# U.S. Department of Transportation

# Results Agenda

August 2004

August 5, 2004

The following pages describe a few of the Department of Transportation's most notable accomplishments since the initial President's Management Agenda (PMA) evaluation in 2002.

Management is not a glamorous topic. But without effective management too many federal programs, no matter how well-intentioned or worthwhile, either fail or cost far more than they should for the benefits they provide. For this reason the DOT's leadership welcomed the PMA, which evaluated the performance of federal agencies in five areas: Budget and Performance Integration; Competitive Sourcing; E-Government; Human Capital; and Improved Financial Management

The DOT is the first, and so far only, federal agency to earn four "green" scores in the five PMA initiatives. But our true measure of our success is not the scores themselves, but the underlying results and improvements.

The results affect every facet of DOT's operations. We have installed a uniform financial management system across the entire department, allowing us to track, manage and audit the highway and aviation trust funds with a precision and speed that was previously impossible. We can not only tell Congress and the American people how much money we spend on each highway, rail, transit and air safety program; we can also measure the results of the programs: how many lives are being saved, and accidents prevented.

Every person in DOT deserves the pride of knowing that their job is essential to serving America's transportation needs. DOT's Results Agenda, especially in Human Capital and Competitive Sourcing, is intended to better recognize and reward each individual's role in promoting the core missions of the department, and to accomplish our tasks at the lowest possible cost to the taxpayer.

Two key factors in the design of the PMA proved essential for success. First, the PMA broke down the praiseworthy, but nebulous goal of "better management" into dozens of discrete, measurable objectives and milestones. Secondly, OMB held federal agencies to a common standard, but left it to each federal agency to best determine how to meet that standard.

Within the Department, the accomplishments of our "Results Agenda" are directly attributable to the personal interest and involvement of Secretary Norman Y. Mineta and Deputy Secretary Kirk Van Tine. Since the Department's most significant management challenges cut across all of our operating administrations, many solutions could only be approved by the Department's senior management. To ensure that these issues were identified and resolved swiftly, Secretary Mineta appointed a Deputy Assistant Secretary within the Office of the Secretary to coordinate the day-to-day supervision of the PMA across DOT.

Every operating administration in the department assigned a senior-level, usually career, executive as its "PMA Coordinator", as well as a technical expert for each of the five initiative areas. The vast majority of the results achieved by DOT were designed by our in-house budget, competitive sourcing, financial, human capital, and information technology experts. Since the people responsible for implementing solutions were the people who designed them, the challenge of getting "buy in" across DOT was significantly eased.

For DOT's Results Agenda, "getting to green," is not a final destination. "Staying green," requires hard work and focus as we continuously improve our management practices, and push to implement successful initiatives throughout the department. The results we are producing -- for DOT's employees and for the American public -- are making the effort worthwhile.


**Joel Szabat**
Deputy Assistant Secretary for Management and Budget
and President's Management Agenda Coordinator

# Department of Transportations Progress towards "**Green**"

| Initiative | Jun 2002 Baseline | | December 2003 | | March 2004 | | June 2004 | |
|---|---|---|---|---|---|---|---|---|
| | Status | Progress | Status | Progress | Status | Progress | Status | Progress |
| **Human Capital** <br><br> * Human Capital moved to yellow in June 2003 | Red | Yellow | Yellow ↑* | Green | Yellow | Green | Green ↑ | Green |
| **Competitive Sourcing** <br><br> * Competitive Sourcing moved to yellow in Sept 2003 | Red | Red | Yellow ↑* | Green | Yellow | Green | Green ↑ | Green |
| **Improved Financial Performance** | Red | Green | Red | Green | Red | Green | Red | Green |
| **Expanded E-Government** <br><br> * E-Gov moved to yellow in Dec 2003 | Red | Yellow | Yellow ↑* | Green | Yellow | Green | Green ↑ | Green |
| **Budget/Performance Integration** | Yellow | Green | Yellow | Green | Yellow | Green | Green ↑ | Green |

# IMPROVED FINANCIAL PERFORMANCE

Over the past several years, huge strides have been taken in the area of Financial Management at the Department of Transportation (DOT).  The following success stories are a few of the results that have been achieved to improve Financial Management at DOT.

**ATO SERVICE UNIT COST MANAGEMENT PORTFOLIO:**  The Federal Aviation Administration (FAA) has developed a comprehensive financial/cost picture of service units within the Air Traffic Organization (ATO) to identify opportunities to control costs and increase operational efficiency.

This analysis identifies the primary "cost drivers" at each facility. Executives and managers use the information to find "best practices" to emulate, to identify which facilities are most efficient and which are underutilized, and to concentrate their efforts where costs appear to be out-of-line.

