



# **New Starts Project Evaluation & Funding Decision Process**

National Capital Region  
Transportation Planning Board

**February 17, 2010**



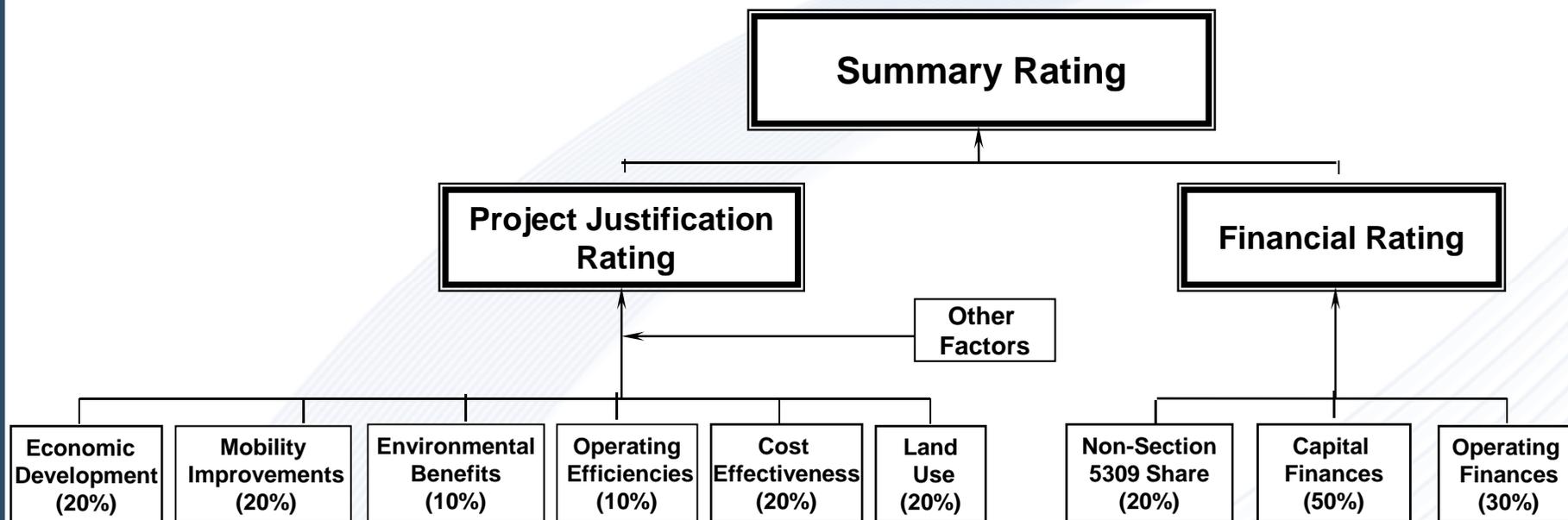
## New Starts Program Overview

- **A Discretionary & Competitive Grant Program**
  - \$1.99 billion appropriated in FY10
  - Demand for funds exceeds supply
  - Average federal New Starts share = 50%
- **Eligible Activities –**
  - New “fixed guideways” and extensions to existing systems
  - Corridor based bus systems
  - Includes light rail, heavy rail, commuter rail, bus rapid transit
- **Evaluation –** As directed in law, FTA evaluates and rates projects:
  - Annually in a Report to Congress [due First Monday in February]
  - For entry into Preliminary Engineering
  - For entry into Final Design
  - Prior to Full Funding Grant Agreement (FFGA) and construction
- **Record of Success –** Over 100 major projects over 35 years.

