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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of Transportation

Strengthening Transportation Policy Development And Implementation

When starting their terms, incoming Secretaries of the Department of Transportation have not found a system for formulating and implementing Department-wide, long-term policy. Such a system and supporting unit could provide significant benefits on a Department-wide scale.

Former Secretaries, on reflection after leaving office, and past and current Department officials believe that opportunities exist to improve policy development and implementation.

The Department recently instituted changes which it believes will lead to such improvements. GAO recommends that the Department give attention to long-term policy issues Department-wide when implementing these changes.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

COMMUNITY AND ECONOMIC
DEVELOPMENT DIVISION

B-202667

The Honorable Drew L. Lewis
The Secretary of Transportation

Dear Mr. Secretary:

This report discusses opportunities to strengthen policy development and implementation in the Department. Because congressional and internal Department concerns have been expressed about policymaking and planning processes, we evaluated how the Secretaries have developed and implemented long-range policy.

This report contains recommendations to you on page 19. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the Senate Committee on Governmental Affairs and the House Committee on Government Operations not later than 60 days after the date of the report, and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are also sending copies of this report to the Director, Office of Management and Budget; appropriate Senate and House committees; and other interested parties.

Sincerely yours,

A handwritten signature in cursive script that reads "Henry Eschwege".

Henry Eschwege
Director



D I G E S T

In 1966, the Congress brought together a wide range of Federal transportation activities in the new Department of Transportation. The Congress directed the Secretary to provide leadership in developing and implementing coordinated transportation policy and expected the Secretary to bring the knowledge and resources of the Department to bear on present and future transportation problems. (See p. 1.)

GAO examined whether a system for policy development and implementation could benefit the Department. GAO analyzed records and interviewed former Secretaries and many past and current top Department officials. (See p. 3.)

Incoming Secretaries have not found in place a system for formulating and implementing Department-wide, long-term policy. Although a unit exists with the responsibility to develop such policy, it has often been bypassed in favor of other offices headed by persons who are personally close to the Secretary or the unit has concentrated on quick response analyses. (See p. 5.)

Although the Secretary has the prerogative to use staff which best fit his or her needs and management style, the Secretary should consider (1) establishing a system for policy development and implementation and (2) designating a unit to manage and operate the system. In an environment of frequent top level turnover, such a system and supporting unit can promote continuity and long-range policy development and implementation. To provide staff to focus on long-term policy, the newly designated unit should be organizationally insulated from having to react to day-to-day concerns and immediate issues. (See p. 5.)

Sound management includes these basic elements for a Department-wide development and implementation system:

- Focusing on a few issues of highest priority to the Secretary.
- Identifying objectives the Department should be achieving for those issues.
- Analyzing alternative programs and determining which mix of programs the Department should support to achieve the objectives.
- Preparing for Secretarial approval plans to implement objectives at the program level.
- Monitoring how the Department carries out adopted plans.

These elements provide flexibility to develop and implement long-term policy based on the individual management style of a Secretary. (See p. 7.)

The Department's Federal Aviation Administration has established a strategic planning and policy formulation system. GAO believes that establishing a comparable system Department-wide would provide benefits which have not been fully realized in the past. (See p. 8.)

BENEFITS OF A POLICY DEVELOPMENT AND IMPLEMENTATION SYSTEM

GAO believes a system for developing and implementing policy Department-wide, if used, could be beneficial in various ways. (See p. 9.)

The system could help promote continuity and long-range policy development and implementation affecting more than one transportation mode. The Department has had seven Secretaries and nine Assistant Secretaries responsible for policy over 15 years. According to former and current Department officials, this frequent turnover at the top has disrupted the development and implementation of policy, particularly for the long term. The system identified above would provide an incoming Secretary with specific information on policies developed and implemented by previous administrations. Decisions could then be made on what changes might be necessary. The system would allow the Secretary and top aides, despite their short tenures, to define objectives and institute plans to direct departmental activities over the long term. (See p. 9.)

The Secretaries have had to operate in a "fire-house" environment of day-to-day issues. Former and current Department officials noted that this environment has made it more difficult for Secretaries to initiate action. A Department-wide system for policy development and implementation could provide a mechanism for the Secretary's new program initiatives.

GAO also believes that this system could strengthen policy development and implementation for issues affecting more than one operating administration. Shifting Federal responsibilities to the States (New Federalism) and balancing Federal subsidies to transportation modes are examples of issues this system could focus on. For issues affecting both highway safety and energy conservation, former Secretaries could have used such a system to realize even greater achievements in departmental leadership.

Since 1967 the Department has spent over \$3 billion on highway safety programs; it has also carried out an array of energy conservation programs and in 1979 made a \$13 billion legislative proposal on energy conservation to the Congress. In deciding how best to use these resources, the system could have helped the Secretaries to identify for present and future years for Department programs how many fatalities should be forestalled and how much energy should be conserved. One former Secretary called this looking through the right end of the telescope--asking first what should be achieved and second what can be afforded. (See pp. 12-15.)

IDENTIFYING AND DEDICATING STAFF FOR THE SYSTEM

The Secretary might find it helpful to designate a unit within the Office of the Secretary specifically responsible for managing and operating this system and then insulate the unit from having to react to immediate concerns and perform quick-response analyses. (See p. 16.)

The Office of the Assistant Secretary for Policy and International Affairs has been officially designated lead responsibility for policy and plan development. During certain prior administrations, the Office focused mostly on immediate issues. (See p. 17.)

Dedicating staff in the newly designated unit to support the system could help to provide analytical capability to focus on long-term policy development and implementation.

RECOMMENDATIONS

GAO had proposed that the Secretary of Transportation: (1) establish a system for long-term policy development and implementation Department-wide and (2) designate responsibility to a unit within the Office of the Secretary for managing and operating the system and insulate this unit from addressing immediate issues resulting from day-to-day concerns.

However, in commenting on GAO's draft report, the Department recognized the importance of good long-term policy development but disagreed with GAO on the specific means of accomplishing that objective. The Department pointed out recent actions it has taken--reorganizing the Office of Policy and establishing the Secretary's Management Objectives System. It believes that these actions accomplish by another means the intent of GAO's proposals.

Accordingly, GAO recommends that the Secretary in implementing these changes assure that (1) adequate attention will be given to long-term policy development and implementation Department-wide and (2) the staff who perform this mission direct their attention to addressing long-term rather than day-to-day concerns. (See p. 19.)

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ABBREVIATIONS

FAA	Federal Aviation Administration
FHWA	Federal Highway Administration
GAO	General Accounting Office
NHTSA	National Highway Traffic Safety Administration
OASPIA	Office of the Assistant Secretary for Policy and International Affairs
OST	Office of the Secretary of Transportation
UMTA	Urban Mass Transportation Administration



CHAPTER 1

INTRODUCTION

In 1966 the Congress brought together a wide range of Federal transportation policies and programs in the new Department of Transportation. The Department included Federal activities in air, highway, rail, pipeline, and marine transportation modes. Mass transit and maritime activities were added later. ^{1/} The Department's purposes include assuring the coordinated, effective administration of transportation programs; providing general leadership in identifying and solving transportation problems; and developing and recommending to the President and the Congress national transportation policies and programs.