The example below shows the cost breakdown for the ATO's En Route Centers. The total cost per flight hour ranges from $88 at heavily-utilized Jacksonville, to $263 at Anchorage, whose services are less frequently requested. A more detailed analysis shows that Anchorage, where labor costs are 22% of the total, compared to a system wide average of 42%,  is not overstaffed; the fixed cost of having a facility in Anchorage is the primary cost-driver.

| SDP | (1) Total Cost per Flight Hour (unadjusted) | (2) Air Traffic Labor Cost per Flight Hour | (3) Air Traffic Labor Cost to Total Cost | (4) Incremental Infrastructure Cost per Flight Hour | (5) Telecom Cost per Circuit/ Account | (6) Tech Training to Total Labor Costs |
|---|---|---|---|---|---|---|
| Albuquerque (ZAB) | $104 | $48 | 46% | $8 | $ 5,162 | 4% |
| Anchorage (ZAN) | $263 | $57 | 22% | $23 | $ 11,128 | 4% |
| Atlanta (ZTL) | $90 | $54 | 59% | $3 | $ 9,473 | 2% |
| Boston (ZBW) | $125 | $58 | 46% | $8 | $ 8,088 | 2% |
| Chicago (ZAU) | $119 | $70 | 59% | $4 | $ 7,134 | 2% |
| Cleveland (ZOB) | $122 | $73 | 59% | $4 | $ 6,992 | 2% |
| Denver (ZDV) | $98 | $48 | 49% | $4 | $ 5,871 | 2% |
| Fort Worth (ZFW) | $118 | $64 | 54% | $6 | $ 8,417 | 1% |
| Houston (ZHU) | $131 | $64 | 49% | $10 | $ 5,919 | 1% |
| Indianapolis (ZID) | $106 | $64 | 60% | * | $ 9,077 | 2% |
| Jacksonville (ZJX) | $88 | $45 | 51% | $4 | $ 7,484 | 2% |
| Kansas City (ZKC) | $111 | $56 | 51% | $5 | $ 6,519 | 3% |
| Los Angeles (ZLA) | $115 | $52 | 45% | $6 | $ 8,178 | 2% |
| Memphis (ZME) | $101 | $55 | 55% | $1 | $ 6,411 | 2% |
| Miami (ZMA) | $125 | $55 | 44% | $6 | $ 13,417 | 3% |
| Minneapolis (ZMP) | $107 | $52 | 49% | $8 | $ 5,749 | 2% |
| New York (ZNY) | $139 | $72 | 52% | $5 | $ 10,204 | 2% |
| Oakland (ZOA) | $130 | $56 | 43% | $16 | $ 7,265 | 2% |
| Salt Lake City (ZLC) | $110 | $44 | 40% | $7 | $ 6,652 | 3% |
| Seattle (ZSE) | $145 | $65 | 45% | $7 | $ 9,196 | 2% |
| Washington (ZDC) | $96 | $53 | 55% | $5 | $ 9,826 | 3% |
| | | | | | | |
| **Averages** | **$137** | **$57** | **42%** | **\* baseline** | **$ 7,871** | **2%** |

**Data Sources** – Enhanced Traffic Management System (ETMS) and Cost Accounting System (CAS)

Before the implementation of this process, the FAA had no way of demonstrating why some centers had higher costs than others. With this information, FAA's managers can

easily divide the centers with the highest proportional labor costs (Indianapolis, Chicago, Cleveland, Atlanta) from those with the highest infrastructure costs (Anchorage, Oakland), and develop action plans to mitigate the cost-drivers, resulting in improved air safety services at less cost to the taxpayer.

## IMPLEMENTATION OF A NEW FINANCIAL MANAGEMENT SYSTEM:

In November 2003, DOT became the first cabinet level agency to install and use the same commercial off-the-shelf financial management software through the Department.

> Using COTS to Improve Financial Performance

Delphi provides efficient, integrated financial management for DOT's 60,000 employees and $58.6 billion annual budget. Prior to Delphi, year end processing time averaged 3 weeks. With the introduction of Delphi, **year end closing time has fallen to 1 day**. Delphi has been able to not only improve efficiency, but also accuracy and timeliness.

Along with improving accuracy and timeliness of financial data and information, DOT's move from an antiquated, highly customized, home grown legacy system will mean cost avoidance and cost savings for DOT. A recent independent assessment shows that DOT will achieve a 78.12% return on investment in 5 years on an initial investment of $125 million, reaching full payback of its investment in about 8 years.

There are also many streamlining benefits of Delphi. For the first time, the Department now has a standardize core operational processes and has a single accounting classification structure.

**USING ECONOMIES OF SCALE:** DOT has also begun to market Delphi to cross-service small Federal Agencies that have to prepare audited financial statements. In April of 2004, The National Endowment for the Arts (NEA) selected Delphi as their finance and accounting system. NEA will use DOT's Delphi to manage its $117 million annual budget and to produce auditable financial statements.

> Working to promote savings and efficiencies across the Federal Government

This cross servicing will enable NEA to meet their requirements and get all the advantages of DOT's fully integrated state-of-the-art financial management system. The Economics of Scale through cross servicing will enable NEA to save money by only paying a portion of the annual operating costs and avoiding the initial implementation costs.

