Alliance for Metropolitan Stability

Evaluating Our Transportation Future:

How Federal Spending Influences Local Transportation Planning and What Communities Can Do About it

ALLIANCE FOR METROPOLITAN STABILITY

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Introduction

On January 13, 2010, the Federal Transit Administration (FTA) announced a sweeping change to the way decisions about our nation's transportation investments are made. In an announcement that was welcome news to transit advocates across the country, Transportation Secretary Ray LaHood said that future evaluation measures used to determine which projects around the nation receive federal matching funding will now include "livability issues such as economic development opportunities and environmental benefits" along with the existing measures of cost and traveler time saved.[1]

Right now is a critical moment for local communities to understand how federal evaluation measures affect decisions that will happen right in our own backyards.

Transit experts have been advocating for years for a change in how the FTA evaluates local projects for federal funding. Federal spending on transportation is much sought-after by state and local governments to expand their transportation networks. As a result, federal criteria for funding plays a major role in how local agencies plan for new transportation projects.

Federal evaluation measures are designed to provide an objective analysis of the merits of competing transportation projects from disparate regions of the country. Yet rules established during the George W. Bush Administration have been criticized for a number of reasons. Those criteria have driven decisions at the local level that are in conflict with the goals of the communities they affect. Locally, the Central Corridor light rail project has suffered from the rules' inflexibility, which has prevented planners from including transit stops in the low-income communities that need them most. The need for federal funding to complete infrastructure projects has driven local transportation authorities to make decisions that not only compromise individual projects, but compromise the future development of a community.

In fact, our nation's transportation decisions have a record, reaching well beyond the Bush era, of creating inequitable patterns of development that have prioritized the needs of businesses and suburban commuters over transit-dependent people who must rely on public transportation to access housing, employment, schools and healthcare. These livability measures have long been ignored in favor of moving people faster between major destinations, and have negatively impacted low-income people and communities of color for decades – leaving them isolated and unconnected to social and economic opportunity centers.

Right now is a critical moment for local communities to understand how federal evaluation measures affect decisions that will happen right in our own backyards. The announcement from the FTA states that the agency will "initiate a separate rule-making process, inviting public comment on ways to appropriately measure all the benefits that result from such (transit) investments."[2] This means that communities planning for major future public transportation will be able to provide input into how those projects will be evaluated by the federal government.

Furthermore, by 2011, Congress is expected to pass the next six-year federal surface transportation bill to guide our nation's transportation spending. This bill will have tremendous implications for how new transitways and roads are designed and constructed in the Twin Cities and around the country. With so many communities in Minnesota – from North Minneapolis to the western suburbs, and from the Central Corridor to rural communities along the Northstar Line – affected by these decisions, it is critical for people to understand our existing system and speak up for changes that will provide more equitable transportation spending in years to come.

This paper will examine how evaluation measures drive the local transportation decisions that affect where we live, where we work and how we move about our region. In particular, we will examine the FTA's New Starts program, which is the primary federal funding source for new transit projects. New Starts funds major transit projects, such as rapid rail, light rail, commuter rail and bus rapid transit. We look at the history of transportation investments in the United States, the results of our current method of evaluating transit projects, and make recommendations for future public transportation evaluation measures that are in line with the FTA's goals to promote equity, sustainability and community livability.

Federal Transportation Policy Affects All of Us

Smart transportation investments can generate tremendous economic growth and powerfully transform communities.

The quality of a transportation system can significantly impact a society at all levels: it affects a nation's efficiency in conducting commerce, a region's economic competitiveness and an individual's ability to access opportunities. Transportation affects our daily lives in a number of ways:

- **Transportation provides access to jobs.** As the U.S. economy shifted from a manufacturing base into service and technology-oriented industries, there were fewer people working near the communities in which they lived. In 2000, more than half of Americans commuted outside their home communities to access employment opportunities.

- **Transportation investments create jobs.** From the industrial revolution to the dramatic post-war expansion of the interstate highway system, transportation investments have always been viewed as a way to generate well-paying jobs quickly. For example, investments of federal stimulus funds in transportation projects have yielded around 12,600 job-months per $1 billion spent.[3] Transportation investments also benefit other industries – such as the manufacturing and service sectors, through the creation of indirect jobs.

- **Transportation generates business opportunities and economic development.** Good transportation infrastructure supports economic growth by lowering the transport costs of users of the transportation network. Often, a city's or a region's economic success can largely depend on how efficiently it can link producers and consumers.

- **Transportation infrastructure determines where housing is built.** The rapid expansion of suburban residential communities across America in the 1950s and 1960s was a direct result of national highway development policies. Investment in a new road or rail line encourages nearby housing development, particularly if the surrounding land is inexpensive.

Federal Transportation Policy Affects Local Communities

The way our federal government allocates transportation infrastructure investments also has a significant impact on the way our local communities are planned and developed. Consider the impact the massive post-war highway development had in changing the American landscape. That investment, which was the largest public works projects in world history, created an American society that is heavily reliant on the automobile and promoted a sprawling pattern of suburban and exurban community development.

