To provide that mix of transportation alternatives, including modal systems, related facilities and manpower, research and development, etc., which results in maximum benefits such as service, convenience, comfort, capacity, and speed for a given cost.

1. Benefits and Costs

Transportation is a service and as such the quantity and quality must take into account the benefits that the consumer is willing to pay for as well as the cost of providing them. For example, speed can always be increased in a given mode of transportation if enough resources are devoted to that purpose. Also, more reliability, comfort, and convenience in transportation can be obtained by allocating more resources for these purposes. Economic efficiency is increased, however, only if the resulting addition to the total benefits is greater than the addition to total costs.

Cost-benefit analysis in the government sector is a substitute for the supply and demand mechanism provided by the market place in the private sector. It is this similarity of the role that benefits versus costs has to the profit motive that gives value to the objective of economic efficiency.

Although the Department of Transportation, along with all government agencies, is committed to cost-benefit analysis, it recognizes the limitations in quantifying all factors. The various factors influencing transportation programs must be quantified wherever possible; however, the intangible benefits and unquantifiable costs must be described fully so their impact can be considered in the ultimate decision. These intangibles include political, social and other considerations which must be taken into account. Cost-benefit analysis is only a tool and not a substitute for management decisions.