By establishing the Department, the Congress intended to promote more coordinated, long-range transportation policies. In 1966 the House Committee on Government Operations emphasized that the Department "will lay a better and broader foundation for * * * developing coherent and coordinated policy in the transportation sector." The committee regarded

"* * * the new Department as a necessary organizational change not only for more efficient performance of existing transportation activities but as a means of preparing for the future."

The committee added that the Nation must look beyond contemporary transportation problems.

The Secretary together with the Deputy Secretary manages the Department. Specific Department programs are carried out by the nine operating administrations--the Coast Guard, Federal Aviation Administration (FAA), Federal Highway Administration (FHWA), Federal Railroad Administration, Maritime Administration, National Highway Traffic Safety Administration (NHTSA), Research and Special Programs Administration, St. Lawrence Seaway Development Corporation, and the Urban Mass Transportation Administration. The Secretary is assisted in managing and overseeing the Department by staff in the Office of the Secretary of Transportation (OST). This office includes the offices of the General Counsel, Inspector General, Budget and Programs, Policy and International Affairs, Administration, and Governmental Affairs.

The three major OST offices involved with developing and implementing transportation policies are General Counsel, Budget and Programs, and Policy and International Affairs.

^{1/}Mass transit programs were shifted from the Department of Housing and Urban Development to the Department by the President's Reorganization Plan No. 2 of 1968, effective July 1, 1968. Maritime programs were shifted from the Department of Commerce by the Maritime Act of 1981, Public Law 97-31, Aug. 6, 1981.

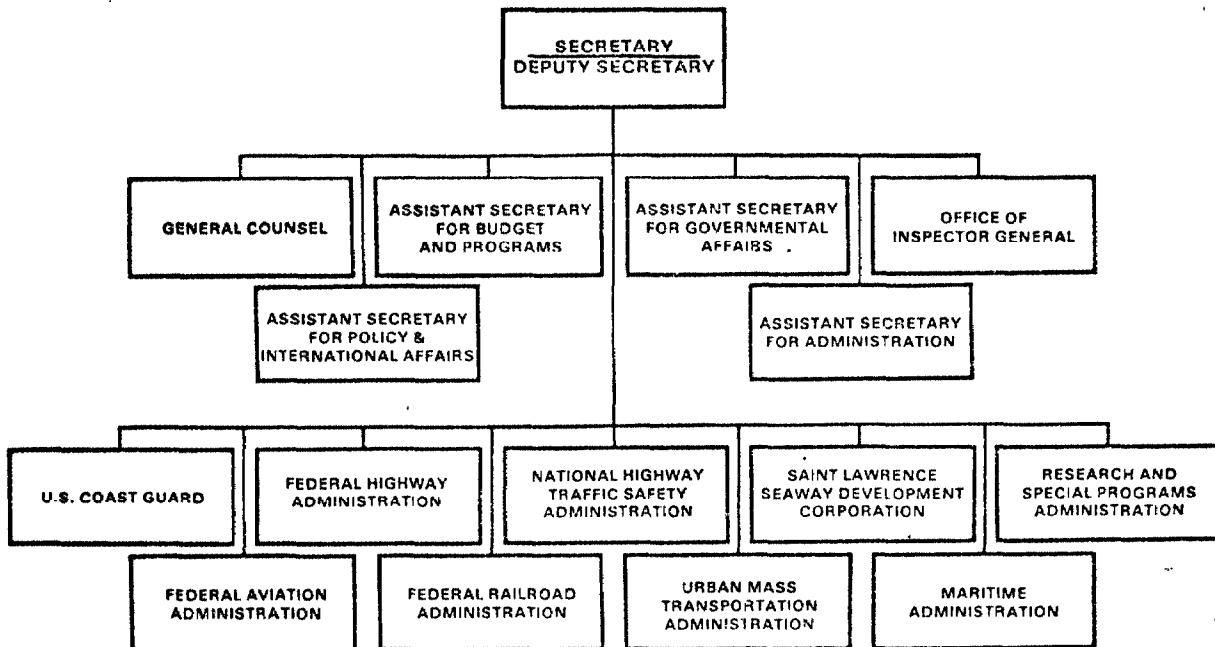
The General Counsel's Office is the principal office advising the Secretary on legal matters, including developing and reviewing legislation, congressional testimony, and major regulations. The Budget and Programs Office is the principal office advising the Secretary on developing, reviewing, and presenting the Department's budget and evaluating and overseeing its programs.

The Office of the Assistant Secretary for Policy and International Affairs (OASPIA) is the Secretary's chief policy advisor. Since being established by the Secretary, OASPIA's overall mission has been to assist the Secretary in analyzing, developing, articulating, and reviewing policies and plans for domestic and international transportation. OASPIA's lead policymaking and planning responsibilities include helping the Secretary address both immediate and long-term concerns.

OASPIA addresses issues which affect more than one mode, do not fall within an operating administration's jurisdiction, or are of special interest to the Secretary. Operating administrations have their own policy offices to address issues for their particular modes. OASPIA is responsible for working with other Department units. When an operating administration is responsible for developing policy for an individual mode, OASPIA may review or provide information. When OASPIA has the lead, it may request other units' support.

The Department has changed as operating administrations have been added, and OST has had realignments. However, the Department's basic structure has not changed since its establishment.

U.S. DEPARTMENT OF TRANSPORTATION



To date, there have been seven Secretaries. The names and tenures are listed below.

<u>Secretary</u>	<u>From</u>	<u>To</u>	<u>Number of months</u>
Alan S. Boyd	Jan. 1967	Dec. 1968	24
John A. Volpe	Jan. 1969	Feb. 1973	50
Claude S. Brinegar	Feb. 1973	Feb. 1975	25
William T. Coleman, Jr.	Mar. 1975	Jan. 1977	23
Brock Adams	Jan. 1977	July 1979	31
Neil E. Goldschmidt	Sept. 1979	Jan. 1981	17
Andrew L. Lewis, Jr.	Jan. 1981	Present	-

Since the Department's establishment in 1967, there have been nine Assistant Secretaries for Policy and International Affairs. A list follows:

Assistant Secretaries for
Policy and International Affairs
(note a)

Administration

Boyd	M. Cecil Mackey
Volpe	Paul Cherington Charles Baker John L. Hazard
Brinegar	John L. Hazard Robert H. Binder
Coleman	Robert H. Binder
Adams	Chester Davenport John J. Fearnside (acting)
Goldschmidt	William B. Johnston
Lewis	Judith T. Connor

a/Before 1970 OASPIA was called the Office of the Assistant Secretary for Policy Development. Its original policy function has generally remained the same.

