

June 2001

DEPARTMENT OF
TRANSPORTATION

Status of Achieving
Key Outcomes and
Addressing Major
Management
Challenges



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United States General Accounting Office
Washington, DC 20548

June 22, 2001

The Honorable Fred Thompson
Ranking Minority Member
Committee on Governmental Affairs
United States Senate

Dear Senator Thompson:

As you requested, we reviewed the Department of Transportation's (DOT) fiscal year 2000 performance report and fiscal year 2002 performance plan required by the Government Performance and Results Act of 1993 (GPRA) to assess DOT's progress in achieving selected key outcomes that you identified as important mission areas for the agency.¹ These are the same outcomes we addressed in our June 2000 review of DOT's fiscal year 1999 performance report and fiscal year 2001 performance plan to provide a baseline by which to measure the agency's performance from year to year.² These selected key outcomes are:

- fewer transportation-related accidents, deaths, injuries, and property losses;
- reduced flight delays through air traffic control modernization;
- less highway congestion and improved highway pavement condition; and
- reduced availability and/or use of illegal drugs.

As agreed, using the selected key outcomes for DOT as a framework, we (1) assessed the progress DOT has made in accomplishing these outcomes and the strategies the agency has in place to achieve them and (2) compared DOT's fiscal year 2000 performance report and fiscal year 2002 performance plan with the agency's prior year performance report and plan for these outcomes. Additionally, we agreed to analyze how DOT addressed its major management challenges, including the governmentwide high-risk areas of strategic human capital management and information security that we and DOT's Inspector General (IG) identified. Appendix I provides detailed information on how DOT

¹This report is one of a series of reports on the 24 Chief Financial Officers (CFO) Act agencies' fiscal year 2000 performance reports and fiscal year 2002 performance plans.

²*Observations on the Department of Transportation's Fiscal Year 1999 Performance Report and Fiscal Year 2001 Performance Plan* (GAO/RCED-00-201R, June 30, 2000).

addressed these challenges. (App. II contains DOT's comments on a draft of our report.)

Results in Brief

Although the structure, coverage, and completeness of DOT's consolidated performance report and plan continue to be commendable, the report makes it clear that DOT achieved only limited progress in 2000 toward achieving the four selected outcomes and that the agency achieved fewer goals than it did last year. Although DOT's strategies appear reasonably related to achieving its goals, in several cases the agency directly indicates that its current strategies are not likely to result in achievement of the goals.

- Planned outcome: fewer transportation-related accidents, deaths, injuries, and property losses. The agency reported limited success in improving transportation safety during 2000. Although it met each of its marine and hazardous material transport safety goals, it did not achieve any of its highway safety goals, including its goals to reduce the rates of highway fatalities and injuries. DOT reported mixed success in achieving its aviation, rail, and transit safety goals. In several areas, DOT indicated that performance improved. For example, DOT reported that 71 percent of front seat occupants of motor vehicles used their seatbelts in 2000, representing the highest usage rate in the nation's history. This rate, however, was below DOT's goal to increase seat belt usage to 85 percent in 2000. For the most part, DOT's goals are reasonable indicators of progress toward improving transportation safety. However, DOT does not have performance goals to reduce pipeline fatalities and injuries even though pipeline fatalities are increasing and the agency's strategies to improve pipeline safety are geared, in part, toward reducing fatalities. DOT reports strategies for meeting each goal in fiscal year 2002, and, for the most part, the strategies appear reasonable. However, for some goals, the agency reports that the strategies are likely to be insufficient to meet the goals. For example, to reduce the number of collision hazards on airport runways (called runway incursions), the Federal Aviation Administration (FAA) has initiatives that include improving communications among controllers, pilots, and ground crews. Nonetheless, the report indicated that FAA was unsure of meeting this and other aviation safety goals in 2001.
- Planned outcome: reduced flight delays through air traffic control modernization. DOT reported that it failed to meet its goal for reducing aviation delays, which increased in 2000 for the third straight year, and it does not expect to meet its goal in 2001 due to expected increases in air

travel. For 2000, DOT reported that approximately 70 percent of flight delays were due to bad weather. DOT's strategies for reducing delays may help reduce some delays, but many of the strategies will not make a difference in the next few years. For example, the report indicates that FAA's best means for reducing aviation delays, such as its plans to ensure all-weather access to runways and build more runways, will happen only in the long term. In the near term, the agency is continuing to modernize its air traffic control systems. Since 1995, we have designated the air traffic control modernization program as a high-risk information technology initiative due to cost, schedule, and performance problems.

- Planned outcome: less highway congestion and improved highway pavement condition. DOT reported mixed progress during 2000 in achieving its goals in this area. The agency estimated that it met its goal to improve pavement condition but did not meet its goal to reduce the rate of highway delays. In addition, DOT exceeded its goal for installing intelligent transportation systems in additional metropolitan areas. These systems use information and communication technology to extend the capacity of existing highways and could help lessen congestion. DOT's strategies for improving highway pavement condition and reducing congestion appear reasonable. These strategies include continuing to fund pavement maintenance efforts and to deploy additional intelligent transportation systems.
- Planned outcome: reduced availability and/or use of illegal drugs. DOT reported that for 2000 it did not achieve its goal to increase the seizure rate for cocaine that is shipped into the country via the high seas. Although the agency seized a record 60.2 metric tons of cocaine in 2000, this was not sufficient for the agency to reach its goal—to seize 13 percent of the estimated amount of cocaine being smuggled into the country through maritime routes. Furthermore, the percentage of cocaine seized by the agency fell from 12.2 percent in 1999 to 10.6 percent in 2000 because of increases in the estimated amount of cocaine smuggled. For 2002, the agency will continue to develop new tactics and vary its operations to thwart maritime smuggling, but it indicated that it will be challenged to meet its 2001 goal. The Coast Guard's efforts are part of a multiagency strategy to reduce the supply of illegal drugs entering the United States.

As was true last year, DOT's combined performance plan and report are well designed and well presented. The performance report provides a clear and comprehensive discussion of performance information. For example, DOT's safety goals and measures continue to be meaningful, outcome-oriented, objective, measurable, and quantifiable. For each measure, the

report provides a definition of the measure, data limitations and their implications for assessing performance, procedures to verify and validate data, and the source for the data. The performance plan provides details of what the agency will do to try to meet its goals in the future. However, in some cases, there appears to be a mismatch between DOT's annual strategies and goals. For example, DOT does not expect the strategies and resources it is applying to several key goals to be sufficient to meet its goals in 2001. The report and plan also addressed all of the management challenges we have identified by including goals, measures, and/or strategies to deal with them. This report makes recommendations to DOT for improving the match between the agency's strategies and its goals.

We provided copies of a draft of this report to the Department of Transportation for its review and comment. In a letter, the agency indicated that it agrees with our recommendations. Specifically, the Department stated that annual performance targets should be realistic, strategies will be reviewed to better align them with performance goals, and pipeline injuries and fatalities should be included in DOT's future performance plans. DOT's written comments are included as appendix II.