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Every investment in public infrastructure – whether a road expansion, a transit center or a new bridge – affects the entire transportation network that connects our communities. But while transportation decisions create easier access to resources and opportunities for many Americans, those same decisions have created barriers for others. For example, a new road may create a faster commute for drivers, but divert resources away from a bus line needed by transit-dependent people. A new light rail line may connect major commercial centers, but gentrify low-income neighborhoods in between, causing displacement of long-term residents.

Unfortunately, these types of disparities in transportation investments often fall along economic and racial lines. Given the transformative impacts of transportation infrastructure, it is important to ask: How equitably are investments distributed? What kinds of transportation investments are made? And who makes these decisions?

While Transit Demand Grows, Bias for Roads Remains

The demand for public transportation has never been higher. In 2008, the American Public Transportation Association reported that 4 percent more trips were taken nationally over the previous year. This continues the trend of transit ridership growth – up 38 percent since 1995. At the same time, the vehicle miles traveled on our nation's roads declined by 3.6 percent in 2008.[4]

This trend translates into a growing demand to expand the nation's public transportation network. The last surface transportation bill, the Safe, Accountable, Efficient Transportation Equity Act A Legacy for Users (SAFETEA-LU) had more than 330 projects in the New Starts Program funding pipeline, which determines which local public transportation projects will receive federal funding.[5] With such high demand, there is not enough money to fund every project request, making the New Starts program extremely competitive.

Despite the demand, federal funding for transit projects is much too limited compared to federal highway spending. SAFETEA-LU allocated an average of $39.9 billion per year between 2005 and 2009 for federal highway aid programs. In contrast, the Capital Investment Grants program, which includes the New Starts Program, was allocated $7.4 billion over the five years, or an average of $1.48 billion per year.[6] Federal funding provides 80 to 90 percent of project costs for highway projects. In contrast, local agencies are asked to come up with as much as 50 percent local funding for transit projects.

Bias Towards Highways Hurts Low-Income Communities and Communities of Color

This bias for new roads and highway construction greatly limits the investments local communities can make to develop a reliable public transportation system. The lack of public transportation options hurts low-income and communities of color the most:

- ***The cost and mobility gap.*** The costs of owning a car, including gas, maintenance and insurance, can be prohibitive to low-income people. Nationally, the percentage of persons of color who don't own a vehicle is significantly higher for people of color (24 percent for African Americans, 17 percent for Latinos and 13 percent for Asian-Americans) than for white people (7 percent).[7] Without a car or adequate access to transit, many low-income and persons of color face major barriers in accessing critical resources like employment opportunities and housing choices.

Partnership for Sustainable Communities

Livability seems to be at the heart of many new initiatives at the federal level. In June 2009, the U.S. Department of Transportation , the U.S. Department of Housing and Urban Development , and the U.S. Environmental Protection Agency announced an interagency **Partnership for Sustainable Communities** to help families in all communities gain better access to affordable housing, more transportation options, and lower transportation costs, while protecting the environment . The partnership has identified guiding six principles:

1. Provide more transportation choices
2. Promote equitable and affordable housing
3. Enhance economic competitiveness
4. Target resources to existing communities
5. Coordinate and leverage federal policies and investments:
6. Value unique characteristics of communities, no matter their size

- ***Spatial mismatch in housing and jobs.*** As transportation investments favor building and expanding roadways in new suburban communities, jobs centers continue to move away from urban core communities. According to the Brookings Institute, employment locations steadily decentralized between 1998 and 2006. The outermost parts of the 98 metro areas studied saw employment opportunities increase by 17 percent, compared to a gain of less than one percent in the urban core.[8] Often, entry-level and low-skill jobs are located farther away from central cities. This places urban low-skill workers with few commuting options at a disadvantage. More often than not, these suburban employment centers are inaccessible by public transportation.

The Need for Good Transit Investments

Underinvestment in transit projects severely limits our public transportation systems, despite the well documented growth in demand. Since funding for public transportation is limited, and competition is fierce, the criteria the federal government uses to evaluate projects is critically important.

In order to prioritize transit projects for funding, SAFETEA-LU requires the Federal Transit Administration (FTA) to evaluate, rate and then recommend projects on the basis of (1) local financial commitment and (2) project justification criteria. The FTA assigns ratings to each criterion and then assigns an overall project rating.

The criterion that has caused the most angst for transportation planners and transit advocates alike has been what is called the cost effectiveness index (CEI). This criterion was a pass-fail measure that was weighted 50 percent under the Bush Administration. The Obama Administration retained the criterion as a pass-fail measure, but limited its scope to 20 percent of the total points until they announced its elimination in January 2010.

The CEI was a mathematical formula that calculated how much a transit project would cost versus the ridership a transit project will attract and how those riders would benefit. Benefits measured include travel time savings, waiting time savings, convenience and reliability.

The elimination of CEI from transit funding decision-making gives many advocates hope for more equitable investment outcomes. Many communities felt the CEI had become the "gatekeeper" of transit projects, often becoming the sole determiner of whether a project would receive federal funding.