OBJECTIVE, SCOPE, AND METHODOLOGY

Congressional and internal Department concerns have been expressed about policymaking and planning processes in OST. Because of such concerns, we evaluated how, at the departmental level, the Secretaries have developed and implemented long-range policy. In particular, our objective was to examine whether a system for policy development and implementation could benefit

the Department. The review was made in accordance with generally accepted principles of Government accounting.

We reviewed Department records, policy statements, plans, studies, reports, and other documents covering the period from 1967 to the present, including internal management studies on the Department's energy policies and programs and OASPIA. We also interviewed

- former Secretaries Boyd, Volpe, Brinegar, Coleman, Adams, and Goldschmidt;
- former top Secretarial assistants; Deputy Secretaries; Deputy Undersecretaries; Assistant Secretaries for Policy and International Affairs, Budget, Technology, and Administration; and a General Counsel; and
- current officials of the Secretarial offices and operating administrations.

Our work was performed at Department headquarters in Washington, D.C.

CHAPTER 2

BENEFITS CAN BE OBTAINED FROM A SYSTEM TO DEVELOP AND IMPLEMENT POLICY

When starting their term of office at the Department of Transportation, Secretaries have not found a system for formulating and implementing Department-wide, long-term policy. ^{1/} Reflecting on their tour of duty, former Secretaries pointed out to us that long-term policy development and implementation needed more attention. Some former Secretaries and other top Department officials believed that the pressures to respond to day-to-day concerns resulted in their giving insufficient attention to long-term policy.

The OST unit with policy development responsibility has often been bypassed in favor of units headed by officials personally close to the Secretaries. While Secretaries should have the flexibility to select advisors and staff based on their personal needs and management style, advantages such as continuity between administrations and long-range planning can be obtained by (1) establishing a system for policy development and implementation and (2) designating a unit to manage and operate the system. In addition, the unit should be insulated from the day-to-day problems associated with managing the Department. Otherwise, the unit could concentrate on immediate concerns rather than long-term policy.

We found that policy analyses and overview national transportation policy statements could have been more useful in developing and implementing long-term policy. A 1979 internal management study also concluded that policy development and implementation could be improved within the Department.

SETTING UP A SYSTEM FOR POLICY DEVELOPMENT AND IMPLEMENTATION

To manage the Department, Secretaries have used various Department-wide systems but have not had a system for long-term policy development and implementation. Establishing such a system could be advantageous in promoting continuity and long-range, intermodal and multimodal policy ^{2/} and providing a mechanism for

^{1/}Long-term policy, as used in this report, means the establishment of objectives to guide departmental action over a 4- to 6-year period, or longer.

^{2/}Intermodal refers to the trade-offs and interactions between competing and complementary transportation modes. This differs sharply from multimodal, which refers to a number of independent modes with little or no consideration of the trade-offs or interactions.

new program initiatives. This system could have helped former Secretaries to realize even greater achievements in departmental leadership.

Existing management systems

When Secretaries take office they find various Department-wide management systems to use in providing overall leadership. But they do not have in place a system for Department-wide policy development and implementation. Processes for developing the Department's budget, legislation, and regulations have already been established. Also, FAA has established a policy development and implementation system for aviation issues. In our opinion, a comparable Department-wide system could be established for issues affecting more than one operating administration.

The Department's budget process is coordinated by OST's Budget and Programs Office. The Office assists the Secretary in developing the Department's budget and reviewing operating administrations' proposals. The Spring Preview is part of the budgetary process. During this preview, the operating administrations, through hearings, present selected issues to senior Department officials, including the Deputy Secretary and Secretarial officers. The Budget and Programs Office coordinates the activities and, after the hearings, prepares "Secretarial Program and Budget Guidance" to guide the administrations.

The Department's legislative and regulatory processes are coordinated by the General Counsel's Office. This Office assists the Secretary in developing legislation, congressional testimony, and major regulations and reviewing operating administrations' submissions. The Office drafts legislation and coordinates OST's review of legislation originating in the operating administrations or outside the Department. It also coordinates all congressional testimony other than for appropriations hearings. Secretarial approval is required for significant regulatory proposals of the operating administrations. Prior to approval, the Department's Regulations Council considers the regulatory proposals and makes recommendations to the Secretary. The General Counsel's Office provides staff to the Council and is responsible for coordinating the regulatory review process.

The Department said that it has tried or considered several approaches to link day-to-day decisionmaking to a coherent set of policies for the long term. These included goal setting, long-range planning, program planning and budgeting systems (PPBS), management by objective (MBO), policy agenda development, and strategic planning. According to the Department, none of these approaches were successful. Because the Department recognizes the importance of long-term policy development, the following system we discuss may be worth trying since the other approaches were not successful. Also, former Secretaries after leaving office recognize the need for strengthening long-term policy development and implementation.

Proposed policy system

Sound management includes the following basic elements needed for a Department-wide policy development and implementation system

- focusing on a few issues of highest priority to the Secretary,
- identifying objectives the Department should be achieving for those issues,
- analyzing alternative programs and determining which mix of programs the Department should support to achieve the objectives,
- preparing for Secretarial approval plans to implement objectives at the program level, and
- monitoring how the Department carries out adopted plans.

These elements provide flexibility for long-term policy development and implementation based on the individual management style of the Secretary. ^{1/} As part of the approach, options, alternatives, and advantages/disadvantages would be presented. The Secretary could make decisions on those selected issues and approve implementing plans. Such decisions would be based on a number of factors, such as budget levels, State/Federal roles and responsibilities, political realities, and economic and fiscal policies.

Such a systematic approach was endorsed by top Government managers at a 1980 Federal Executive Institute seminar. They concluded that

"* * * more disciplined and effective policy formulation and planning systems should be developed as a strong 'pre-budget' system for directly facing up to policy and planning trade-offs * * *."

* * * * *

^{1/}For discussions of this systematic approach, see Alice M. Rivlin, "Systematic Thinking for Social Action," 1971, pp. 1-8 and 46; Michael H. Moskow, "Strategic Planning in Business and Government," 1978, pp. 36 and 37; Aaron Wildavsky, "Rescuing Policy Analysis from PPBS" in Haveman and Margolis, Public Expenditures and Policy Analysis, 1970, pp. 461-479; and Graham Allison, Essence of Decision: Explaining the Cuban Missile Crisis, 1971, pp. 29-33.