Background

GPRA is intended to shift the focus of government decisionmaking, management, and accountability from activities and processes to the results and outcomes achieved by federal programs. New and valuable information on the plans, goals, and strategies of federal agencies has been provided since federal agencies began implementing GPRA. Under GPRA, annual performance plans are to clearly inform the Congress and the public of (1) the annual performance goals for agencies' major programs and activities, (2) the measures that will be used to gauge performance, (3) the strategies and resources required to achieve the performance goals, and (4) the procedures that will be used to verify and validate performance information. These annual plans, issued soon after transmittal of the president's budget, provide a direct linkage between an agency's longer term goals and mission and day-to-day activities.³ Annual performance reports are to subsequently report on the degree to which performance goals were met. The issuance of the agencies' performance reports, due by March 31, represents a new and potentially more substantive phase in the implementation of GPRA—the opportunity to assess federal agencies' actual performance for the prior fiscal year and to

³The fiscal year 2002 performance plan is the fourth of these annual plans under GPRA.

consider what steps are needed to improve performance and reduce costs in the future.⁴

DOT's mission is to ensure a safe transportation system that furthers our vital national interests and enhances the quality of life of the American people. The agency has identified five strategic goals for achieving that mission: (1) eliminating transportation-related deaths and injuries; (2) shaping an accessible, reliable transportation system; (3) supporting economic growth; (4) protecting the environment; and (5) ensuring the security of the transportation infrastructure and the country. DOT's combined performance plan and report is organized around these strategic goals. Table 1 illustrates how the report's four key outcomes and their supporting performance measures correspond to DOT's strategic goals.

⁴The fiscal year 2000 performance report is the second of these annual reports under GPRA.

Table 1: DOT’s Strategic Goals, Selected Key Outcomes, and Performance Measures

| DOT strategic goal | Selected key outcomes and performance measures for 2000 |
|--|---|
| Eliminate transportation-related deaths and injuries | <p><u>Outcome:</u> Fewer transportation-related accidents, deaths, injuries, and property losses</p> <p><u>Performance measures:</u></p> <ul style="list-style-type: none"> • Highway: reduce the rates of fatalities and injuries, reduce fatalities and injuries involving large trucks, reduce the percentage of alcohol-related fatalities, and increase the percentage of front seat occupants using seat belts. • Aviation: reduce the rate of fatal commercial accidents and reduce the rates of runway incursions, operational errors, and operational deviations. • Marine: reduce the number of recreational boating fatalities, reduce the rate of passenger vessel fatalities, and increase the number of mariners reported in imminent danger who are rescued. • Hazardous material transport: reduce the number of natural gas pipeline failures and the number of serious hazardous material incidents. • Rail/transit: reduce the rates of rail fatalities and crashes, reduce the rates of transit fatalities and injuries, and reduce the rate of highway-rail grade-crossing accidents. |
| Shape an accessible, reliable transportation system | <p><u>Outcome:</u> Reduced flight delays through air traffic control modernization</p> <p><u>Performance measures:</u></p> <ul style="list-style-type: none"> • Reduce the rate of aviation delays. • Increase the percentage of flight segments safely flown off air traffic control-preferred routes. <p><u>Outcome:</u> Less highway congestion and improved highway pavement condition</p> <p><u>Performance measures:</u></p> <ul style="list-style-type: none"> • Increase the percentage of miles of the National Highway System that meet pavement performance standards. • Reduce the rate of delay on federal-aid highways. • Increase the number of metropolitan areas that deploy Intelligent Transportation System infrastructure. |
| Ensuring the security of the transportation infrastructure and the country | <p><u>Outcome:</u> Reduced availability and/or use of illegal drugs</p> <p><u>Performance measure:</u></p> <ul style="list-style-type: none"> • Increase the seizure rate of cocaine in maritime routes. |

Note: This report does not focus on any key outcomes for DOT’s strategic goals to support economic growth or protect the environment.

Source: DOT.

Assessment of DOT's Progress and Strategies in Achieving Selected Key Outcomes

This section discusses our analysis of DOT's performance in achieving selected key outcomes and the strategies the agency has in place, particularly strategic human capital management⁵ and information technology, for accomplishing these outcomes. Although DOT did not include specific human capital or information technology strategies for the four outcomes we reviewed, the Department did address these strategies in other parts of its performance report. In discussing the outcomes, we have also provided information drawn from our prior work on the extent to which the agency provided assurance that the performance information it is reporting is credible.

Transportation-Related Accidents, Deaths, Injuries, and Property Losses

For fiscal year 2000, DOT's progress in achieving fewer transportation-related accidents, deaths, injuries, and property losses was limited. The Department reported the least success in highway safety—it did not meet any of its goals in this area. For example, DOT failed to meet its goals for reducing highway-related fatalities and injuries, despite meeting both goals in 1999. DOT's best performance was in marine and hazardous material transport safety—it met all of its goals in these areas. DOT's progress in and strategies for achieving its fiscal year 2000 goals are discussed below for the areas of highway, aviation, marine, pipeline, rail, and transit safety.

Regarding highway safety, DOT had expected to achieve at least three of the six key goals, but it did not meet any of them (see table 2). For example, DOT did not meet its goal of less than 4,934 large truck-related fatalities in 2000. On the basis of estimated data, DOT reported that 5,307 fatalities involving large trucks occurred in 2000, which was a slight improvement from 1999 when 5,362 large truck-related fatalities occurred. DOT provided explanations for not achieving its highway safety goals. For example, DOT attributes the increase in highway fatalities to a continued increase in motorcycle fatalities and deaths of young drivers. For three of the unmet goals, performance improved compared to 1999. For example, DOT has made progress in seatbelt use; the 71-percent rate of front seat occupants using seat belts achieved in 2000 represents the highest in our nation's history. This rate, however, was below DOT's goal to increase seat belt usage to 85 percent. DOT's highway safety data for 2000 are all preliminary estimates. The report notes that timeliness of performance

⁵Key elements of modern human capital management include strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staffs whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.

information is a significant limitation of data from outside the agency—highway safety data comes from police reports and state data—and preliminary estimates are based on extrapolations of partial-year data. DOT reports that its data on highway fatalities and injuries have been in use for many years and are generally accepted as accurate. However, we have reported that DOT lacks high-quality, up-to-date information on the causes of large truck crashes; and, as a result, DOT has begun to improve its data on the causes of these crashes.⁶

Table 2: DOT’s Reported Progress in Meeting its Highway Safety Performance Goals

| Highway safety performance goals | 1999 goal | 2000 goal | 2001 goal |
|--|-----------|-----------|-----------|
| Reduce the rate of highway-related fatalities | ● | ○ | ● |
| Reduce the rate of highway-related injuries | ● | ○ | ● |
| Reduce the percentage of alcohol-related highway fatalities | ○ | ○ | ▶ |
| Reduce the number of fatalities involving large trucks | ○ | ○ | ▶ |
| Reduce the number of injuries involving large trucks | ○ | ○ | ▶ |
| Increase the percentage of front seat occupants using seat belts | ○ | ○ | ○ |

Legend: ● = met or expects to meet goal
 ○ = did not meet goal or does not expect to meet goal
 ▶ = will be challenged to meet goal

Source: DOT.