**"DASH" PILOT FOR MANAGERS:** DOT has developed a solid foundation for providing financial information to program managers. A goal of the Office of Financial Management (OFM) is to build on this foundation by packaging information
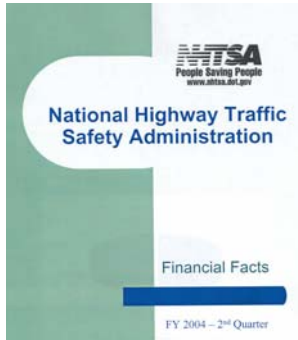
in an easy-to-use format for all levels of DOT management to use for on-going decision-making. This will be done through the Delphi Accounting and Strategic Highlights Reporting System "DASH."

OFM began a DASH Pilot in spring 2004. One of these packages was the National Highway Traffic Safety Administration's (NHTSA) "Financial Facts", a series of charts and graphs presenting financial information and performance metrics to NHTSA program managers. The other four pilot packages focused on safety programs in the Federal Motor Carrier Safety Administration (FMCSA), the Research and Special Programs Administration (RSPA) and the Federal Railroad Administration (FRA).

In the DASH pilots DOT managers linked financial and programmatic information to make management decisions, as showcased by the FRA Automated Track Inspection Program (ATIP).



The ATIP program uses specialized vehicles that survey railroad tracks across the U.S. to identify track defects and exceptions. FRA works with the railroad track owners to repair identified defects, minimizing the risk of passenger and hazardous material train accidents and incidents.

FRA managers used ATIP program statistics and cost data to show that one "geometry car" could prevent an estimated 70 derailments, avert 5 casualties and save $135 million dollars. With this information, FRA has been able to justify to OMB and Congress that investing in another geometry vehicle to survey railroad tracks is a good investment.

# BUDGET AND PERFORMANCE INTEGRATION

The Budget and Performance Integration (BPI) initiative of the PMA measures the results of government programs to ensure that taxpayers' dollars are used most efficiently.  By integrating budget decisions and performance results, we can identify what results can be achieved with whatever funding a program receives.

Beginning with the FY 2004 budget cycle, DOT organized its OMB and Congressional budget submissions in such a way that the linkages between additional resources and improved performance would be more apparent.  The linkages were further strengthened during the FY 2005 budget submissions.  For FY 2006, DOT plans to take performance budgeting to the next level by estimating the marginal cost of performance (what results can be achieved at different levels of funding) for selected programs.

The success stories below highlight specific examples where BPI has made a difference.

**FOCUSING ON KEY PERFORMANCE MEASURES**:  Over the past two years, DOT examined its 72 performance outcomes and reduced them to 44, thereby tightening the connection between DOT-level outcomes and our strategic goals.  This has helped the Department focus its resources in areas with the greatest impact on performance, and the Operating Administrations are able to demonstrate more clearly to OMB, Congress and the American citizens the linkage between their activities and the Department's priorities.  In addition, the consolidation of outcomes enabled the Department to more clearly analyze the progress of similar goals shared by the operating administrations.

**USE OF PART RESULTS**: The Program Assessment Rating Tool (PART) process has provided DOT a consistent and standardized tool to consider performance information when making management and funding decisions.  The DOT delivers our services through hundreds of programs but, prior to PART, there was not a standardized mechanism to evaluate them for effectiveness. BPI stressed the importance of including PART information in the budget documents.  The inclusion of PART results in the FY 2005 performance budget

> Using the PART to make positive changes to our Programs

strengthens the link between program results and funding decisions.  The PART also helps to demonstrate to Congress and the American public the results that are being achieved.

Based on the PART review and recommendation that supported an earlier Office of Inspector General finding of the FHWA's Highway Infrastructure Program, FHWA has changed the way it manages major highway projects. To ensure efficient and effective projects, FHWA has added additional financial and management requirements on projects over $1 billion dollars.  They have also

begun to focus on hiring more financial managers and program administration managers into their program as project specialists. FHWA hopes to solidify these changes through the Administration's Stewardship and Oversight proposal in SAFETEA. With minor edits, both the House and Senate versions of the bill contain the same reauthorization language. Another PART assessment streamlined the Department's SAFETEA grant programs to reduce their complexity and to award grantees that improve safety. These are good examples of how the BPI has made strides to better link policy to resource and performance decisions.

**FAA BUSINESS PLANNING PROCESS:** In February 2003, the Federal Aviation Administration (FAA) Administrator undertook a strategic planning effort to clearly outline FAA goals, priorities, and major initiatives. The result was the FAA Flight Plan for 2004-2008, which embodies the strategic direction, goals, objectives and initiatives of the FAA through FY 2008.