"* * * the federal establishment will continue to malfunction badly until it develops in every agency a decent system to do the following. (1) Over and above the need to define policy, each agency should have a clear and public means of saying what its policies are; this should also be recognized as critical to the internal management of agency programs. (2) Each agency must have some valid form of planning system; one which reflects defined policy and shows how policies will be translated into annual or multi-year priorities, objectives, targets for accomplishment, and operational performance." [1/]

In January 1981 FAA established a strategic planning and policy formulation system. FAA identified these steps to help guide individual program activities toward agency objectives:

"The Administrator selects and designates a limited number of issues for analysis (usually no more than three or four) which deserve high-priority attention during the year. Based on the subsequent findings of these analyses and on consultation with the public and the user community, the Administrator makes decisions with respect to the policy alternatives. The choices are then identified as official agency policy in the Strategic Planning Document and the Long-Range Strategic Plan."

This system served as a mechanism for the FAA Administrator to develop the National Airspace System Plan for modernizing and improving air traffic control and airway facilities services from the present to the year 2000. Such a system Department-wide would provide benefits, as discussed below. According to the Department, the other modal administrations have forward looking planning processes.

In commenting on our draft report, the Department said that the Secretaries have had elaborate systems that took the long view with respect to plans, programs, policies, and emerging problems. These systems had dedicated staff that was insulated from day-to-day concerns. This process resulted in reports which analyzed transportation issues. However, according to the Department, these reports did not directly impact on the decisionmaking process. We recognize that preparing such reports may have required a commitment over an extended time period by an insulated staff. However, we believe that long-term policy

1/Charles Bingman, Special Assistant to the Deputy Secretary, Department of Transportation, "An Agenda for Improvement," The Bureaucrat, Fall 1981, pp. 87-90.

development and implementation should be done by a full-time insulated staff that has this role as its major mission. Such a process and dedicated staff which we suggest could help the Department achieve the benefits of continued long-term policy development and implementation.

Advantages of a system for policy development and implementation

We believe a system for developing and implementing policy Department-wide could be beneficial in various ways. For example, the system could

- promote continuity and long-range, intermodal and multi-modal policy development and implementation and
- provide a mechanism for the Secretary's new program initiatives.

Since the Department's establishment in 1967, seven Secretaries and nine Assistant Secretaries for Policy have held office (see p. 3). Former Secretary Volpe served the longest term--about 4 years--and former Secretaries have served an average term of just over 2 years (28 months). There has been an even more frequent turnover of Assistant Secretaries for Policy. The average term for the nine has been less than 2 years.

According to former and current Department officials we interviewed, this top level turnover has caused problems for policymaking and planning. For example, one effect of the turnover has been the lack of continuity. A former Secretary told us that Secretaries do not stay long enough to effectively impose their policy leadership on the Department. A former Assistant Secretary for Budget and Programs cited an example from the Coleman administration. At the end of his term, the Secretary issued a report entitled "National Transportation Trends and Choices (to the Year 2000)." The report identified key transportation issues, analyzed alternative programs for achieving objectives, and presented various choices rather than decisions to guide the Department. The Assistant Secretary said that the report asked a lot of questions, but the Secretary left office before they could be answered. Since no system was in place, follow-up on the report was not taken.

Another effect has been the emphasis on short-term results without sufficient emphasis on long-term planning. One former Secretary said that it takes a new administration a while to learn how to manage the Department and time is reduced for planning. Showing immediate results has a greater emphasis than long-term planning. An OASPIA official said that the commitment to planning must be long term because leadership regularly turns over. Two other former Secretaries believed that the Department should strengthen the link between long-range planning and the budget, which allocates resources to implement policies.

The Secretaries have had to operate in a "firehouse" environment of day-to-day crises and immediate concerns. Decisions have had to be made on White House, congressional, or industry requests; budget, legislative, and regulatory proposals; and assorted other pressing issues related to Department management.

This environment has made it more difficult for Secretaries to initiate action. One former Secretary told how easily a Secretary can be "nickel and dimed to death," and he thought a Secretary's greatest challenge is to rise above immediate concerns. A former Assistant Secretary said that one Secretary began office hoping to set in motion certain initiatives, but he became caught up in day-to-day crises and, therefore, did not carry those initiatives forward. Another former Secretary criticized the Federal Government's and the Department's tendency to concentrate on immediate concerns and saw the need to regularly focus on and address a set of future policy issues.

A Department-wide system for policy development and implementation could provide a mechanism for the Secretary's initiatives. A few issues would be set apart from the firehouse environment and resources would be committed to in-depth analysis. The Secretary would know that, despite his attention to immediate concerns, the system would carry forward selected initiatives by developing and implementing long-term policy. Shifting Federal responsibilities to the States (New Federalism) and balancing Federal subsidies to transportation modes are examples of multimodal and intermodal issues this system could focus on.

We believe that a system for policy development and implementation could help promote continuity and provide improved focus on long-range policy development and implementation. The system would provide an incoming Secretary with specific information on policies developed and implemented by previous administrations. Decisions could then be made on what changes might be necessary. The system would allow the Secretary and top aides, despite their short tenures, to identify objectives and approve plans to direct departmental activities over the long term. Through the system, policy development is carried forward if administrations change. Also, continuous monitoring helps to ensure that policies developed by one administration, unless redirected by another, will be implemented through the budget and other means. We believe that this system would encourage a commitment to long-range policy development and implementation.

Opportunities for more useful policy statements and analyses

Through a system for the development and implementation of long-term, Department-wide policy, various departmental multimodal and intermodal policy statements and analyses could have been made more useful. For such issues as productivity, energy conservation, and highway safety, we believe that the Secretaries could have used this system to realize even greater achievements in departmental leadership.

Beginning with the Volpe administration, the Secretaries have issued overview national transportation policy statements.

<u>Secretary</u>	<u>Title of statement</u>
Volpe	A Statement on National Transportation Policy (Sept. 1971)
Brinegar	A Progress Report on National Transportation Policy (May 1974)
Coleman	A Statement of National Transportation Policy (Sept. 1975)
Adams	Transportation Policy for a Changing America (Feb. 1978)
Goldschmidt	Transportation Agenda for the 1980's: Issues and Policy Directions (Aug. 1980)

These statements covered various transportation issues, such as economic regulation, safety, security of passengers and cargo, environment, and energy. In these statements the Secretaries expressed general principles and priorities, discussed Federal Government and Department programs in given areas, and raised issues for consideration.

According to the Department, policy statements issued over the years reflected, for the most part, the personal decisions of the Secretary at the time regarding the appropriate style, length, level of abstraction or generalization, time horizon, program detail, etc., as well as the policy content itself. The statements tried to adhere to the level of general policy principles, leaving, by choice and design, the detailed explication of implementation measures to other documents, such as the budget, budget statements, etc.

These statements, however, provided only general guidance for developing specific future action. The vast majority of Department officials pointed out that these statements could have been more useful. In our opinion, this could be accomplished by preparing more specific policies and plans based on these statements. By using the approach we discuss, several issues which the Secretary identified in those statements should result in implementing plans. We agree with the Department that the statements should not contain the specifics for effective action, but we believe that such specifics should be identified in the implementing plans we suggest. This could result in improving the development of long-term transportation policy as the Congress intended. Further, existing systems (for example, budget) may not result in adequate attention to long-term policy development and implementation.