For the most part, DOT’s strategies to improve highway safety appear reasonable; however, they may be insufficient to meet many of the agency’s 2001 goals in this area (see table 3). Some strategies, such as improving and expanding oversight and enforcement activities and improving safety data collection concerning motor carriers, address concerns that have been raised by GAO and DOT’s IG (see app. I). The strategies also include a large-scale safety awareness program targeted at teenage drivers and the Safe Communities program, which provides grants to develop and implement community-based transportation safety programs. DOT’s evaluation of the Safe Communities program showed success in some communities, such as Dallas, TX, where the use of child safety seats more than doubled following the implementation of a child

⁶*Truck Safety: Motor Carriers Office Hampered by Limited Information on Causes of Crashes and Other Data Problems (GAO/RCED-99-182, June 29, 1999).*

safety seat loaner program. The agency is also proposing an increase in the resources available to counter the increase in fatality and injury rates by more than \$30 million in fiscal year 2002. DOT does not indicate any activities to specifically address motorcycle fatalities, which had increased 8 percent from 1999 to 2000.

In the area of aviation safety, DOT reported that it met its fiscal 2000 goal for reducing the rate of fatal commercial aviation accidents but did not achieve its other two goals—to reduce the rate of runway incursions⁷ that create dangerous situations that can lead to serious accidents and reduce the rates of air traffic operational errors⁸ and deviations.⁹ (See fig. 1.) For the three unmet goals, performance worsened compared to 1999, and DOT is skeptical that it will be able to reach the goals in 2001. DOT attributed these trends to improved reporting and tracking as well as greater flight volume in congested and restricted airspace.

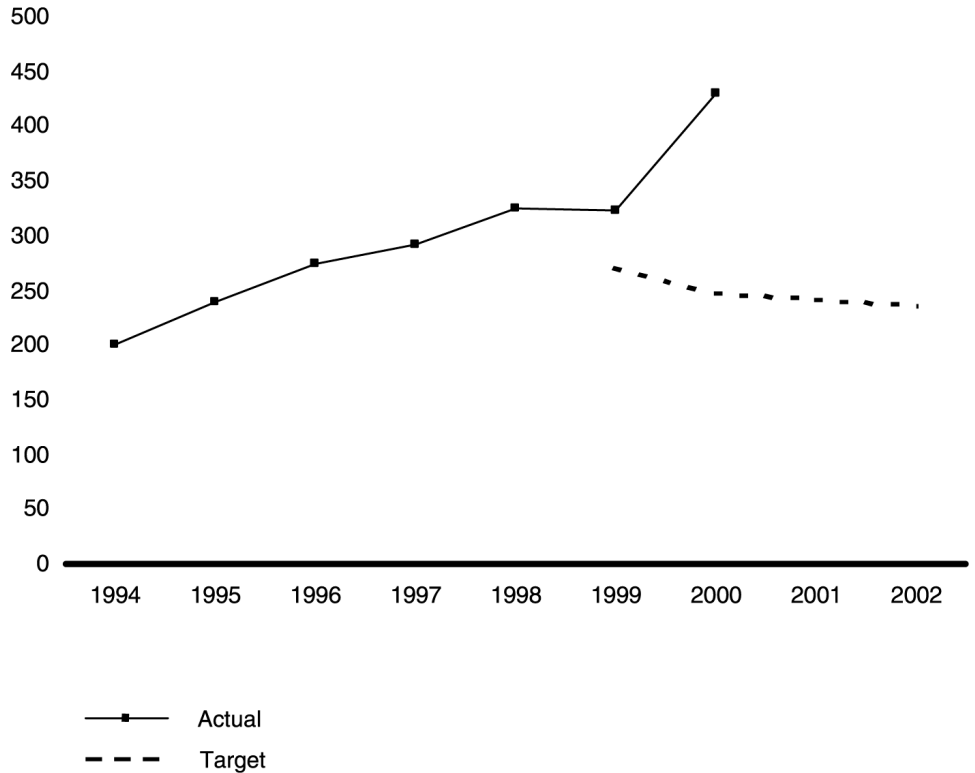
⁷A runway incursion occurs when an aircraft, vehicle, person, or object on the ground creates a collision hazard or results in a loss of separation with an aircraft taking off, intending to take off, landing, or intending to land.

⁸An operational error occurs when the rules and procedures that define separation standards between aircraft are not applied or followed appropriately by a controller and a separation between aircraft is less than required.

⁹An operational deviation occurs when an aircraft enters airspace without prior coordination.

Figure 1: Actual Runway Incursions and DOT's Goals

Runway incursions



Source: DOT.

DOT's performance report indicated that there is no significant and/or systematic error in the counts of accidents, runway incursions, operation errors, or operational deviations. In addition, the Department reported that it regularly checks or validates these data sets. On the basis of a joint government/industry working group determination and a GAO recommendation,¹⁰ DOT has switched to the use of departures rather than flight hours for determining the rate of air carrier fatalities. To improve aviation safety, FAA is implementing several initiatives designed to address shortcomings in training; technology; communications; and airport signs, marking, and lighting. FAA will also investigate the use of

¹⁰See *Aviation Safety: Safer Skies Initiative Has Taken Initial Steps to Reduce Accident Rates by 2007* (GAO/RCED-00-111, June 28, 2000).

new safety technologies. In addition, to reduce runway incursions, the agency is undertaking initiatives to improve communications among controllers, pilots, and ground crews. The aviation strategies appear reasonable. Nonetheless, DOT reported that it was unsure of meeting any of these aviation safety goals in 2001.

In the marine sector, DOT reported that it met all three of its safety goals—to reduce the number of recreational boating fatalities, reduce the rate of passenger vessel fatalities, and increase the number of mariners reported in imminent danger who are rescued. Next year, DOT will simplify the passenger fatality measure because the current measure has been difficult to understand. DOT indicated that it expects to meet all three goals in 2001.

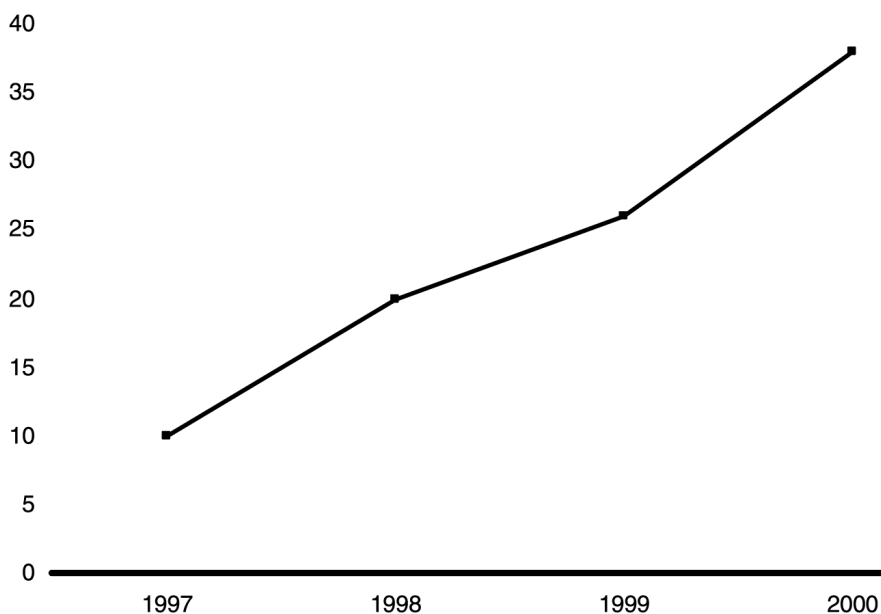
The report acknowledges that the data on recreational boating fatalities are probably underreported by at least 6 percent due to the need for interpretation of what constitutes a recreational boating fatality at the state level. In addition, in 2001, DOT will switch data sources for passenger vessel fatalities. The report indicates that the new data source—the Marine Information System for Safety and Law Enforcement—will be a significant improvement, but the improved data quality may cause serious difficulties in making comparisons to prior data. The agency's strategies for achieving its marine safety goals in 2002 appear reasonable. The strategies include increasing staffing and training at rescue stations and command centers and promoting the wearing of lifejackets by recreational boaters. In 2000, DOT's evaluation of its Recreational Boating Safety Program concluded that wearing personal flotation devices could save the lives of about 500 boaters each year. In addition, the agency intends to work with the U.S. Navy and Air Force, which also have search and rescue responsibilities, primarily for their own vessels and aircraft. The Air Force is the lead agency for land-based search and rescue, and the Coast Guard is the lead for maritime search and rescue.