As part of the Flight Plan development effort, the Agency's Performance Management team worked with each line of business (LOB) to develop business plans for FY 2004. Business planning is the process for translating the long-term vision outlined in the Flight Plan into annual goals that drive the day-to-day operations of the FAA. Business Plans are intended to be organization-specific and align each LOB and Staff Office directly to the Flight Plan goals, objectives and initiatives, while communicating priorities through measures and targets. In addition, business plans are intended to create a directly to the Flight Plan so that employees are able to identify how their work relates to the larger goals of the agency.

Once business plans were in place, the Administrator established a monthly Performance Assessment meeting. To focus the discussion in these meetings, the Management Team is using a new performance management tool, which contains updates on progress against annual targets and scores each one as red (serious concern about achieving the goal without significant intervention), yellow (some interim activities are in jeopardy, but goal is still attainable), or green (on-track to reach the goal). The following is one example of the type of matrix being used to measure performance.

## Increased Safety
Performance Target Detail

### TGT: A&B Rwy Incursions (FAA)
This Year to Date (Sum)
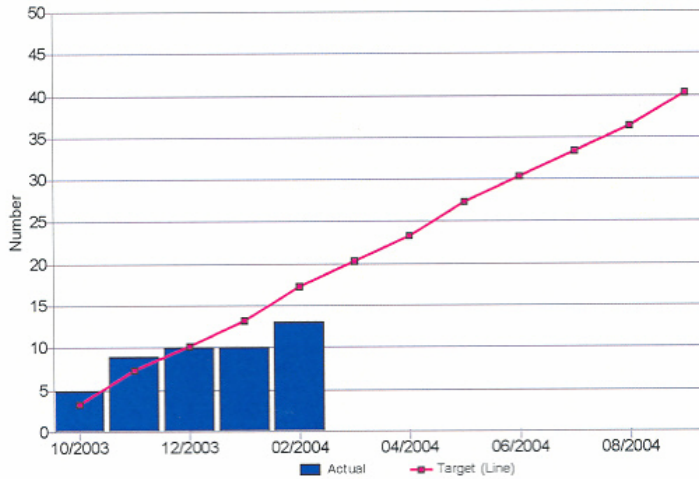


**Description**

TGT: Reduce the number of most serious runway incursions (Categories A and B) at towered airports by at least 48% by FY 2008 (from the 2000-2002 baseline average of 52 per year to no more than 27 per year). (FY 2004 target is no more than 40.)

| | Actual | Target (Line) | Index Range |
|---|---|---|---|
| 10/2003 | 5 | 3 | Red |
| 11/2003 | 9 | 7 | Yellow |
| 12/2003 | 10 | 10 | Green |
| 01/2004 | 10 | 13 | Green |
| 02/2004 | 13 | 17 | Green |
| 03/2004 | -- | 20 | Unknown |
| 04/2004 | -- | 23 | Unknown |
| 05/2004 | -- | 27 | Unknown |
| 06/2004 | -- | 30 | Unknown |
| 07/2004 | -- | 33 | Unknown |
| 08/2004 | -- | 36 | Unknown |
| 09/2004 | -- | 40 | Unknown |

The FAA Management Team can now monitor results and identify potential problems before they occur. With early identification and a coordinated response across the agency, FAA intends to achieve results by heading off issues before they become significant problems.

**LOOKING AHEAD TO THE FUTURE:** One of the remaining Budget and Performance Integration elements that the Department is working to achieve is the demonstration of an ability to identify marginal cost of performance. In other words, DOT is working to identify how changes in funding will affect program performance.

> Demonstrating the ability to identify the marginal cost of performance

Typically, a marginal cost of performance analysis would require the Department to have a fully functioning cost accounting system. While all DOT modes have

**Marginal Cost of Performance Example:**

Using a hypothetical program increase, the information below shows the expected reduction in rail-related accidents and incidents with the requested increase in funding for Federal Railroad Administration's Safety and Operations and Railroad Research and Development. This improvement in performance ties directly to DOT's Safety strategic objective and to the Department's performance goal to reduce rail related accidents and incidents.

**Baseline Funding:  $100,000**

**Program Increase:  $12,000**

**Total Funding:        $112,000**

**Performance Measure Associated with this Program Increase(s):** Reduce the rate of rail-related accidents and incidents per train miles.

**Baseline Performance: 16.30 –** rail-related accidents and incidents per million train miles traveled

**Incremental Performance (Change in Target):  -0.30**

**Performance w/ Program Change(s):  16.00**

In other words, with a $12,000 increase in funding, there is an estimated 2% reduction (-0.30) in rail-related accidents and incidents per million train-miles traveled.

implemented the DOT-wide accounting system, Delphi, it will be several years before cost-accounting data systems are fully mature and include historical data that will allow DOT managers to integrate performance and accounting data.  As a result, DOT has developed an alternative model that will enable the Department to tie resources to results.

To fully test out the working assumptions in our marginal cost of performance model, DOT has selected several pilot programs focusing on our "Safety" strategic goals that will be used to test this approach.  The lessons learned from this initial effort will be incorporated into future budget guidance to be followed by all DOT Operating Administration's for all accounts.