For example, former Secretary Goldschmidt's statement identified the following policy direction under the "productivity" heading:

"We should strive to achieve productivity improvements by accelerating the government decisionmaking process; by eliminating red tape; by supporting research and development, by encouraging innovation in technology, management and institutional processes; by developing stronger incentives to industry for capital investments; by seeking the cooperation of labor in developing work rules that promote productivity; and by stimulating intermodal cooperation and development, including intermodal ownership where it is appropriate."

This discussion of productivity could have more effectively identified the specific objectives the Department should accomplish and the programs it should support to achieve the objectives.

The consensus of former and current Department officials we interviewed was that the overview statements, if more specific, could have done more to guide decisions on departmental programs. One former Assistant Secretary for Policy and International Affairs wrote that the statement he helped produce

"* * * attempted to embrace much too much * * *. Certainly if we had focused on two or three large areas, we could have brought more specifics to bear * * *."

A system for policy development and implementation could take issues such as productivity and provide the necessary specifics. It could help the Secretaries provide leadership by identifying what objectives the Department should achieve and how it should concentrate its resources to achieve them. As one former Secretary told us, specific policy objectives make it easier to plan.

During the Adams and Goldschmidt administrations, energy conservation by the transportation sector was a high Department priority. Both Secretaries led off their overview national transportation policy statements with a discussion of energy conservation. The Department's operating administrations carried out a vast array of energy conservation programs which were developed incrementally over time: The 55 mph national speed limit, automobile fuel economy standards, ridesharing, quotas at congested airports, improved traffic flow for highways and aviation, research, and others.

However, the Department never identified for present and future years how much energy should be conserved through its programs or what programs or mix of programs should be concentrated on to achieve its energy conservation goals. In the overview policy statements, the Secretaries laid out general principles

for the transportation sector but stopped short of identifying what objectives the Department's programs should achieve. In November 1979 OASPIA inventoried ongoing and potential operating administration programs for conserving energy. The inventory, which gathered information on program costs and benefits, did not lead, as expected by OASPIA officials, to a coordinated Department energy conservation policy.

During the Goldschmidt administration, the Department sent to the Congress the Transportation Energy Efficiency Act of 1979. The proposed legislation, which was not enacted by the Congress, called for an additional \$13 billion in bus and rail mass transit funding over 10 years to increase mass transit capacity by 50 percent to accommodate an expected 50-percent ridership increase by 1990. This legislation had one of the largest budgetary impacts of any of Secretary Goldschmidt's energy conservation initiatives.

According to two Department studies and our own study, 1/ the proposed legislation had limited energy conservation benefits. The Department's December 1979 "Analysis of Transit Energy Consumption and Federal Policy" report concluded:

"One consistent theme that runs throughout the analyses that were conducted in this study is that any changes in total energy consumption brought about by the implementation of mass transit have been relatively small * * *. Changes in national energy consumption by more than a few percent would require a massive infusion of billions of dollars into all of the urban areas and substantial changes to community and travel patterns in these urban areas."

In an August 1979 internal management study on its energy management, the Department stated:

"In the urban transportation area, the cause of energy saving has become one more argument for vast expansion of the UMTA budget without any adequate analysis of how best to proceed in investing funds wisely."

In our November 1980 report on commuter use of transit and ridesharing, we expressed concern that the Department's decision to support transit expansion was unduly influenced by the worsening energy situation and availability of windfall profits tax revenues. Because of the relatively small role that transit plays in the work commute, we concluded that a 50-percent increase in the number of transit commuters would have only a small impact on overall energy consumption.

1/"Increasing Commuting by Transit and Ridesharing: Many Factors Should Be Considered" (CED-81-13, Nov. 14, 1980).

We believe that a management system for developing and implementing long-term, Department-wide policy could have helped the Secretary in redirecting the Department's energy conservation programs and strengthening his 1979 legislative initiative. According to one former Secretary, the Department should be looking through the right end of the telescope--asking first what should be achieved and second what can be afforded. The system could have gone beyond the overview statement and inventory and helped the Secretary to identify for present and future years how much energy the Department's programs should be conserving and which programs the Department should be concentrating its resources on. Through systematic policy development and implementation, the Secretary could have (1) had greater influence on the Department's energy conservation programs than he did with the overview statement and inventory and (2) identified other programs to support in the legislation or potential problems with the proposal.

The highway safety programs offered another opportunity for systematic policy development and implementation. Former Secretary Coleman's overview national transportation policy statement noted the general principle that

"* * * no Federal transportation responsibility is more important than the safety of the passenger, driver, transportation worker, pedestrian, and others exposed to the transportation system."

The Department's operating administrations--FHWA and NHTSA in particular--have carried out a variety of highway safety programs which were developed incrementally over time, including financial assistance to the States, regulation, and research. From 1967 to 1979, the Department obligated over \$3 billion on its highway safety construction and safety grant programs. In fiscal year 1979, for example, FHWA spent almost \$450 million on safety improvement projects; NHTSA sponsored 202 research projects for a total of \$30 million.

As with energy conservation, the Department has not identified for present and future years what its objectives should be--for example, how many fatalities should be forestalled through the Department's programs. In the overview statement, the Secretary only laid out general principles. Also, one of the Secretary's reports to the Congress could have been more useful if it identified which programs the Department should concentrate its resources on.

OASPIA assisted Secretary Coleman in preparing his April 1976 report to the Congress entitled "The National Highway Safety Needs Report." With the cooperation of operating administration staff, OASPIA evaluated and ranked 37 ongoing and potential programs for reducing highway fatalities, using a common method to determine the cost effectiveness of the programs. Such programs included mandatory seatbelt usage, driver improvement schools, bridge widening, and roadway lighting. Although the report did not factor in such considerations as the political feasibility of the

alternatives or recommend specific courses of action, it had much of the analytical work needed to determine which programs the Department should support.

Again, a system for developing and implementing long-term, Department-wide policy could have been useful to the Secretary. The system could have helped the Secretary go beyond the overview statement and "The National Highway Safety Needs Report," look through the right end of the telescope, and, as a result, provide greater leadership over departmental programs.

The Department pointed out that prior efforts (see p. 8) in long-range planning and policy development did not directly affect the decisionmaking process for many reasons.

- They were considered irrelevant to the immediate priority concerns of the political management.
- They dealt with deferrable decisions which could and probably should be left for a time when more current information and insight could be brought to bear.
- They were seen to be a policy product of another political administration.
- Many major policy decisions in program areas are based on resource allocation questions.

We recognize that reasons such as those above can and often do impede long-range policy development and implementation. Because of the potential benefits from developing and implementing long-term policy, establishing a process, as we suggest, might help overcome or mitigate such obstacles.

