assess projects in the future. At the same time, I agree with many of the posters here that we need to define livability in some manner that we can all understand and hold projects and programs accountable to, both in the New/Small Starts programs as well as our standard transit and highway formula programs. We are not doing enough to ...

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RESPONDED ON JANUARY 25, 2010 12:06 PM

**Rich Sarles, Former Executive Director, NJ TRANSIT**

I applaud Secretary LaHood and the Obama administration for taking strong actions to promote the expansion of public transportation. Here in New Jersey, construction has begun on the ARC project, the largest New Starts public transportation project in the history of the program -- and a project with a positive return-on-investment for NJ TRANSIT. I am hopeful the changes announced last week by this administration will allow more projects like ARC to move through the New Starts process more efficiently. I also commend the administration for recognizing the role streetcars, light rail and BRT must play in this nation's transportation system as we move as a country toward smarter, more sustainable development. It is imperative that the Federal Transit

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Administration replace the current evaluation process with one that is at minimum equally transparent and less cumbersome. I think we all agree that it simply takes too much time for public transit projects to move from the drawing board to cons...

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RESPONDED ON JANUARY 22, 2010 2:20 PM

**Emil H. Frankel, Director of Transportation Policy, Bipartisan Policy Center**

While there is much to be gained, by broadening the criteria for the New Starts program, we should not lose sight of the fact that this program has been one of the few federal surface transportation programs, in which cost-benefit analyses have been applied. The "cost-effectiveness" criterion has been criticized, as too narrow and confining, but over time New Starts has developed, as a program, in which US DOT/FTA and Congress have shared decision-making, and the decision-making has largely been analytically-driven. In broadening the criteria, one hopes that neither FTA nor Congress moves away from an alalytically, cost-benefit-based process. "Livability" does not have to be seen, as a value that is too vague and uncertain to measure. The economic development, accessibility, energy, environmental, and safety goals that the National Transportation Policy Project (NTPP) of the Bipartisan Policy Center proposed in its report last June can all be seen, as essential elements of "livability" and can be quantified and measured....

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RESPONDED ON JANUARY 22, 2010 11:58 AM

**Deron Lovaas, Federal Transportation Policy Director, Natural Resources Defense Council**

Directionally, this policy change makes sense. Construed narrowly, cost-effectiveness analysis gives short shrift to co-benefits (and costs) and to considerations that may not fit neatly into a spreadsheet, as Steve and Tony point out. What really matters are the next steps regarding performance measurement, as Mort says and Administrator Rogoff implies is coming next in the process. And as Steve says, there are ways to take a variety of values into consideration, many more readily quantified using simple models than some realize. Duke U. Professor Ralph Keeney's book Value-Focused Thinking: A Path to Creative Decision-making covered some of this territory in the 1990s. This kind of rigorous, holistic process should apply across the board, of course, to investment of scarce public dollars in all modes. Last but not least is the bigger issue that would make this process more relevant: Boosting federal investments. And I agree with Mort that the Secretary's announcement at TRB that he's working on a bill is a corollary, noteworthy announcement. And improving transit investment de...

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RESPONDED ON JANUARY 22, 2010 8:11 AM

**Steve Van Beek, President & CEO, Eno Transportation Foundation**

Bill Millar started us off with a concise explanation and justification for the Department of Transportation's policy change. As Peter Rogoff, FTA Administrator, said in a note announcing the shift, "[t]his policy change will allow FTA to recognize the broad range of benefits these these

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- Bob Poole
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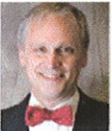
**Bob Poole, Director of Transportation Studies, Reason Foundation**

For the past several years, a growing number of transportation policy experts have called for rethinking how the federal government funds surface transportation. Reports from the Mary Peters DOT, the Policy & Revenue Commission, the Infrastructure Financing Commission, the Brookings Institution, and the Bipartisan Policy Center have all called for a more “performance-based approach,” as has the Government Accountability Office. All these various experts have argued that one of the big problems with current federal policy is that it largely just doles out money by formula (and by earmark), with little or no consideration of whether that money goes for boondoggles or for sound transportation investments.