Despite one of the deadliest pipeline accidents in recent years, DOT projects that it met both of its goals for hazardous material transport safety—reducing pipeline failures and serious hazardous material transport incidents—because neither goal measures the increasing number of fatalities. DOT statistics show that pipeline fatalities have been increasing steadily over the past years (See fig. 2.). However, we recognize that the overall number of fatalities from pipeline accidents remains low, and that a single major accident can result in a significant increase in the number of annual fatalities. Preliminary estimates also show that DOT will meet its performance goal for reducing serious hazardous materials

incidents in 2000. However, the fact that there were more incidents in 2000 than there were in 1999 will make it challenging for DOT to meet its 2001 goal.

Figure 2: Number of Fatalities Resulting from Pipeline Accidents

Number of pipeline-related fatalities



Source: GAO's analysis of DOT's data.

DOT acknowledged that the number of pipeline failures is likely underreported, and federal, state, and industry teams have been formed to improve the data. In addition, DOT reported that it is revising the collection and processing of pipeline accident data to improve the consistency and accuracy of the data on accident causes. To reduce the risk of pipeline failures, DOT works to establish safety regulations and ensure compliance. However, we have expressed concerns about certain agency initiatives to improve pipeline safety. For example, DOT has changed its approach to enforcing compliance with its regulations by reducing its use of fines and, instead, working with pipeline operators to identify and correct safety problems. We recommended that DOT determine whether this approach has improved compliance with pipeline

safety regulations.¹¹ A DOT official said that the Department is currently evaluating the effectiveness of its approach of working with pipeline operators to improve compliance.

DOT reported limited success in achieving its rail and transit safety performance goals in 2000, when it met only two of five goals. (See table 3.) For 2001, the report indicated that the agency expects to meet only one of these goals. The rate of highway-rail crossing accidents fell in 2000, but DOT did not meet its goal. According to DOT, this goal was not met due, in part, to a 15-percent increase in highway-rail crossing accidents on private property, which the agency has limited authority or control over. DOT is attempting to improve rail safety through its educational outreach program and Safety Assurance and Compliance Program, in which the agency works with major railroads to identify and solve systemic problems affecting rail safety. To improve transit safety, the Federal Transit Authority provides grants to states to improve public transit infrastructure and works with states, local transit authorities, and the transit industry to develop technology, provide training, and supply technical assistance that advances safety.

Table 3: DOT’s Reported Progress in Meeting its Rail and Transit Safety Performance Goals

| Rail and transit safety goals | 1999 goal | 2000 goal | 2001 goal |
|--|-----------|-----------|--|
| Reduce the rate of rail-related crashes | ○ | ○ | Discontinued |
| Reduce the rate of rail-related fatalities | ● | ● | ▶ |
| Reduce the rate of highway-rail grade-crossing accidents | ● | ○ | ● |
| Reduce the rate of transit-related fatalities | ○ | ○ | ○ |
| Reduce the rate of transit-related injuries | ● | ● | Report does not indicate expected progress |

Legend: ●= met or expects to meet goal
 ○= did not meet goal or does not expect to meet goal
 ▶= will be challenged to meet goal

Source: DOT.

¹¹See *Pipeline Safety: The Office of Pipeline Safety Is Changing How It Oversees the Pipeline Industry* (GAO/RCED-00-128, May 15, 2000).

Flight Delays

The agency reported that it did not meet its goal of reducing the number of flight delays as aviation delays and cancellations continued to increase in 2000 to the highest levels recorded, when nearly one in four flights were delayed, cancelled, or diverted. DOT indicated that bad weather accounted for about 70 percent of the delays. DOT had met its goal for reducing delays in 1999 but indicated that it would not meet its 2000 goal if the country experienced particularly bad weather in 2000. Similarly, DOT reported that it does not expect to achieve this goal in 2001 due to expected increases in air travel.

DOT provides a clear and comprehensive discussion of the performance data. The performance report provides a definition of the measure, data limitations and their implications for assessing performance, procedures to verify and validate data, and the source database. For example, the report indicates that the lack of a common definition of delay has led to confusion and disagreement as to the extent of aviation delays. To address this problem, DOT formed a task force that recommended four new categories for the causes of flight delays: (1) circumstances within an airline's control, (2) extreme weather, (3) circumstances within the national aviation system, and (4) late flight arrivals. DOT expects to test this new reporting format with airlines before formally implementing it.

DOT's strategies to reduce flight delays, such as improved weather tracking and reporting mechanisms, appear reasonable but do not appear likely to achieve the goal in the near term. For example, the report indicates that FAA's best means for reducing aviation delays, such as its plans for all-weather access to runways and the construction of more runways, will happen only in the long term. In the near term, to meet the growing demand for air travel and decrease the number of flight delays, the agency is modernizing its air traffic control (ATC) system by acquiring a network of radar, automated information processing, navigation, and communications equipment. However, over the years, the agency's ATC modernization and other major capacity-enhancing programs have not met expectations due to cost, schedule, and performance problems. We designated the ATC modernization program as a high-risk information technology initiative in 1995, and it continues to be a high-risk area.

Highway Congestion and Highway Pavement Condition

According to projections, DOT reported that it failed to achieve its 2000 goal to reduce highway congestion—measured by hours of delay per 1,000 vehicle-miles traveled on federal-aid highways—despite establishing a positive trend in 1999. However, in 2001, the agency expects to meet three new highway congestion goals—reducing congested travel time, peak

period travel time, and traveler delay—that will replace the 2000 goal. DOT did not indicate why the agency failed to meet the 2000 goal. In addition, DOT estimated that it met its 2000 goal for improving highway pavement condition. Consequently, it plans to continue a number of initiatives designed to promote the construction of smoother pavements and extend pavement performance, such as providing funding for pavement maintenance and conducting pavement research. DOT also reported that it met its goal for increasing the number of metropolitan areas that have intelligent transportation systems, which use information and communication technology to extend the capacity of existing highway infrastructure and could help lessen congestion. The Department intends to fund intelligent transportation systems in additional metropolitan areas in 2002 as part of its strategy to reduce highway congestion. DOT's report discussed the credibility of the information for each goal and added a limitation that we identified in last year's report. We found that the 1999 performance report failed to explain that states provided no information for the highway pavement condition of about 7 percent of the miles on the National Highway System. This limitation to the data is explained in the 2000 report. However, the 2000 report did not address other problems with the pavement condition data that we identified, such as the fact that states vary in their approaches to measuring and reporting the statistic used to indicate pavement performance and do not uniformly follow DOT's guidance for making these measurements.