Department management study team
has recommended a system for
policy and plan development

In September 1979 a management study team from the Department's Office of the Assistant Secretary for Administration recommended that the Department establish a formal system for policy and plan development. However, at the time of our review, the Department had not adopted the recommendation.

After reviewing OASPIA's activities and interviewing officials in OST and operating administrations, the Department study team noted that OASPIA has not been a strong leader in developing transportation policy. Its analysis identified a need for specific policy guidance and direction to help the operating administrations in developing their modal programs. The team stated that long-range planning was not being performed, and the absence of a formal structure for policymaking and planning was a significant problem.

A major recommendation of the study team was that the Department establish a formal system for policy and planning. The team outlined a seven-part model which created some new policy and planning processes, incorporated existing management processes such as the budget, and linked them all together.

The Assistant Secretary for Policy and International Affairs, testifying on the fiscal year 1982 budget before the Subcommittee on Transportation, House Committee on Appropriations, explained that the Department did not intend to adopt the study team's recommended formal system for policymaking and planning. She identified three ongoing activities as adequate to the formulation of policy--the Spring Preview process which has both budget and policy elements, regular meetings with the policy officers of the various operating administrations, and her almost daily interactions with the Deputy Secretary and the Secretary. She stated that anything more formal would become "too cumbersome and too bureaucratic as to be able to meet the day-to-day needs of the Department."

As discussed above, we believe that a system for policy development and implementation could have significant benefits and result in greater achievements for the Secretary. The Spring Preview annual budget process has not focused on policy for the long term but instead has generally emphasized budget questions over policy questions. Also, the personal working relationships mentioned in the Assistant Secretary's testimony are important, but we believe that such a system would provide benefits, such as continuity, and enable the Secretary to focus on a few of the Department's highest priorities and ensure that policies are developed and implemented over the long term. Finally, we agree that formal systems may be cumbersome to meet the Department's day-to-day needs in formulating policy; however, we are concerned that the present approach does not help the Secretary escape the firehouse environment and address the Department's long-term needs. Also, any system like the one we suggest will be flexible to meet the Secretary's management style.

IDENTIFYING AND DEDICATING STAFF TO THE MANAGEMENT SYSTEM

Once the management system for policy development and implementation is established, the Secretary might find it useful to identify some unit within OST specifically responsible for managing and operating the system. If the Secretary then insulates this unit from having to react to immediate concerns and perform quick-response analyses, he could provide an analytical capability for the mission of long-term policy development and implementation. We believe that these two steps are necessary because OASPIA, which has lead responsibility for this mission, has often been bypassed or used primarily to react to immediate concerns.

The Office of the Assistant Secretary for Policy and International Affairs has been officially designated as the office responsible for policy and plan development. During certain prior administrations, however, OASPIA has been bypassed in favor of units led by officials personally close to the Secretary. For example, one former Secretary turned to another OST office to develop policy on the St. Louis Airport and Westway Project and to his special assistants and the Office of General Counsel on the airbag automobile safety device. To support the Secretary's decisions, the other OST units performed the detailed analyses with marginal OASPIA involvement. The Department pointed out that organizational responsibility within OST for environmental and safety policy development was not OASPIA's. While these issues may not have been OASPIA's responsibility based on OST's organization, the then Secretary's decision not to use OASPIA was not based on the OST organization but on his preference.

Another former Secretary gave responsibility for the President's urban policy initiative to the Office of the Assistant Secretary for Budget and Programs. This Office's Assistant Secretary served as liaison to a White House coordinating committee, and the Office worked with the operating administrations to carry out the policy. During both of these Secretaries' administrations, OASPIA was excluded from top-level policy decisionmaking. The September 1979 draft internal management study by the Office of the Assistant Secretary for Administration criticized OASPIA for its limited role, pointing out that OASPIA had been excluded from key decision meetings involving the other Secretarial offices and rarely assumed or was given the lead on issues. The study added that advice and direction on departmental initiatives were provided by other Secretarial offices.

During the Lewis administration and others, the Secretaries have used OASPIA often. However, they have used it primarily to react to immediate concerns and perform quick-response analyses. For example, OASPIA has assisted the current Secretary by performing analyses on immediate concerns, such as international aviation policy, inland waterway user charges, and highway tax increases and helping to prepare the Secretary's testimony on bus deregulation and Civil Aeronautics Board sunset.

According to the Department long-term planning has been carried out at many organizational levels, including the modal administrations. Multimodal and intermodal policy and plan development have been done by OASPIA on such topics as deregulation of air carrier, motor carrier and rail modes, the creation of international air policy, and user charge policy. The Department also said that the above are examples of where OASPIA has conducted long-range policy development over many years and at high levels of effort. We recognize that OASPIA has performed long-term analyses but based on our own review, as well as the Department's internal management study team, a process for policy development and

implementation would be beneficial. This process could help assure that a few issues of highest priority to the Secretary are focused on and policies and implementing plans are developed for the long term. Also, former and current top Department officials said that OASPIA has generally reacted to immediate issues. In our opinion, such a process would help to continually focus on long-term policy development and implementation.

Many former and current Department officials told us that the Secretaries have largely used OASPIA to react to immediate concerns, and they saw a need for long-term policymaking and planning. One former Assistant Secretary for Administration believed that OASPIA should be "orchestrating" the Department through strategic plans. A former OASPIA Assistant Secretary noted that unless his former organization was required to systematically develop policies and plans, it would mostly be reactive and short term in its focus. Seeing the need for greater policy direction to the budget process, one former Deputy Secretary told us OASPIA was mostly reactive.

In March 1982, according to the Department, OASPIA was reorganized to improve its ability to provide both long- and short-term policy development support to the Department's political management. This reorganization had the effect of greatly simplifying the organization, eliminating some 11 organizational entities, and concentrating the staff resources in 3 offices. Two of these offices--the Office of Economics, oriented to policy matters affecting governmental programs, and the Office of Industry Policy, oriented to matters affecting the private sector--now cover the entire gamut of domestic transportation policy. The third office--International Transportation Policy--deals with foreign relations and related program policy. The new reorganization can ensure that both long- and near-term policy developments are treated adequately and that the policy analysis work with a more distant time horizon is continually informed by what is going on in the short run.

While Secretaries should have the flexibility to select advisors and assign responsibilities based on their personal needs and management style, we believe that identifying and dedicating staff will best help the Secretary develop and implement long-term policy. Frequent top level turnover has been common in the Department. If responsibility for system support and coordination remained with one unit rather than shifted from one to another, continuity could more easily be achieved. Also, as noted by former Secretaries and their top aides, the day-to-day problems associated with managing the Department can dominate the attention of the Secretaries and their staff. By insulating the supporting unit from this firehouse environment, the Secretary could concentrate on long-term policy. The recent reorganization of OASPIA may help overcome this problem.