One minor exception to this has been the Federal Transit Administration’s New Starts program. For many years, projects seeking funding under New Starts had to demonstrate at least minimal cost-effectiveness, originally by having to show that the taxpayer cost per new transit passenger trip would be less than \$24. During the Bush administration, that was changed to a (looser) st...

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RESPONDED ON JANUARY 20, 2010 4:40 PM

**Rep. Earl Blumenauer, D-Ore., Member, House Ways And Means Committee**

The simple answer is an emphatic yes. The Department of Transportation’s new criteria will unleash funding for vital transportation projects across the nation that will not only spur economic growth, but reduce congestion time as well as our reliance on dirty, expensive fuels. Yet it seems misleading to label the criteria announced by Secretary LaHood as new. When I authored Small Starts, which was signed into law in 2003, the original intent was to provide federal funding for smaller scale and less expensive transit projects. Which projects would be funded was to be determined by a variety of benefits, from economic development potential to environmental gains. By dropping the Bush-era practice of focusing exclusively on travel-time savings for suburban commuters, Secretary LaHood has restored the integrity of this program. Consistent with President Obama and his administration’s commitment to livability, and in the spirit of the law as written, DOT is doing the right thing by looking at a wide spectrum of economic and pollution reduction benefits. The Obama administrat...

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RESPONDED ON JANUARY 20, 2010 12:03 PM

**Steve Heminger, Executive Director, Metropolitan Transportation Commission**

I will make this posting short if not sweet. I am all for including livability and other broader community goals in the New Starts evaluation process. But we should not lose sight of cost-effectiveness when investing large sums of public funds, whether on transit extensions, road widenings, or port projects.

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RESPONDED ON JANUARY 20, 2010 10:51 AM

**Mortimer L. Downey, Senior Advisor, Parsons Brinckerhoff**

A welcome and positive decision by Secretary LaHood and an indication that the Obama Administration will be open to a broader view of transportation investments. But, I would not overstress the change (which I note is one that restores the status quo before the so-called Dear Colleague letter, reflecting the factors that have been in the law for years.) More will be needed to see the results of this policy change. In the first place, project planners and analysts will have to come up with solid measures for community impact and economic development, and the proposed investments will need to be cost-effective with respect to those expected results just as they had to be with respect to travel time and ridership impacts. This will be a challenge, but I'm sure that such analyses will be possible, and should depend heavily on local commitments to deliver on the projected benefits. This was the basis for a Clinton Administration decision to support a Portland light rail extension, and that decision has been proven correct. Second, and more important, a decision to ...

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RESPONDED ON JANUARY 20, 2010 10:01 AM

**Parris N. Glendening, President, Smart Growth Leadership Institute, Former Governor of Maryland, and NSI Senior Advisor**

Thanks to President Obama and Transportation Secretary Ray LaHood, federal transit policy is one step closer to meeting 21st century challenges. I strongly commend the groundbreaking new transit funding guidelines.

In addition to cost and speed concerns, these new guidelines take into consideration the profound effect transit has upon jobs, traffic, the environment, and economic competitiveness. Transit projects will now be judged comprehensively on their ability to strengthen communities. Much-needed projects across the country from the Purple Line in the Washington, DC Metro area to high-speed rail linking northern and southern California will certainly gain momentum.

This reform is one concrete result of the new Sustainable Communities Partnership among the Department of Transportation, EPA, and the Department of Housing and Urban Development. As a sweeping administrative shift the likes of which has not been seen since Franklin D. Roosevelt, this partnership shows collaboration at its finest. Transportation policy is more than counting construction dollars and cents. It is about building a connected and globally competitive system that makes sense. We all stand to benefit from this comprehensive approach.