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## Statutory New Starts Project Evaluation and Rating Framework





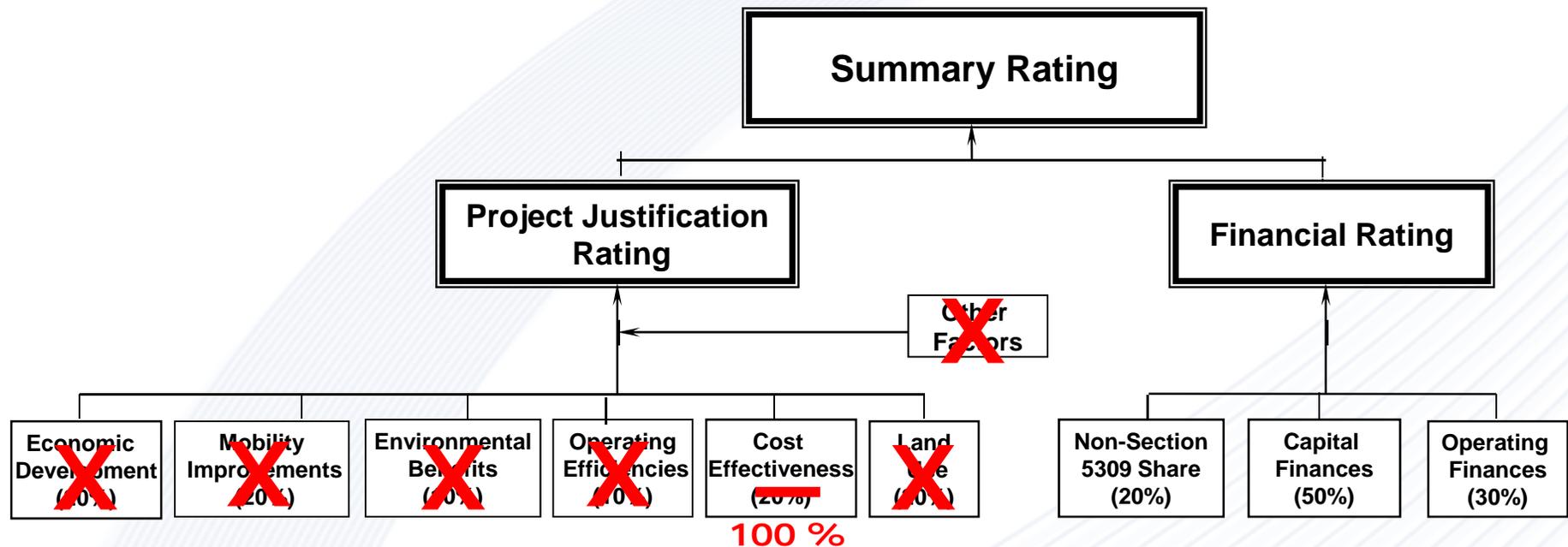
## **March 2005 Budget Formulation Directive**

### **Created a threshold test:**

- March 2005 – Dear Colleague Letter: “the Administration will target its funding recommendations in FY 2006 and beyond to those proposed New Starts projects able to achieve a “medium” or higher rating for cost-effectiveness.”



Despite statutory evaluation criteria, 2005 directive based the President's Budget decision on cost-effectiveness





## New Policy Announced on January 13, 2010

- On January 13, Secretary LaHood announced the Obama Administration is restoring the statutorily prescribed process
  - March 2005 Dear Colleague letter is no longer in effect
  - In order to be recommended for funding, a project must receive an overall rating of at least “Medium”



## **New Policy Announced January 13, 2010 (continued)**

- FTA will also be initiating a rulemaking process in the near future
- FTA will propose changes to our regulatory framework so that it reflects the wide range of benefits that transit provides:
  - Will give meaningful consideration to transit travel time, but also economic development, environmental, social, and congestion relief benefits
  - Will include a revised cost effectiveness measure that will recognize these benefits
- FTA encourages public participation in that process and seeks feedback



## Near Term Implications of Policy

- Only immediate change is how budget decisions are made
- Until such time as the rulemaking process is completed:
  - New and Small Starts evaluation and rating process, including the calculation of cost-effectiveness, will remain as it is
  - Cost-effectiveness will continue to be evaluated as one of the six statutory project justification criteria
  - FTA's review of ridership estimations, calculation of travel time savings, and comparison with a baseline alternative will continue



## Implications for Project Sponsors

- Existing project sponsors may elect to add scope or cost to their projects as long as they believe the project will be able to maintain an overall rating of at least “Medium”
- Project sponsors should be aware of implications of changing project scope if environmental and/or New Starts review has already begun:
  - Schedule impacts
  - Cost impacts