This model will be used to compare marginal benefits and estimate marginal costs.  It will help to show the impact of additional or reduced funding, and will set the stage for the use of cost accounting data in developing performance budgets.

# E-GOVERNMENT IMPROVEMENTS

Federal Government Agencies have not been taking full advantage of the widespread availability of the Internet, technological advancements and improved communications systems.   The Department's E-Government initiative allows the general public and the regulated community easier access to their government.

## DO IT YOURSELF (DIY) INTERNET COLLECTION SITE:



Do-It-Yourself (DIY), DOT's e-collection solution, is a series of Internet based, self-service payment and registration sites that simplify conducting business with DOT.  By using a major credit card or by authorizing an automated clearinghouse (ACH) payment from their bank account, DOT customers can easily and securely use DIY to pay fines and fees; to apply and pay for registrations and licenses; and to request and pay for publications, data, and files.  More than 45 applications, fees and products are available on DIY 24 hours a day, 7 days a week.

> DIY Improves Customer Satisfaction, Product Delivery, Response time and Saves Money

Since DIY was created in FY 1999, it has eliminated nearly **_17 miles_** of paper checks by processing nearly 180,000 paperless, Internet transactions and has efficiently collected $370 million.

DIY has revolutionized DOT's business methods.  Benefits include:

- Speeding application processing, and product and service delivery.  For the RSPA **HAZMAT Registration, processing time has been reduced from 4 weeks to 20 minutes.**  In FY 03 there were 7,560 HAZMAT Registrations totaling to $2.7 million.
- Allowing hands-free payment handling.  DIY payments and transaction information are automatically sent electronically to Treasury and to DOT's accounting systems.
- Eliminating time-consuming, error-prone and duplicate data entry.  Data is input one time at the source by the customer and is directly interfaced into DOT program systems.
- Eliminating follow-up collection activities for bad checks.  DIY ensures that a payment is valid before processing the transaction.
- Eliminating work backlogs for DOT program offices processing applications and forms.
- Eliminating the vulnerabilities associated with paper forms and checks, which can easily be lost.

DIY's performance successes include significant increases in the number and dollar value of transactions processed on DIY; improved DOT business practices; and enhanced services to our customers.  DIY is a success because it effectively and efficiently meets the

real-time needs of DOT's customers and programs.  For example, when a motor carrier is pulled off the road and fined for an infraction, that carrier can immediately pay the fine on DIY via his computer and be back on the road and productive within minutes.

**INTERNET-BASED COMMUNITIES AND "RUMBLE STRIPS":**  What started out as a Web-enabled Community of Practice (CoP) to disseminate information about a successful safety device, turned into a springboard for other intergovernmental Web-based informational communities.  In 1998, FHWA set a goal of reducing traffic accidents 20 percent within a ten-year period.  In pursuit of this goal FHWA safety engineers focused on reducing accidents that accounted for approximately 50 percent of all rural fatalities.

> Internet-based Communities Increase Knowledge Exchange

According to the Federal Highway Administration, single-vehicle run-off road crashes cause about one-third of all highway fatalities and injured half a million people injured each year. One safety tool that is known to effectively reduce run-off-road crashes is the rumble strip; i.e., a line of bumps installed at the edge of the roadway or on the shoulder that makes a loud noise when a vehicle rolls over them.  However, in 1998, rumble strips had not been universally adopted by state DOT's and FHWA was looking for a way to disseminate information nationwide on their benefits.  The FHWA Chief Knowledge Officer and American Management Systems (AMS) helped develop an online forum for the dissemination of rumble strip information and to encourage discussion threads on them.  Through this CoP, users could look up technical information on rumble strips; share community resources such as articles and Web links; and, ask questions of experts and participate in open discussions via Web discussion threads and posting boards. Upon launch of the site, all state DOTs were notified. The site received 60,000 hits within its first month and is currently stabilized at approximately 1,200 hits per month.

Prior to the project, virtually no states were using these milled rumble strips. Now, almost all states deploy this life-saving approach.  The ready access to knowledge for decision makers was a key element in changing the paradigm on this safety technology.  The community is also a springboard for innovative new rumble strip uses, such as "rumble stripes" in highway center lines. One study conservatively estimated that the CoP project generated $5.9 million dollars in annual economic savings.   By using a new approach to sharing knowledge and experience across levels of government, the project accelerated the nation-wide deployment of proven safety techniques.

Building upon the success of the Rumble Strips CoP, the FHWA is sponsoring a number of other CoPs that cover such topics as highway hardware, red light running, environment and planning, air quality, high performance concrete, and transportation management.  As with the Rumble Strips CoP, all CoPs encourage free and open knowledge exchange among their participants and the CoPs serve as valuable tools for locating resources and exchanging ideas.

**"RESULTS ORIENTED" DATABASE:** NHTS's safety defects systems (ARTEMIS) is a database that allows citizens to quickly identify serious safety defects that may exists in their vehicles. It also influences recalls and allows for the collection of data submitted under the Early Warning Reporting (EWR) requirements published by NHTSA to meet the statutory intent of the TREAD Act.