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RESPONDED ON JANUARY 19, 2010 5:35 PM

**Greg Cohen, President and CEO, American Highway Users Alliance**

We do not typically weigh in on the selection of individual transit projects for New Starts grants, but I think the Administration's decision is an unfortunate one. At a time when transportation funding is incredibly tight and we cannot even keep up with maintaining the physical condition of the system, nearly all of us can agree that quantifiable, performance-based reforms are the key to getting more money for all modes. Our reauthorization proposal suggests that this should be the case for highway investments too. The Administration's decision to reduce the importance of quantitative cost-effectiveness and transportation performance measures from their selection criteria will not give Americans a better feeling that their money is being well-spent. Poorly-defined livability criteria and purely qualitative (subjective) measures could make the project selection more political and less beneficial for those paying the bill. Perhaps the quality of transit service would improve if transit users could better claim ownership of their funding. Th...

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RESPONDED ON JANUARY 19, 2010 5:24 PM

**Gabriel Roth, Research Fellow, The Independent Institute**

"But the age of chivalry has gone. That of sophisters, economists and calculators, has succeeded, and the glory of Europe is extinguished for ever." [Edmund Burke — Reflections on the revolution in France.] Secretary LaHood, who may have been reading Edmund Burke, seems determined to restore "the age of chivalry" to transportation and have it "succeed" the "sophisters, economists and calculators" who were allowed to run wild under the Bush regimes. As a side benefit, he would also restore, in the United States, "the glory of Europe", or at least that part of it involving their failed policies of trying to "coerce people out of their cars". Will the change be beneficial? "Narrow cost and performance criteria" have their disadvantages, but do help government analysts to identify beneficial projects. As Ken Orski points out, their dilution by undefined criteria, such as "livability", would enable "almost any project to be funded and there would be no real measure of success o...

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RESPONDED ON JANUARY 19, 2010 2:49 PM

**Rep. James L. Oberstar, D-Minn., Chairman, House Committee on Transportation and Infrastructure**

**Rep. James L. Oberstar**

**Chairman, House Committee on Transportation and Infrastructure**

**National Journal Transportation Blog**

January 19, 2010

The Administration's announcement that it will no longer target its funding recommendations only to projects that receive a "Medium" or better cost-effectiveness rating is great news and long overdue.

The law prescribes several criteria on which to base Federal Transit Administration grant awards for New Starts projects, and stipulates that all criteria should carry comparable weight. Yet, the Bush Administration defied the law and counted a project's cost-effectiveness for half of its total score, and limited its annual budget recommendations only to projects that scored well in this one area. In effect, it placed this single criterion as the sole decider of a grant award.

A transit project can bring many benefits to a community. It can relieve congestion on the local highways and streets. It can help reduce air pollution by cutting down on the number of vehicles on the road. It can bring jobs and economic development to depressed areas, and it can increase the livability of many communities along the new transit line. Yet, under the Bush rules, none of these benefits counted for anything if the project did not meet a certain return on the dollar.

It is ridiculous to hold transit projects to such a standard. We do not place the same cost-effectiveness requirement on road projects, National Parks, disaster relief, or other federal programs.

This is not to say that we should abandon the consideration of a project's cost altogether. A reasonable cost standard can force applicants to examine their spending plans closely and make sure that they are getting the most value for their investment. In doing so, it injects a degree of discipline into the application process for a program that is consistently over subscribed and under funded.

However, in this age of mounting congestion, rising fuel costs, and global climate change, we must ensure that Americans have the transportation options that transit can provide. The Bush policy discouraged applications for New Starts. The change in policy under the Obama Administration is welcome, and can open the door to a new, vibrant era for transit in America.

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RESPONDED ON JANUARY 19, 2010 1:21 PM

### **Ken Orski, Publisher, Innovation Briefs**

I join my colleagues Bill Millar, James Corless and Anthony Shorris in welcoming Secretary LaHood's announcement of broadening the approval criteria for New Starts projects. The new criteria should pave the way for a broader consideration of streetcars which offer medium-size cities a more affordable fixed-guideway alternative to light rail transit (LRT) systems. Unfortunately, LRT systems have been morphing increasingly into surface-based heavy rail -like transit, making them unaffordable to medium-size cities.