Availability and/or Use of Illegal Drugs

The Coast Guard is responsible, along with other federal agencies, for reducing the amount of illegal drugs smuggled into the United States. Although the agency seized a record 60.2 metric tons of cocaine in 2000, this was not sufficient for the agency to reach its goal—to seize 13 percent of the cocaine being smuggled into the country through maritime routes. Furthermore, the percentage of cocaine seized by the agency fell from 12.2 percent in 1999 to 10.6 percent in 2000 because of increases in the overall amount of cocaine smuggled. Consequently, the agency noted that it will be challenged to meet its goal in 2001. The data quality for this indicator is not as strong as it is for other indicators. The report notes that the secretive nature of the illegal drug trade could cause estimates of the amount of cocaine smuggled into this country to contain significant errors. The Office of National Drug Control Policy attempts to refine and improve this estimate each year, according to DOT.

DOT provided a general overview of its strategies for 2002 to reduce the availability of illegal drugs, which included continuing to develop new tactics and vary its operations to thwart maritime smuggling. DOT

reported that the Coast Guard's efforts are part of an overall strategy to reduce the illegal drug supply entering the United States. The multiagency effort is coordinated by the Office of National Drug Control Policy; the Coast Guard's role in the effort is to serve as the lead federal agency for maritime drug interdiction.

Comparison of DOT's Fiscal Year 2000 Performance Report and Fiscal Year 2002 Performance Plan With the Prior Year Report and Plan for Selected Key Outcomes

For the selected key outcomes, this section describes major improvements or remaining weaknesses in DOT's (1) fiscal year 2000 performance report in comparison with its fiscal year 1999 report, and (2) fiscal year 2002 performance plan in comparison with its fiscal year 2001 plan. It also discusses the degree to which the agency's fiscal year 2000 report and fiscal year 2002 plan address concerns and recommendations by the Congress, GAO, DOT's Inspector General, and others.

Comparison of Performance Reports for Fiscal Years 1999 and 2000

As we found last year, DOT provides a clear and comprehensive discussion of performance goals, measures, and data in this year's report. Overall, it is easy to ascertain DOT's progress in meeting its goals because the performance information is clearly articulated in the performance report, which provides goal levels and the actual performance for all the measures we reviewed. This represents an improvement over last year's performance report, for which we noted that DOT did not report actual performance for two goals: highway delays and pavement condition. For 1999, the agency reported that actual data were not available. For 2000, the agency estimated the level of performance. As was true last year, DOT's goals and measures are meaningful, outcome oriented, objective, measurable, and quantifiable. In addition, summary tables list the fiscal year 2000 goals, trend data, and checkmarks to indicate goals that were met. For each performance measure, the agency provides a definition of the measure, data limitations and their implications for assessing performance, procedures for verifying and validating data, and the source for the data.

The report also notes the agency's attempts to improve the quality of its goals. For example, in 2000, DOT deleted the maritime safety goal to reduce the fatality rate among maritime workers and added the goal to

reduce the fatality rate on passenger vessels. The agency reported that it made the change because it believed the new goal reflected a broader area of safety performance. In 2001, the agency made additional improvements; it simplified the passenger fatality measure to make it more understandable and implemented a new information system to improve the quality of its passenger fatality data. Regarding the highway pavement condition data, however, the report does not address several weaknesses we raised concerning last year's report, such as the fact that states vary in their approaches to measuring and reporting the statistic used to indicate pavement performance and do not uniformly follow DOT's guidance for making these measurements.

DOT changed several performance measures for this year's report. For example, it implemented a recommendation made by GAO and others to link its fatal commercial aviation accident measure to the number of departures instead of flight hours. However, the report did not always discuss its reasons for discontinuing or changing its performance measures, which sometimes occurred when performance was declining. For example, DOT discontinued its aviation safety performance goal of reducing the rate of deviations—aircraft entering airspace without prior coordination—but the report did not indicate why. DOT did not make its 1999 goal, and pilot deviations increased by 38 percent in 2000.

As was true in 1999, the 2000 performance report does not always explain why DOT did not reach its performance goals or how its plans to mitigate the external factors that affect outcomes. For example, DOT indicated that it failed to meet its goals for reducing highway fatalities in part due to a continuing increase in motorcycle fatalities. However, DOT's plan does not include any specific strategies for reducing motorcycle fatalities.

As it did last year, the 2000 performance report addressed the majority of the management challenges identified by GAO, the Inspector General, and the Office of Management and Budget (OMB) by including a discussion of each management challenge in the section devoted to the relevant performance indicator. The management challenges not directly or indirectly linked to one of DOT's goals were listed together after the goals. Although the report discussed DOT's progress toward resolving most of the management challenges, it did not address aspects of the management challenge to enhance competition in the freight rail industry and consumer protection in the aviation and freight rail industries. DOT improved its discussion of the management challenges by indicating whether GAO, the DOT Inspector General, OMB, or some combination of these organizations identified each challenge.

Comparison of Performance Plans for Fiscal Years 2001 and 2002

As it did last year, DOT identifies in a clear, well-organized manner the strategies and initiatives it will pursue for each of the 2002 performance goals. For the four outcomes that we reviewed, these strategies did not include strategic human capital management and information technology. However, the report discusses these types of strategies elsewhere. The report also provides the fiscal years 2001 and 2002 funding that DOT will direct toward each performance goal. This information is an improvement to last year's report because it enhances the reader's ability to compare the agency's initiatives and the resources committed to those initiatives.

The plan outlines DOT's expectation for meeting its 2001 goals, and in several cases the plan indicates that the agency does not expect to meet its goals. This is especially true for the numerous goals that it did not meet in 2000. For example, in the short term, DOT may not be able to meet its goal for reducing the rate of runway incursions. The rate of runway incursions has increased over the last 6 years, with a very large upsurge in 2000, moving the rate of incursions even further from DOT's goal. As a result, for the second straight year, DOT's performance plan indicated that it is unlikely that the agency will meet its goal for the upcoming year.

The plan also notes DOT's continuing efforts to correct data limitations. For example, DOT found that its performance measure for highway congestion (delay per 1,000 vehicle-miles traveled) did not reflect the actual performance of the highway system in places where congestion regularly happens (e.g., congested, urban areas), and the measure was difficult for the public to understand. As a result, next year DOT will replace the one highway congestion performance measure with three new measures that DOT believes will reflect changing travel conditions more comprehensively by focusing on the different aspects of inefficient road performance in areas where congestion regularly occurs.

The plan did not include a future performance goal for reducing pipeline accident injuries and fatalities even though one would appear relevant for several reasons. First, fatalities due to pipeline accidents are increasing. Second, the plan includes goals to reduce injuries and fatalities related to all of the other transportation sectors; and, third, DOT's future plans for pipeline safety are geared, in part, toward reducing fatalities.

As it did last year, in its discussion at the end of the relevant performance goal, DOT's 2002 performance plan addressed the majority of the management challenges identified by GAO, the Inspector General, and OMB. For some of the management challenges, DOT breaks out its plans and goals by fiscal year. For example, in response to its management

challenge for computer security, DOT lays out a number of milestones for improving computer security with specific dates leading up to May 2003, when all DOT systems are expected to be adequately protected. However, the plan acknowledged that DOT did not meet the first milestone on schedule.