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| ARTEMIS Provides Citizens Up-to-Date Vehicle Safety/Defect Information |

**Since October 1, 2003**
✓ There have been over **66 million "hits"** on the website
✓ **1,437,390** records have been reported on ARTEMIS.
  o **46,313** Records received on Child Safety Restraints
  o **121,573** Records received on Vehicles

ARTEMIS provides capabilities such as Search and Browse for Complaints, Recalls, Investigations, and Technical Service Bulletins; Ad hoc query and reporting; Integration of data, images documents and other multimedia. It also allows direct access to NHTSA safety defect investigation files to the public via the internet and direct access to information concerning recalls including manufacturer's proposed remedies. This information is available 72 hours after receipt by NHTSA via the internet. (http://www-odi.nhtsa.dot.gov/)

**CERTIFICATION AND ACCREDITATION IMPROVEMENTS:** In order to identify potential information technology security weaknesses, and opportunities for more efficient operations, each of DOT's IT systems goes through a rigorous security certification and accreditation process. DOT has a total of 489 systems. As of October 1, 2003, only 40% of these systems had been certified and accredited. As of June 15, 2004, DOT accredited 96.5% of its operational IT systems.

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| C&A process provides DOT management assurance that IT assets are able to provide secure services to the public. |

Results of these certifications and accreditations are being used to identify weaknesses and remediation solutions. By implementing enterprise-wide solutions, the Department will gain consistency in its remediation efforts as well as provide cost-savings for IT security solutions.

**DEVELOPING A FORMS REPOSITORY FOR THE PUBLIC:** In October 2003, FAA established a forms repository to allow Web access to all public use forms (http://forms.faa.gov/), with a link from the FAA home page.

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| On-line forms repository allows One-stop accessibility and improves communication between FAA and the public. |

This project involved reviewing 191 public use forms in various stages of automation (from paper to digitize). FAA developed structured evaluation criteria to evaluate each form to determine the best candidates for automation. As a result 172 forms selected for automation are available in a downloadable format and are Section 508-compliant. Since its implementation, over 34,000 forms have been

accessed electronically. The FAA forms repository has also been integrated with the current Business Gateway Initiative Federal Forms Portal which provides a hyperlink to the FAA forms repository-thus allowing FAA customers ready access to the forms they require.

⋯> **Access FAA Forms**

**Browse**
by Numerical Order
by Alphabetical Order
by Category
by Office Name

Help
General Information

**Search For**

[                    ]    in Form Number

[                    ]    keyword in Form Title

**Open Form**

[                    ]    GO
(enter Form Number)

# HUMAN CAPITAL

People are the most important part of the Department of Transportation and the President's Management Agenda; the people who work here to serve the nation, and the American people we serve. DOT's Human Capital initiatives inform our workforce about the Department's goals, provide the management resources and measurements that encourage individuals within DOT to more effectively and efficiently serve the public, and recognize and reward them when they do so.

**INTEGRATING STRATEGIC PLANNING:** In 2002, the Department's Strategic Plan had an Organizational Excellence goal, but no specific references to human capital challenges and goals. The Department had already piloted a workforce planning and analysis model in each administration, but most administrations had not studied their whole organization, or institutionalized workforce analysis and planning as a recurring process to support agency goals.

A Human Capital Planning Council, composed of workforce planners across the Department, worked with the strategic planning team to develop the new DOT Strategic plan. As a result, the 2003 – 2008 Plan, located at http://www.dot.gov/stratplan2008/strategic_plan.htm now identifies specific human capital challenges associated with the strategies and goals for the Plan's objectives. In addition, the Organizational Excellence Goal now aligns with the President's Management Agenda, and therefore explicitly incorporates the Human Capital Standards. To support and maintain this linkage, DOT has institutionalized annual workforce planning and analysis.

Using the Department's Strategic Plan and current workforce data, the Department and each administration can ensure that human capital priorities and strategies support mission results for the American people.

**LINKING PERFORMANCE PLANS TO RESULTS:** DOT requires individual performance plans to be linked to the Department goals. However, a 1999 evaluation showed the guidance had not moved from paper to execution. While there were some appropriate performance plans for division or branch chiefs, in general communication between supervisors and employees about goals and performance was inadequate.

> Employee's performance plans are linking to the mission, goals, and outcomes of the Department.

The Department formed a Performance Management Taskforce in July 2002 with representatives from throughout the Department. This group developed performance policies with supporting measures to establish linkage and accountability at every level of

every administration.  By March 2004, 89% of DOT employees had performance plans that aligned with mission, goals, and outcomes.

**STRENGTHENING LEADERS:**  A DOT taskforce looked at indicators that supervisors in the Department were being selected for leadership ability, appropriately trained, and held accountable. The taskforce found that recruitment postings for many supervisory jobs omitted any requirement for leadership competencies.  Many new supervisors received inadequate leadership training, and some had performance plans that didn't include explicit leadership expectations.  At the same time, a Diversity Work Group established by the Secretary found Department leaders were not being held accountable for supporting diversity.