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While the CEI attempted to quantify rider benefits, it undervalued transportation benefits in a number of ways. For example, it did not fully account for indirect benefits, such as local economic development, community livability, decreased traffic congestion on nearby roads and highways, and positive environmental impacts, for example.

Second, CEI tended to only value moving people faster and not about connecting people to jobs, schools, housing and other opportunities. The measure valued expediency (getting people between major destinations quickly) over local mobility (moving people about their communities to buy groceries, worship, go to school, etc.). In this way, the CEI imposed a major bias toward transit projects that benefited suburban commuters traveling long distances between their homes and their workplace, versus those who simply needed to move within their communities. The result was further prioritization of lines that encouraged sprawling communities rather than compact, urban development. These biases exacerbated the racial inequities that have been so prevalent in our country's decision-making about transportation projects for decades.

Finally, the process of quantifying cost effectiveness could take several years and was costly. While a rigorous process is appropriate, many project sponsors have noted how the process had become too burdensome and complex. The extended timeline often resulted in inflationary costs for local states, which were expected to come up with funds to match federal funding they were vying for. What's worse, some cities actually began to plan transit projects in order to pass the CEI rather than to provide the greatest benefit to their communities. This backward method of transportation planning was no way to expand our nation's transit system at a time when more people than ever depend on transit to access opportunities.

The Case of the Central Corridor

The case of the Central Corridor Light Rail Transit project in the Twin Cities clearly illustrates the need for more equitable transportation evaluation measures. The decisions about where to place rail stations along the line were made based on CEI calculations. In doing so, planners focused on keeping the project's calculated cost-to-benefit ratio low in order to score most favorably with FTA officials. This resulted in fewer stations being placed in a critical section of the line: the eastern portion of University Avenue, home to the most transit-dependent and racially diverse communities.

Despite acknowledgement from local officials that additional stops were needed to benefit transit-dependent populations in these neighborhoods, the CEI prevented the Metropolitan Council from designing the line to meet this community need. In announcing the rule change that would eliminate cost-effectiveness as the primary criterion for federal funding, FTA Administrator Peter Rogoff specifically named the Central Corridor as one of the examples of why this change is so important. "That project is specifically not building stations in a fashion that troubles us from a civil rights perspective because it is not going [to] adequately serve the African American community and the Asian community," Rogoff said.

The change in federal evaluation measures gives these communities hope that the future rail line could provide community mobility to access critical resources, rather than simply pass through their neighborhoods.

A Transportation System that Serves All

The elimination of the CEI offers an opportunity for communities to shape our nation's future public transportation priorities. This change represents an historic acknowledgement that a comprehensive array of community benefits should be considered when new transportation investments are made. The FTA's announcement shows promise that critical community needs, including both economic development and environmental sustainability, will be taken into account. We strongly believe that equity criteria must also be considered. The historical disparities in transportation investments should lead our decision-makers to create new transit policy that clearly benefits all people and provides more flexibility to local transportation authorities.

We recommend that future federal transportation evaluation measures should:

1. **Prioritize projects that connect to regional transportation plans that capture the broad economic, social and environmental benefits of transportation investment.** Evaluation measures must fully capture the broad impact of transportation investments, and metropolitan areas across the country already have long-range plans in place that detail how their region's investments will contribute to sustainable growth and livability. Federal evaluation measures should help regions achieve those goals by prioritizing projects that create jobs, provide affordable housing choices, stimulate economic growth, improve our quality of life, protect our environment and move America toward energy independence.

2. **Apply equity impact measures.** Studying broad economic and environmental impact is important, but planning for the impact of transportation investments on low-income communities and communities of color is just as critical to successful policy. Because these populations have historically been burdened by many transportation decisions, equity issues must explicitly be included in future evaluation measures. Including measures that will intentionally increase accessibility, especially for transit-disadvantage groups, should be a priority.

3. **Be applied to all modes of surface transportation.** Existing evaluation measures are much more stringent for transit projects versus highway projects. Evaluation measures should be neutral and applied to all modes of surface transportation. This will eliminate bias for one mode and encourage more balanced investments across modes.

4. **Require community input and provide more local flexibility.** Local people know their communities best. Federal transportation policy should provide more flexibility to local agencies in designing new transitways, and require rigorous standards for community input at all stages of the design and implementation process.

Measuring project benefits should be comprehensive. Projects should be chosen based on their ability to provide mobility, accessibility and connectivity for all. A more intentional and inclusive planning approach for transit-dependent communities should be initiated in the early stages of a project's conceptualization and design. Local authorities should ensure that those most impacted by a proposed new project – especially low-income communities and communities of color – are not only considered in the evaluation of the project, but also given a meaningful role in the project planning.

Transportation investments predict the future of development in our communities. All people should be considered and given a voice in the process that shapes these critical decisions. We are hopeful that the FTA will incorporate these principles into its new evaluation measures.

But, as always, the voice of local communities is critical to ensure that these values are actually implemented on the ground. As our decision-makers plan for the next six years of transportation investments across our nation, now is the time to make your voice heard.

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