RECENT DEPARTMENT INITIATIVES

In order to ensure that the policy objectives adopted by the Department's top political leadership are properly pursued in a timely and effective manner, a system--Secretary's Management Objectives--is being established to monitor on a regular and recurring basis progress on each of some 90 objectives established by the Secretary in conjunction with the modal administrators and OST staff. These objectives were agreed upon in January 1982 for calendar year 1982. Managed by staff within the immediate Office of the Secretary, this system is expected to follow priority policy matters under development in all of the modal administrations and other Secretarial officers. While the policy development work is not actually performed by a central staff, the objectives will be agreed upon by the Assistant Secretary for Policy and International Affairs as well as the Secretary before being finalized, and thereby help assure the Secretary that the objectives are being met in a timely manner.

The Secretary's Management Objectives System could help the Department develop and implement long-term policy. However, the effectiveness of the system and its ability to address long-term, Department-wide policy issues cannot be determined because of its newness.

RECOMMENDATIONS TO THE SECRETARY OF TRANSPORTATION

We proposed that the Secretary should (1) establish a system for long-term, Department-wide policy development and implementation and (2) designate a unit within the Office of the Secretary responsibility for managing and operating the system and then insulate this unit from addressing immediate issues resulting from day-to-day concerns.

In commenting on our draft report (see app. I), the Assistant Secretary for Administration said that the Department has taken important steps to improve and enhance policy development and implementation Department-wide, including a major revamping of OASPIA's organization and the creation of the Secretary's Management Objectives System. Because of a somewhat different interpretation of past experience, the Department does not believe that a new system for managing long-term policy development and implementation is needed. While recognizing the importance of good long-term policy development, the Department believes that the means it has taken are better suited to accomplish that objective than the approach we proposed.

While the recent organizational change and the new system may help to address our concerns, it is too early to evaluate their impact. The Department in taking these recent actions

said that it has rejected our proposed process for long-term policy development and implementation (see p. 7). However, we believe that any system that the Department institutes should provide attention to long-term policy issues. Accordingly, we recommend that the Secretary in implementing the Management Objectives System assure that attention will be provided to long-term policy development and implementation Department-wide. In addition, the Secretary should make certain that the staff that perform this mission direct their attention to addressing long-term rather than day-to-day concerns.



**U.S. Department of
Transportation**

Assistant Secretary
for Administration

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

AUG 10 1982

Mr. Henry Eschwege
Director, Community and Economic
Development Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Eschwege:

We have enclosed two copies of the Department of Transportation's (DOT) reply to the General Accounting Office (GAO) draft report, "Strengthening Policy Development and Implementation by the Secretary of Transportation," dated June 9, 1982.

The GAO reviewed policy development and implementation in DOT from its creation in 1966 to the present, focusing on the institutional and staff support to the Secretary in formulating transportation policy and plans for the long run. GAO recommends that the Secretary:

- establish a system for longer-term policy development and implementation Department-wide; and
- assign responsibility to a unit within the Office of the Secretary for managing and operating the system and insulate this unit from addressing immediate issues resulting from day-to-day concerns.

The Department has already taken important steps to improve and enhance policy development and implementation Department-wide, including a major revamping of the organizational structure of the Office of the Assistant Secretary for Policy and International Affairs and the creation of the Secretary's Management Objectives System. Because of these actions and because of a somewhat different interpretation of past experience in this area, the Department does not believe there is a need for another, new system for managing longer-term policy development and implementation.

As an aside, you may want to update the Department's organization chart depicted on page 2 of the draft report to include the Maritime Administration, which was transferred to the Department from Commerce in August 1981.

If we can further assist you, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert L. Fairman".

Robert L. Fairman

Enclosures

Department of Transportation Reply
To
GAO Draft Report of June 9, 1982
on
Strengthening Policy Development and Implementation
By the Secretary of Transportation

Summary of General Accounting Office (GAO) Findings and Recommendations

The GAO reviewed policy development and implementation in the Department of Transportation from its creation in 1966 to the present, focusing on the institutional and staff support to the Secretary in formulating transportation policy and plans for the long run.

The GAO drew its findings and recommendations not simply from its own analysis but also from interviews with past Secretaries of Transportation, their principal political and career assistants, and current officials.

The GAO's principal finding is that although the Department has a Secretarial officer, the Assistant Secretary for Policy and International Affairs, who heads a unit nominally charged with long-range policy development, past Secretaries have either often looked elsewhere for policy development support or used this office predominantly for quick response analyses. As a result, long-range planning and problem solving have been neglected and the Department's top political management, which history shows turns over about every two years, has been deprived of the continuity and long-range vision which a long-range policy planning unit, given adequate staff, resources and insulation from day-to-day pressures, could provide. The GAO also found that policy analyses and overview national transportation policy statements could have been more useful in developing and implementing longer-term policy.

The GAO recommends that the Secretary should:

- establish a system for longer term policy development and implementation Department-wide; and
- assign responsibility to a unit within the Office of the Secretary for managing and operating the system and insulate this unit from addressing immediate issues resulting from day-to-day concerns.

Summary of DOT's Position

The Department has already taken important steps to improve and enhance policy development and implementation Department-wide, including a major revamping of the organizational structure of the Office of the Assistant Secretary for Policy and International Affairs. Because of these actions and because of a somewhat different interpretation of past experience in this area, the Department does not believe there is a need for another, new system for managing longer-term policy development and implementation.

Position Statement

A Mechanism for Managing Department-wide, Longer-term Policy Making and Implementation

The GAO asserts that "longer range policy development and implementation" in the Department of Transportation should be organized within the context of a specific management system and a dedicated staff insulated from immediate concerns. The GAO's principal concern--that there is not an existing functioning, unitary policy development management system ready to assist an incoming Secretary work his will on the important transportation questions over the longer term--is, and we certainly agree, a matter of significance and well worth addressing.

The GAO acknowledges that past Secretaries of Transportation have used various Department-wide management systems to run DOT but asserts that they have not had one for longer-term policy development. But the fact is they have had systems, quite elaborate ones at that, that took the long view with respect to plans, programs, policies and even emerging problems. These systems had both dedicated staff and were insulated from day-to-day concerns. An example was the 1972 National Transportation Report ("Present Status - Future Alternatives"). This voluminous, exhaustive analysis, the result of several years of effort, was intended to provide:

"... a comprehensive picture and future outlook of transportation; estimates of investment needs and program priorities as seen by States, local governments, and the private sector, analyses of selected issues in urban and intercity transportation; and guidelines for future action by Federal, State and local governments and the private sector." (Transmittal letter to the Congress, August 3, 1972)

This 1972 Report was followed two years later by the 1974 National Transportation Report, and some years later by the National Transportation Trends and Choices (to the Year 2000).