DOT's Efforts to Address its Major Management Challenges Identified by GAO

GAO has identified two governmentwide high-risk areas: strategic human capital management¹² and information security.¹³ We found that DOT's performance plan had a measure related to human capital but no corresponding goal. In addition, the agency's performance report explained DOT's progress in resolving certain human capital challenges. For example, the report indicated that DOT made progress in implementing its human resources management strategies in 2000 and has established worker satisfaction as a new performance measure in 2002. With respect to information security, we found that DOT's performance plan did have goals and measures related to information security, and the agency's performance report explained its progress in resolving a number of its information security challenges. For example, the report focused on FAA's air traffic control information systems in response to a management challenge raised by GAO, the Inspector General, and OMB.

In addition to the governmentwide challenges, GAO has identified six major management challenges facing DOT. We found that DOT's performance report discussed the agency's progress in resolving many of these challenges. However, the report did not adequately discuss the agency's progress in enhancing competition in the freight rail industry and consumer protection in both the freight rail and aviation industries. Table 4 illustrates how the goals and measures address the eight management challenges that GAO identified.

¹²GAO designated strategic human capital management as a high-risk area in 2001 because serious challenges, such as skills imbalances, succession planning challenges, outdated performance management systems, and understaffing are risking agencies' ability to accomplish their missions in an efficient, economic, and effective manner.

¹³We designated information security as a high-risk area in 1997 because growing evidence indicated that controls over computerized federal operations were not effective and because the related risks were escalating, in part due to increased reliance on the Internet. Although progress has been made since then, recent audits show that federal operations and assets continue to be highly vulnerable to computer-based attacks.

Table 4: The Way DOT Addressed the Management Challenges Identified by GAO

| Management challenge | DOD's goals and measures are | |
|---|-------------------------------|---------------------------------|
| | Directly related to challenge | Indirectly related to challenge |
| Governmentwide challenges: | | |
| Information security | X | |
| Strategic human capital management | X | |
| DOT challenges: | | |
| Improve the safety and security of air, highway, and pipeline transportation | X | |
| Increase the accountability for financial management activities | X | |
| Improve the oversight of highway and transit projects | X | |
| Enhance major acquisitions and disposals | | X |
| Strengthen the financial condition of Amtrak | | X |
| Enhance competition and consumer protection in aviation and freight rail industries | | X |

Source: GAO's analysis of DOT information.

Conclusions

DOT has again produced a superior combined performance plan and report that is clear, understandable, and well organized. It is easy for the reader to quickly assess the agency's progress in achieving key goals and understand its plans for the future, including the budget resources that DOT plans to direct toward achieving each goal. For readers seeking additional information, the report also provides details on the agency's data for each performance measure, such as its definition, source, limitations, and DOT's efforts to verify and validate the data. These characteristics make DOT's report and plan a good model for other agencies to emulate.

However, the report shows that DOT is generally achieving fewer of its key performance goals than last year. For example, in 2000, DOT failed to meet any of its goals for highway safety, including its goals for reducing the rate of highway fatalities and injuries that it had met in 1999. The plan is candid about the agency's likelihood of not achieving some future goals. Some of this is understandable; DOT cannot mitigate all external factors, such as bad weather or human error. However, in several cases, DOT's annual strategies and goals appear mismatched. Overall, DOT met fewer of its performance goals than last year, and it already projects that it will fall short on several future goals in important areas, such as aviation, highway, and transit safety. For goals in which DOT is not making adequate progress, the Department needs to either change its strategies or lower its expectations. In the case of pipeline safety, the mismatch between goals and strategies appears to be due to the lack of an appropriate measure. Specifically, DOT does not have performance goals to reduce pipeline

fatalities and injuries, even though pipeline fatalities are increasing and the agency's strategies to improve pipeline safety are geared toward reducing fatalities. In the other areas—highway, aviation, transit, and marine transportation—DOT has safety goals to reduce fatalities and injuries.

Recommendations for Executive Action

We recommend that the Secretary of Transportation direct the operating administrations and the Office of Budget and Program Performance to improve the match between annual performance goals and strategies in the following ways:

- Change strategies so that they help DOT achieve its performance goals or lower performance goals to more achievable levels. In the latter case, the Department should provide a justification for why the changes were necessary, clearly note that the goals have been lowered, and identify any long-term strategies that will bring performance into better alignment with expectations.
- Establish performance goals for reducing the number of fatalities and injuries caused by pipeline failures to match similar goals in the aviation, highway, transit, and marine sectors.

Scope and Methodology

As agreed, our evaluation was generally based on the requirements of GPRA; the Reports Consolidation Act of 2000; guidance to agencies from OMB for developing performance plans and reports (OMB Circular A-11, Part 2); previous reports and evaluations by us and others; our knowledge of DOT's operations and programs; our identification of best practices concerning performance planning and reporting; and our observations on DOT's other GPRA-related efforts. We also discussed our review with DOT officials. The agency outcomes that were used as the basis for our review were identified by the Ranking Minority Member of the Senate Governmental Affairs Committee as important mission areas for the agency and do not reflect the outcomes for all of DOT's programs or activities. The major management challenges confronting DOT, including the governmentwide high-risk areas of strategic human capital management and information security, were identified by GAO in our January 2001 Performance and Accountability Series and High-Risk Update and were identified by DOT's Office of Inspector General in December 2000. We did not independently verify the information contained in the performance report and plan, although we did draw from other GAO work in assessing the validity, reliability, and timeliness of DOT's performance data. We conducted our review from April 2001 through June 2001 in accordance with generally accepted government auditing standards.

Agency Comments

We provided copies of a draft of this report to the Department of Transportation for its review and comment. In a letter, the agency indicated that it agrees with our recommendations. Specifically, the Department stated that annual performance targets should be realistic, strategies will be reviewed to better align them with performance goals, and pipeline injuries and fatalities should be included in DOT's future performance plans. DOT's written comments are included as appendix II.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after the date of this letter. At that time, we will send copies to appropriate congressional committees; the Secretary of Transportation; and the Director, Office of Management and Budget. Copies will also be made available to others upon request.

If you or your staff have any questions, please call me at (202) 512-2834. Key contributors to this report were Teresa Spisak and Keith Cunningham.

Sincerely yours,

A handwritten signature in black ink, reading "JayEtta Z. Hecker". The signature is fluid and cursive, with the first name "JayEtta" written in a larger, more prominent script than the "Z. Hecker" portion.

JayEtta Z. Hecker
Director, Physical Infrastructure

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

The following table identifies the major management challenges confronting the Department of Transportation (DOT), which include the governmentwide high-risk areas of strategic human capital management and information security. The first column lists the management challenges that we and/or DOT's Inspector General (IG) have identified. The second column discusses what progress, as discussed in DOT's fiscal year 2000 performance report, the agency made in resolving its challenges. The third column discusses the extent to which DOT's fiscal year 2002 performance plan includes performance goals and measures to address the challenges that we and DOT's IG identified. We found that DOT's performance report discussed the agency's progress in resolving all of its challenges. Of the agency's nine major management challenges, its performance plan (1) had goals and measures that were directly related to 5 of the challenges and (2) had goals and measures that were indirectly applicable to four of the challenges.