But it would be misleading to represent Sec. LaHood's announcement as a dramatic departure from the past. First, cost-effectiveness will be retained as an evaluation criterion. Secondly, eligibility of streetcars for federal assistance was established several years ago under the Bush Administration's Interim Guidance on Small Starts (July 26, 2006) which set up a category of "Very Small Starts." Projects in this latter category were defined as "simple, low-risk projects that qualify for a highly simplified project evaluation and rating process." Specifically, they were automatically rated as cost-effective and received "medium" (i.e. eligible) rating for "Land Use and Economic Development" impact.

I do have some problem in accepting "livability" as one of the selection criteria for rail transit systems, It will tend to trivialize the evaluation process because of the fuzzy nature of the word. As one of my colleagues



RESPONDED ON JANUARY 19, 2010 12:48 PM

**Rep. Peter DeFazio, D-Ore., Chairman, Highways and Transit Subcommittee**

The announcement last week by Secretary LaHood that the Federal Transit Administration (FTA) will no longer utilize the Bush-era practice of using cost-effectiveness as a trump card when evaluating transit projects, which was in contravention of the law, was tremendous news. Repealing the so-called 2005 "Dear Colleague" letter eliminates an unfair rating process that caused unnecessary delays and prevented eligible and worthy projects from receiving federal funds by focusing on time savings more than other benefits like economic development and environmental benefits. No longer will FTA give undue weight to a singular criterion, cost effectiveness, while giving inadequate consideration to other important benefits that new transit projects bring to communities.

This policy change means streetcar projects will finally be given a fair shake when it comes to securing federal funds. This will create well paying, American jobs building streetcars and will give people in urban areas more transportation options. It is important to note, however, that Secretary LaHood isn't proposing "new" criteria for which to rate transit capital projects. Rather, the Secretary has announced that the FTA will now rate proposed New Starts/Small Starts projects based on a variety of factors already mandated by Congress, including cost-effectiveness. An Administration that awards funds based on the law: what a refreshing and welcome change.

While this announcement means more transit projects will be eligible for New Starts and Small Starts funding, there remains more work to be done to reduce the amount of time it takes to complete transit capital projects. Completion of a long-term authorization measure this year is critical. Not only will passage of the Surface Transportation Authorization Act (STAA) provide more investment for the backlog of eligible projects, it will make further necessary reforms to the program to reduce the number of years it takes to build transit systems. According to a study by the New Starts Working Group with support from APTA, released in October 2006, it was then taking on average ten years to complete the New Start process; a doubling of time over the previous fifteen years. Our programmatic reforms in STAA will drastically shorten the time it takes for projects to receive grant funding and advance to construction. We can't afford to delay the completion of our surface transportation authorization any longer.

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RESPONDED ON JANUARY 19, 2010 11:27 AM

**Anthony E. Shorris, Director of the Rudin Center for Transportation Policy and Management, Robert F. Wagner School of Public Service, New York University**

It's long past time for the US to follow in the footsteps of so many other Western nations by learning to evaluate its infrastructure investments using more sophisticated tools than we have seen to date. For more than a decade, the UK has used tools for project evaluation that reflect the multiplicity of goals that public sector investments should achieve and the EU has done some very thoughtful work on these issues. Our appraisal of the benefits of surface transportation projects needs to go well beyond simply estimating reduced travel times for commuters, and even beyond reducing CO2 and other pollutants. The Secretary of Transportation has enunciated a handful of clear goals -- sometimes hard to quantify, often even harder to reconcile, and always hard to achieve -- that reflect the core policy objectives most Americans would broadly acknowledge as key to our future. The fact that some goals are

not always easy to define and measure -- livability surely needs further work -- does not make them less important than those that are.