In October 2002 DOT issued a policy to comprehensively address the identification, selection, development, and performance evaluation of supervisors.  It may be found at http://dothr.ost.dot.gov/HRPolicy/Number/L300-26.pdf.  The policy set out best practice guidance and these requirements:

**Recruitment and Selection**—Every job posting and crediting plan for a supervisory job now includes leadership competencies.  At a minimum, each contains this ranking factor: "*Ability to lead a diverse workforce including: creating a culture that fosters high standards of ethics; developing strategies to maximize employee potential;  developing performance plans and monitoring performance; resolving conflicts; fostering workforce diversity on the staff; and recognizing staff contributions.*"

**Development**—Administrations must assess leadership competencies and develop an individual training plan for each new supervisor, and then ensure that the new supervisor gets at least 40 hours of relevant training during the 1-year supervisory probation.  Administrations must also assess leadership competencies and plan responsive development for all other leaders.  Responsive training is reported to ensure compliance.

**Appraisal**—The Performance Taskforce was assigned responsibility for the specific approach to strengthening appraisal.  Taskforce members benchmarked supervisory criteria from DOT administrations and other Federal agencies and developed criteria that would be used to evaluate *all* DOT supervisors.  These criteria were subsequently adopted for use in executive plans as well.

DOT has changed the way it hires, trains, and evaluates leaders.  By March 2004, 99% of DOT supervisors were under performance plans that assess them on business results, managing human capital, managing resources, and effective

support for EEO/Diversity.  By June, for the first time ever, executives at the Presidential appointee level had accountability contracts with the Secretary that also included these expectations.  DOT now has established a uniform accountability approach that reaches every level of leadership throughout the whole Department.  Meanwhile, resources such as the web-based *Supervisors' Toolkit* have been introduced to support managers in meeting these heightened expectations.  The *Toolkit* is at http://dothr.ost.dot.gov/toolkit/toolkit.html  We are continuing to update and populate that site, and finding more ways to communicate with supervisors about the importance of their role in managing the agency's most important asset—its people.

**STRENGTHENING ACCOUNTABILITY AND PERFORMANCE OF LEADERS – FRA AND FAA:**  The FRA and FAA wanted to strengthen the performance and commitment to continuous improvement of their leaders.

In FY 03 both administrations piloted formal executive coaching programs.  The program was mandatory for FRA executives, and highly encouraged for those in FAA.  Over 40 senior managers and executives were assessed, developed individual action plans, and received personal coaching in order to enhance specific leadership competencies.

All participants in both programs rated the coaching as highly valuable and endorsed expansion of the program.  In FAA, follow-up evaluation confirmed that leadership skills were enhanced by the experience.  Some participants expressed a desire to continue one-on-one coaching even if they had to pay for it personally.  Based on the success of these pilots, the Department is now launching a Department-wide executive coaching program.

**ACCOUNTABILITY AND PERFORMANCE:**  DOT found that employees often applied and were selected into supervisory jobs without any clear understanding of the expectations attached to them.  As a result, some selectees were observably unsuited or unready for their new roles.

A special, experience-based program titled ***So You Want To Be a Leader*** was designed and developed for GS-11/12 employees considering a move into supervision and management.  Our pilot commenced in FY 2002.  After four cohorts of trainees, totaling 60 students, had graduated, the program was evaluated.

> **So You Want To Be a Leader** has trained 60 future managers since its inception.

At the time of the evaluation, over 13 percent of the graduates had already achieved a promotion either within DOT or in other Federal or private sector organizations.  Perhaps even more significantly, about 25 percent of the graduates had reassessed career goals and decided not to pursue a leadership position at this

time.  Both results confirmed the success of the program in providing a real-world introduction to the expectations and accountability that accompany leadership roles.  The program has been made permanent, and will be given twice a year on an ongoing basis.


**RECRUITMENT OUTREACH:**  Each operating administration made independent decisions and arrangements about attendance at recruitment fairs and conferences.  Those administrations with more staff and funding were able to gain more visibility than those with less.  Administrations frequently paid separately for the same event and set up in separate booths.

In the summer of 2003, DOT formed an inter-modal Corporate Recruitment Workgroup to coordinate and strengthen recruitment outreach.  The group agreed to coordinate efforts on recruitment fairs, and other areas where outreach goals and targets overlap.

Each administration receives many requests for participants and/or recruitment material at job fairs and conferences.  Because resources are limited, the Workgroup developed a master list of all events and a set of participation criteria against which all requests are compared.  If a request meets the criteria, the workgroup member asks his/her OA whether the OA would like to attend and/or pay for the event.  One OA pays for the event, which results in cost savings for the Department.  The other OA's are given the opportunity to provide recruitment materials to the "lead" mode for the event and/or share the booth (if applicable).

| *BEFORE* | *AFTER* |
|---|---|
| **8 conferences/fairs per FY** Average: **per mode** (anecdotal from Workgroup) | **40 conferences/fairs this FY** Supporting **all DOT** |

This means that recruitment dollars buy far more candidate outreach for everyone, with less disparity between organizations.