Table 5: Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|--|--|---|
| <p>GAO-designated governmentwide high-risk</p> <p><u>Strategic Human Capital Management</u>: GAO identified shortcomings at multiple agencies involving key elements of modern human capital management, including strategic human capital planning and organizational alignment; leadership continuity and succession planning; acquiring and developing staffs whose size, skills, and deployment meet agency needs; and creating results-oriented organizational cultures.</p> <p>The specific concern with DOT that we identified in our January 2001 report is the "stovepiped" culture at FAA, which has been one of several underlying causes of acquisition problems in the agency's multibillion-dollar modernization program. The program has experienced cost overruns, schedule delays, and significant performance shortfalls.</p> | <p>DOT reported that during 2000, each operating administration and the Office of the Secretary completed a workforce planning pilot and began to use workforce analysis data to identify competencies needed to perform new or desired functions.</p> <p>The agency did not discuss human capital activities during 2000 that were specific to FAA.</p> | <p>The plan includes a related performance measure: the percent of employees satisfied with working for the Department. No target has been set for 2002. In addition, the plan indicated that DOT has begun departmentwide strategic workforce planning. According to DOT, operating administrations will identify current and future human capital needs, the competencies required to meet these needs, and plans for developing the current workforce and/or recruiting to fill the gaps. Time frames for completing these activities are not identified in the plan. However, the plan indicates that further details are provided in DOT's Human Resource Strategic Action Plan.</p> |
| <p><u>Information Security</u>: Our January 2001 high-risk update noted that the agencies' and governmentwide efforts to strengthen information security have gained momentum and expanded. Nevertheless, recent audits continue to show federal computer systems are riddled with weaknesses that make them highly vulnerable to</p> | <p>The U.S. transportation system increasingly relies on information and telecommunication systems. DOT has a goal to protect the nation's critical transportation infrastructure, which includes information and</p> | <p>DOT's plan includes a performance goal to increase the percentage of people who receive threat information within 24 hours to 90 percent of those persons who need to take actions, such as</p> |

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|--|--|---|
| <p>computer-based attacks and place a broad range of critical operations and assets at risk of fraud, misuse, and disruption. (The DOT IG also identified information security as a management challenge.)</p> | <p>telecommunication systems. DOT did not meet its 2000 target of informing those who need to receive threat information within 24 hours, but it noted several initiatives that will help protect DOT's critical physical assets and information systems. DOT completed a master plan, in accordance with a directive on Critical Infrastructure Protection, to protect the Department's critical assets and information systems. The Federal Aviation Administration (FAA), Coast Guard, and Saint Lawrence Seaway Development Corporation, all with critical facilities, began efforts to meet infrastructure physical and logical improvement goals. DOT established a Chief Information Officer Council that is working with the DOT Chief Information Officer to lead intermodal efforts to ensure the continued security of DOT's transportation information systems and to make IT systems less vulnerable to attack and other service disruptions, including those caused by natural disasters. In addition, FAA established the Office of Information Systems Security to provide information systems security direction, guidance, and policy.</p> | <p>adjusting security procedures.</p> <p>DOT did not develop specific goals for information security. Instead, it chose to incorporate its information security work into broader goals addressing critical infrastructure protection issues.</p> <p>DOT will issue a comprehensive IT security program that will require a certification of DOT IT systems in accordance with Office of Management and Budget (OMB) Circular A-130. To judge its progress, DOT established specific goals for the systems:</p> |
| | <p>In spite of DOT's efforts during the fiscal year 2000 DOT Consolidated Financial Statement audit, the IG found that improved security and controls were needed in DOT data centers and computer networks, and major financial application systems need to be accredited and certified. Consequently, the IG reported information security as a material weakness during fiscal year 2000.</p> | <ul style="list-style-type: none"> • By April 30, 2001, the IT Security Program Plan will be issued (did not accomplish this goal by the planned date). • Within 120 days after issuance of the DOT IT Security Program Plan, operating administrations will develop an overall strategy/plan for ensuring their IT assets are in compliance with this plan. |

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|---|--|---|
| GAO- and IG-designated major management challenges | | |
| <u>Improve the safety and security of air, highway, and pipeline transportation.</u> Specifically, improve: <ol style="list-style-type: none"> 1. the implementation of certain aviation safety programs, 2. the screening of passengers at airports for dangerous objects, 3. the security of air traffic control computer systems and the facilities that house them, 4. its truck safety initiatives, and 5. the evaluation of pipeline safety measures and the involvement of states in the safety programs. | Regarding fiscal year 1999, the report indicated the following: <ol style="list-style-type: none"> 1. FAA met its performance targets for reducing the rate of fatal air carrier accidents and the number of general aviation fatalities. However, it did not meet its targets for other commercial aviation safety related performance measures. 2. FAA did not meet its performance target for increasing the detection rate for explosives and weapons that may be brought aboard airplanes. As a result, FAA, among others, will continue to implement the Airport Security Improvement Act to improve the success of explosive detection equipment. 3. DOT did not have any direct or indirect performance measures for this challenge, but DOT and FAA have taken a number of steps to improve computer security. For instance, they are taking a number of steps to comply with Presidential Decision Directive 63 that applied to computer security. The agency is also in the process of authorizing and certifying computer security systems, training FAA personnel, and improving intrusion detection. 4. DOT did not reach its performance targets for truck-related fatalities and injuries. The Federal Motor Carrier Safety Administration within DOT worked to improve truck safety by increasing compliance reviews, strengthening enforcement, improving information systems, and initiating a crash causation study. 5. DOT met its performance target for reducing the number of natural gas transmission pipeline failures. | The report includes: <ol style="list-style-type: none"> 1. Performance goals to reduce the rate of fatal aviation accidents for commercial air carriers and the number of general aviation fatalities, the number of runway incursions, and the rate of operational errors. 2. A performance goal to increase the detection rate for explosives and weapons that may be brought aboard aircraft. 3. No performance goals directly linked to air traffic control security, but it did indicate that it was unlikely that it would meet its goal of completing its information technology security program plan and assess, test, and certify all of its information technology systems in 2001. DOT also plans to develop an information technology security program plan and implementation strategy. 4. A performance measure to reduce the number and rate of fatalities in crashes involving large trucks. 5. A performance measure to reduce the number of failures of natural gas transmission pipelines. |