The new approach laid out by Secretary LaHood should force a re-thinking of all of our evaluative tools -- cost-benefit analysis, alternatives analysis, environmental impact statements -- with an eye toward re-balancing them away from an excessive reliance on only those measures that can be readily quantified. This re-thinking should be inter-departmental (including other agencies and OMB) and inter-disciplinary (including the perspectives of urban planners and designers as well as economists). One thing the financial crash should have taught us is that there are limitations to even the most seemingly sophisticated financial models, and that apparently crisp spreadsheets are no substitute for the prudent exercise of judgment that the American people have a right to expect of their leaders.

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RESPONDED ON JANUARY 19, 2010 8:00 AM

### **James Corless, Campaign Director, Transportation for America**

My colleagues and I at Transportation for America were excited by Secretary LaHood's announcement that the Department of Transportation will consider a broader set of criteria, including livability, when awarding New Starts money for transit projects. This is a DOT that really "gets it" in terms of the need for a 21st century transportation vision and the necessity of looking at economic development, environmental impacts and quality of life.

Underlying this move is a recognition that public transportation projects do not happen in a vacuum. Rather, they can and should play a role in shaping where -- and how -- we choose to grow. When done right, New Start projects expand travel choices, reduce commute times and make our communities cleaner and more pleasant to live in. Why wouldn't we want to consider these factors when deciding which projects deserve federal support?

This announcement is also in sharp contrast to the crippling "cost-benefit" guidelines put in place under the previous administration. While evaluating the costs and benefits of a transit project is sensible in theory, in practice it can only work if all benefits are eligible for consideration. Under the old guidelines, real community benefits like cleaner air, job growth and proximity to retail and recreation were never considered. Highway projects, of course, never were subjected to anything like the cost-benefit analysis applied to transit projects.

Communities from Boise to Dallas, Boston to San Diego and everywhere in between are cheering this return to rationality. According to an article in the Wall Street Journal, 80 cities could apply for investment in nascent streetcar systems, an underutilized form of transit that yields palpable livability perks.

Although many more communities may be able to justify federal funding under the new rules, it is unlikely many more will actually receive the money anytime soon. The pot for New Starts under the SAFETEA-LU formula is just as limited as it was before. The rule change anticipates a more robust investment in completing our transportation network under the next authorization bill, but it remains anyone's guess as to when that will come.

Perhaps the outpouring of enthusiasm for the rule change from communities across the country will help convince Congress to get moving on a bill that will reduce the backlog of demand for clean transportation projects. With the Obama administration, Secretary LaHood and key players in Congress like House Transportation and



RESPONDED ON JANUARY 19, 2010 7:58 AM

**William Millar, President, American Public Transportation Association**

Kudos to Secretary Ray LaHood and his staff at the U.S. Department of Transportation for making important and much needed changes to the New Starts projects selection process. This means that New Starts projects for rail and bus rapid transit can move forward at a quicker pace. And that's good news for America.

Over many years, Congress has required that multiple factors, including cost effectiveness, be considered. The Bush Administration constructed a project evaluation formula that for all intent and purpose, made "cost effectiveness" the only thing that mattered.

With the action taken by DOT to consider all the factors required by law, transit projects can now be looked at from a holistic perspective. By judging a project on the multiple benefits it offers (i.e. mobility, economic development, environmental impact, land use improvements etc.), a well-rounded and more informed decision can be made. By removing the barrier that the Bush Administration implemented, the process is now in alignment with how it was originally intended to be.

Projects must still be cost effective and meet at least an overall medium rating in project justification and local financing. However, now, instead of a narrow prism through which to judge a project, a wider lens will offer a larger perspective. It should encourage innovative projects to be proposed and funded.

This policy change is a tremendous step forward. We are very pleased the Administration recognizes local public transit systems, which provide over 10 billion trips per year, as an integral part of the solution in improving mobility, reducing our nation's dependence on foreign oil while lowering carbon emissions, and encouraging local job creation. We look forward to working with the Administration on this new policy direction and on expanding the very vital services of public transportation throughout the country.

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