That these efforts in longer range planning and policy development did not directly impact the visible decisionmaking processes of the Department is due, probably, to many reasons:

- They were ignored as being irrelevant to the immediate priority concerns of the political management. In other words, the "insulation factor" that the GAO report calls for seems to be a lack of awareness/access to mainstream activities.
- They dealt in large part with deferrable decisions, choices that could, and probably should, be left for later days when more current information, insight, and public opinion could be brought to bear.
- They were seen to be the policy product of another political administration. The GAO Report suggests that the reason there was no follow-up to the report, Trends and Choices, was because there was no management system in place to perform this task. The fact is that there was no systematic follow-up because the Department's political leadership changed within days of its publication and the incoming Secretary rejected the report and forbade its further publication. Most of the issues that this report raised have been subsequently addressed, some have been resolved, and others became irrelevant with the passage of time.
- In programmatic areas, many major policy decisions turn largely on questions of resource allocation. Because resource allocation decisions seldom become critical until they enter the authorization/appropriation cycle, it is hard for any other policy development mechanism to compete seriously with the statutory budget process and its extensions such as the Spring Preview. This was clearly the case with the two National Transportation Reports.

Long range planning, looking forward many years and bridging changes in political leadership, has, nevertheless, been carried on in many forms and at many organizational levels in DOT since its funding. All of the modal administrations--FHWA, UMTA, FAA, etc.--have formal planning processes for their statutory programs which look ahead many years. At the level of intermodal/multimodal policy and plans development, the Office of the Assistant Secretary for Policy and International Affairs (OASPIA) has from the beginning been involved in such long range initiatives as the deregulation of air carrier, motor carrier and rail modes, the creation of international air policy, user charge policy, etc.

The GAO notes that Secretary Lewis and his predecessors have turned to the OASPIA often but primarily for quick response analyses and staff support dealing with immediate concerns. The GAO cites as examples such matters as truck size and weight analysis, inland waterway user charges, highway financing elderly and handicapped transportation, etc. Every example cited is one in which this particular office has conducted substantial long-range policy development over many years and at high levels of effort. On inland waterway user charges, for example, OASPIA has spent more than \$1.5 million on contract research and devoted several work-years of internal staff effort over a seven year period. On the truck size and weight issue, the office spent more than \$1.4 million in contract research over a three-year period, and again devoted several work-years of its own staff's effort. Similarly, with respect to elderly and handicapped transportation, policy development and implementation in this area has been underway for more than ten years in OASPIA with \$1.1 million in contract research and many work-years of staff effort. Highway financing has also received years of study and analysis bearing directly on policy development. If we were to be asked to cite examples of successful longer-term policy development by OASPIA, these areas together with auto industry policy, deregulation and international aviation policy would likely constitute the initial list. Most of these issues have now matured, of course, reaching the stages of implementation or legislative consideration. Naturally, therefore, the current phases do involve much short-term work such as the preparation of Congressional testimony.

One can sympathize with the desire for a single, structured, systematic management approach to the development of policies which can then be broadly applied to the detailed development of programs and financing decisions across a wide range of Departmental interests. Several approaches to this problem of linking day-to-day decisionmaking to a coherent set of policies for the longer term have been tried or considered by this Department. These have included goal setting, long-range planning, PPBS, management by objective, policy agenda development, strategic planning, etc. None has proven fully satisfactory; most were eventually abandoned in whole or in part.

As the GAO recognizes, any policy development system must be compatible with the management style of the prevailing political leadership. Secretary Lewis establishes major, cross-cutting transportation policy goals and objectives, such as maximum reliance on user fees and reduction or elimination of unwarranted Federal economic regulation. Secretary Lewis also believes that the modal administrations themselves should be initial and principal developers of specific programs to implement these major policy goals and objectives. In those areas, of course, the Secretary retains final approval authority and his staff has an important oversight role.

On a number of the examples that the GAO uses to support its assessments, DOT would differ with the GAO over either its interpretation or the relevance of the example, itself. For example:

- The GAO cites past decisions on the St. Louis Airport and Westway as examples where OASPIA was "bypassed." At the time these decisions were made, organizational responsibility within the Office of the Secretary for policy development was consciously bifurcated with responsibility for environmental and safety policy vested in the Assistant Secretary for Environment and Safety and responsibility for all other policy matters in OASPIA. Both the St. Louis Airport and Westway decisions were essentially environmental judgments. Moreover, they were basically project construction decisions, not broad policy determinations. While one may quarrel with the basic decision to have a special policy office for environment and safety matters (and, indeed, that is no longer the case), the examples cited were staffed by the proper organization and nobody was "bypassed." The same comments apply to another example cited, i.e., the airbag auto safety device which, similarly, fell outside the policy purview of OASPIA.

The Department has taken steps to enhance the effectiveness of policy development and implementation, both long and short term. For example, in March of this year OASPIA was reorganized to improve its ability to provide both long and short-term policy development support to the Department's political management. This reorganization had the effect of greatly simplifying the organization, eliminating some eleven organizational entities and concentrating the staff resources in three offices. Two of these offices--the Office of Economics, oriented to policy matters affecting governmental programs, and the Office of Industry Policy, oriented to matters affecting the private sector--now cover the entire gamut of domestic transportation policy. The third office--International Transportation Policy--deals with foreign relations and related program policy.

Under the new reorganization, both long and near-term policy development can be conducted within the same organizational context with sufficient staff interaction to ensure that both are treated adequately and that the policy analysis work with a more distant time horizon is continually informed by what is going on in the short run.

Policy Statements and Analyses

The GAO states that the existence of a system for the development and implementation of longer-term, Department-wide policy would increase the usefulness of the various overview of national transportation policy statements. This would be accomplished by providing not only "general guidance" but by identifying specific objectives for accomplishment and detailing the programs DOT should support to achieve them.

Each of the half dozen or so "policy statements" issued over the years reflected, for the most part, the personal decisions of the Secretary at the time, regarding the appropriate style, length, level of abstraction or generalization, time horizon, program detail, etc., as well as the policy content itself. Again, for the most part, the statements tried to stick to the level of general policy principles, leaving, by choice and design, the detailed explication of implementation measures to other documents such as the budget, budget statements, etc.

The GAO is right in its basic line of argument--that the quality and usefulness of overall policy statements depends importantly on the quality of the policy content, and that the policy content, in turn, depends importantly on the effectiveness of the policy development mechanisms. We believe that the mechanisms that are now in place in the Department are both sound and effective.

Recommendations

With respect to the GAO's recommendations, the Department believes the organizational changes already made in OASPIA and other changes already accomplishes, albeit by somewhat different means, most if not all of what the GAO apparently wishes to see achieved by its recommendations.

With respect to GAO's recommendation that we create a special unit to manage a new longer-term policy development system, we believe this would be unnecessary in view of the aforementioned actions.

In summary, we agree with GAO on the importance of good longer-term policy development. We disagree only on the specific means of accomplishing that objective, believing that other measures already instituted are better for this purpose.

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