# COMPETITIVE SOURCING

The Department of Transportation (DOT) approaches competitive sourcing as a strategic tool for accomplishing the mission of the Department.  Through the competitive sourcing process, the Department focuses its own employee's efforts on the core mission, and evaluates the lowest cost alternative to provide other necessary functions through either the private sector or government.

**RELYING ON THE GOVERNMENT AND PRIVATE SECTOR:**  The Department continually evaluates the optimal mix of Federal employees and private sector to deliver quality services at the most economic cost to the taxpayer while ensuring the highest quality in services.

The table below illustrates that as of March 2004, the work of some 17,000 people out of the almost 60,000 people in the Department is being done by the private sector or scheduled for competition.  The Department considers all available Human Capital sources to meeting the Department's demanding mission requirements.

### Federal Employee and Private Contractor Mix

| Operating Administration | Total Contractor FTE | Total Commercial FTE Competed or Scheduled for Competition | Total  Available Commercial FTE not Scheduled for Competition | Total FTE's |
|---|---|---|---|---|
| BTS | 69 | 0 | 0 | 133 |
| FAA | 8,538 | 2,715 | 4,033 | 49,762 |
| FHWA | 908 | 181 | 126 | 2,931 |
| FMCSA | 117 | 66 | 28 | 1,007 |
| FRA | 431.5 | 10 | 90 | 768 |
| FTA | 272 | 26 | 94 | 519 |
| MARAD | 1,467 | 225 | 2 | 855 |
| NHTSA | 341 | 15 | 93 | 669 |
| OST | 547 | 42 | 236 | 547 |
| RSPA | 1,060 | 81 | 20 | 921 |
| **Total** | **13,750.50** | **3,361.00** | **4,722.00** | **58,112.00** |

**LOOKING FORWARD TO THE FUTURE:**  The Federal Aviation Administration (FAA) has announced the largest and most complex competition in the Federal Government.  FAA is competing its nation-wide automated Flight Service Station (FSS) function, which includes over 2,700 positions.   The competition includes 58 automated FSSs in the continental United States, Puerto Rico, and Hawaii.

The automated FSSs provide weather briefings both prior to take off and while on route.  They also facilitate flight planning and initiate search and rescue activities.

FAA is requiring a minimum savings of $478.5 million from public and private bidders or 22% of current expenditures for this function. Proposals are due during the 4th quarter of FY04 with a performance decision expected no later than March 2005.

**MAKING THE BUSINESS CASE:** DOT approaches competitive sourcing as a business proposition. What results, in terms of cost savings or productivity improvements, could be expected by investing in the competitive sourcing process?

The Maritime Administration (MARAD) improved the efficiency of its National Defense Reserve Fleet (NDRF) operations at less cost. The NDRF operates at three locations: James River (Ft Eustis) Virginia, Beaumont Texas, and Suisun Bay California. The competition of 195

> MARAD is Improving Efficiency and Saving Money

FTES under the OMB Circular A-76 procedures posed a challenge. The 195 positions (FTE's) represent 50.9% of MARAD's 383 total commercial FTEs in the FAIR Act Inventory and 20.4% of MARAD's 954 total budgeted FTEs and 22.5% of MARAD's actual 868 total FTEs for FY 2003.

The outcome of the competition, which was won by the employees Most Efficient Organization, enabled MARAD to more efficiently manage the NDRF through reducing the staff by 35 positions and saving an estimated $1 million annually.

**ACHIEVING CONSENSUS**: Competitive Sourcing is a sensitive subject within government. Through improved organizational structuring and communication the Federal Highway Administration (FHWA) is increasing understanding of the initiative.

In order to best approach the Competitive Sourcing initiative, FHWA changed its organizational infrastructure and processes. As a result of the Competitive Sourcing initiative, FHWA has:
- Ensured management support by designating the Deputy Administrator as the organization's Competitive Sourcing Official.
- Established a senior level Strategic Competitive Sourcing Committee to work closely with FHWA's Workforce Planning Advisory Committee in reviewing strategies for meeting current and long-range objectives and ensuring that FHWA has efficiently set its resources to do so.

  > To date, there has been over **13,000 "hits"** and over **50 e-mail inquiries** on the Competitive Sourcing Website.

- Heightened the awareness of agency efficiency and alternative resource options by making the Competitive Sourcing Plan a blueprint for implementing strategic competition decisions.
- Ensured that all FHWA employees were participants in the Competitive Sourcing process by opening up lines of communications through:

- Creation of a Competitive Sourcing Web site for dissemination of information.
- An open mailbox for use by all employees to send and receive competitive sourcing questions and answers.
- Regular correspondence and videoconferences from agency leadership to establish an open line of communications to the top.