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|--|---|---|
| | However, the report acknowledged that fatalities due to pipeline accidents remain a problem. | |
| <u>Acquisitions and disposals:</u> Enhance major acquisitions and disposals | Regarding fiscal year 2000, the report indicated: | The report includes: |
| <ol style="list-style-type: none"> 1. FAA's air traffic control modernization program 2. the Coast Guard's Deepwater Project, and 3. surplus ship disposal | <ol style="list-style-type: none"> 1. FAA did not meet its performance target for reducing aviation delay—an indirect measure of its air traffic control modernization program. As a result, FAA is taking a number of steps to address the challenges of keeping its air traffic control modernization program on schedule and budget, including setting baselines, applying new management techniques, and improving problem analysis. 2. The Coast Guard did not meet its goal for increasing its seizure rate for cocaine shipped via the sea—a performance indicator that the Deepwater Project is designed in part to address. 3. None. The Maritime Administration will begin its program of disposing of obsolete ships in the National Defense Reserve Fleet in 2001. | <ol style="list-style-type: none"> 1. A performance measure to reduce the rate of aviation delays that is indirectly applicable to air traffic modernization. It also acknowledges that keeping air traffic control modernization on schedule and on budget is a significant management challenge, and it lists a number of tasks the agency will take to help address the challenge. 2. No performance measures linked to the Coast Guard's Deepwater Project, but it did describe some of the actions it has taken to improve the program, including updating the Deepwater Legacy Asset Baseline. 3. A performance goal of scrapping at least three vessels per year in fiscal years 2001 and 2002. |
| <u>Financial accountability.</u> DOT's lack of accountability for its financial activities impairs its ability to manage programs and exposes the Department to potential waste, fraud, mismanagement, and abuse. From fiscal years 1996 through 1998, the IG was unable to express an opinion on the reliability of the DOT consolidated financial statement. For fiscal year 1999, the IG expressed an unqualified opinion on DOT's consolidated financial statement. However, in the case of FAA, this required alternative procedures and labor-intensive methods with regard to property, plant, and equipment. According to the DOT IG, these procedures and methods would not be sustainable in the future. DOT also lacks a cost accounting system or alternative means of accumulating the full costs of specific projects or activities. | The FY 2000 Performance Report states that DOT's 2000 Consolidated Financial Statement received a "qualified" opinion from the IG due to ongoing issues in FAA's accounting for property, plant, and equipment. The IG also issued a qualified opinion on the separate FAA financial statement. The IG's fiscal year 2000 audit report on DOT's consolidated financial statement stated that FAA had to calculate the property, plant, and equipment book value using electronic spreadsheets outside the existing property systems, and the IG was unable to substantiate the amounts. In addition, the IG reported that DOT continued to lack systems to allocate costs by major | The plan states that the DOT Consolidated Financial Statement "qualified" opinion issue will be resolved with the full implementation of Delphi, the Department's commercial off-the-shelf core accounting system replacement (No details of what remains to be done or projected completion date are provided in the performance plan). The plan also included goals for FAA to: <ul style="list-style-type: none"> • convert to the Delphi accounting system in 2001, • achieve unqualified audits in FY 2001 and FY 2002, |

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|--|---|--|
| | <p>program.</p> <p>As of September 30, 2000, FAA had implemented its cost accounting system in the En Route, Oceanic and Flight Service Stations services portion of its Air Traffic Services line of business. FAA still needs to implement its cost accounting system in the Terminal/Tower portion of Air Traffic Services and in its other five lines of business. The FAA system will be in addition to the cost accounting features being included in the new DOT accounting system (Delphi) currently being implemented.</p> | <ul style="list-style-type: none"> implement cost accounting throughout the agency by FY 2002, and establish fees for the provision of ATC overflight services (no projected implementation date is provided in the performance plan). |
| Strengthen the financial condition of Amtrak | <p>DOT did not meet its target for Amtrak ridership of 23.7 million passengers—an indirect measure of its financial security—but ridership levels did increase for the fourth straight year to 22.5 million. However, Amtrak also experienced increases in labor costs, depreciation, and train operating expenses.</p> | <p>The plan includes a long-term performance measure of achieving financial self-sufficiency in 2002 and an annual goal of increasing Amtrak's intercity ridership. Increased ridership is indirectly linked to Amtrak's financial condition because it increases its revenue.</p> |
| GAO-designated major management challenges | | |
| <p>Improve the oversight of highway and transit projects to provide maximum transportation services for the federal dollars.</p> | <p>The report indicated that DOT has developed a comprehensive, standard oversight approach to large projects that includes vigorously enforcing financial reporting requirements, designating accountable oversight managers, and taking special note of high-risk projects.</p> | <p>The plan includes the following goal to improve transit grant oversight: reduce the deficiency findings per triennial and State management oversight reviews by five percent per year. The plan did not include a goal for improving the oversight of highway projects.</p> |
| <p>Enhance competition and consumer protection in aviation and freight rail industries to ensure reasonable fares, rates, and service.</p> | <p>The report addressed the management challenge of competition in the aviation sector by stating that DOT informally investigated major airline responses to market entry by low-fare airlines and provided feedback to the Justice Department.</p> | <p>The report will have a new performance target in 2002 for customer satisfaction with the transportation system and the services provided by DOT—an indirect measure of enhanced competition.</p> |
| IG-designated major management challenge | | |
| <p>Improve surface transportation security.</p> | <p>DOT did not meet its goal for the timely dissemination of information regarding transportation threats to those who need to know—90 percent of the people who need to act receive infrastructure threat information within 24 hours. The agency achieved only 43-percent notification. However, DOT</p> | <p>DOT will continue to attempt to achieve its timely information dissemination goal of 90-percent notification within 24 hours, and it plans to implement its master plan for protecting critical physical assets.</p> |

Appendix I: Observations on the Department of Transportation's Efforts to Address Its Major Management Challenges

| Major management challenge | Progress in resolving major management challenge as discussed in fiscal year 2000 performance report | Applicable goals and measures in the fiscal year 2002 performance plan |
|-----------------------------------|--|---|
| | did complete a master plan to protect the agency's critical physical assets and information systems in accordance with a directive on critical infrastructure protection, and FAA and the Coast Guard began making security improvements. The Saint Lawrence Seaway Development Corporation completed its security improvements. | |

Appendix II: Comments From the Department of Transportation



U.S. Department of
Transportation

Assistant Secretary
for Administration

400 Seventh St., S.W.
Washington, D.C. 20590

June 19, 2001

Ms. JayEtta Z. Hecker
Director of Physical Infrastructure
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Hecker:

Thank you for the opportunity to review the General Accounting Office (GAO) draft report, "Status of Achieving Key Outcomes and Addressing Major Management Challenges," which reviews the U.S. Department of Transportation's FY 2000 Performance Report and FY 2002 Performance Plan. The Department is pleased with the favorable results of GAO's review, which concluded, "DOT has again produced a superior combined performance plan and report that is clear, understandable, and well organized. ... These characteristics make DOT's report and plan a good model for other agencies to emulate." GAO found that again this year, DOT's performance report provides a clear and comprehensive discussion of performance goals, measures, and data; and that the DOT performance plan identifies in a clear, well-organized manner, the strategies and initiatives it will pursue for each of the 2002 performance goals.

Overall, the Department met, or achieved a positive trend, in 71 percent of the rigorous performance standards established for 2000, down slightly from 77 percent in 1999. This is not alarming, since some degree of fluctuation in the Department's array of performance indicators is expected from year to year. Furthermore, as stated in the introduction to the Plan and Report, the Department seeks to improve its performance over time by setting ambitious yearly performance targets – we do not expect to meet all of them. Indeed, if that happened, it would indicate that DOT was not aggressive enough in setting performance targets. Positive trends in all our performance measures are what the Department seeks over time.

Your first recommendation suggests that we either change strategies or lower performance goals in order to achieve more of them. We agree that annual performance targets should be realistic, and we agree that a continuous review of our strategies is appropriate and will sharpen programmatic focus and better align outputs with results sought. As noted above, the Department's task is to improve our Nation's transportation system, not merely to achieve goals. It is incumbent on us, therefore,

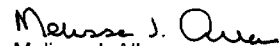
**Appendix II: Comments From the Department
of Transportation**

as we seek to improve our results for the long run, to be ambitious in structuring goals and setting yearly targets. Doing so will necessitate striving to meet goals that are outside the Department's immediate grasp.

We agree that injuries and fatalities should be considered in regard to pipeline safety, and we will explore appropriate ways to include such information in the performance plan.

Thank you for the opportunity to offer comments on the draft report. Please contact Martin Gertel on 202-366-5145 with any questions.

Sincerely,


Melissa J. Allen

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