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Resources, Community, and
Economic Development Division

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May 12, 1998

The Honorable John McCain
Chairman
The Honorable Ernest Hollings
Ranking Minority Member
Committee on Commerce,
Science, and Transportation
United States Senate

The Honorable Bud Shuster
Chairman
The Honorable James Oberstar
Ranking Democratic Member
Committee on Transportation and
Infrastructure
House of Representatives

Subject: Results Act: Observations on the Department of Transportation's
Annual Performance Plan for Fiscal Year 1999

As requested, this report summarizes our observations on the Department of Transportation's (DOT) annual performance plan for fiscal year 1999, which was submitted to the Congress in February 1998. As you know, the Government Performance and Results Act of 1993 (the Results Act) requires federal agencies, beginning with fiscal year 1999, to prepare annual performance plans covering the program activities set out in their budgets.¹ To analyze

¹The Results Act requires performance plans to (1) establish performance goals to define the level of performance to be achieved by a program activity; (2) express such goals in an objective, quantifiable, and measurable form; (3) briefly describe the resources required to meet the performance goals; (4) establish performance indicators to be used in measuring or assessing the relevant outputs, service levels, and outcomes of each program activity;

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DOT's performance plan, we condensed the requirements of the Results Act into three questions: (1) To what extent does the agency's performance plan provide a clear picture of intended performance across the agency? (2) How well does the plan discuss the strategies and resources the agency will use to achieve its performance goals? and (3) To what extent does the agency's plan provide confidence that its performance information will be credible? For our review, we used the criteria in the Results Act, the Office of Management and Budget's (OMB) guidance on developing the plans,² our February 1998 guidance for congressional review of the plans,³ our evaluators' guidance for assessing annual performance plans,⁴ and a December 17, 1997, letter to the Director of OMB from several congressional leaders. We also compared DOT's performance plan to its fiscal year 1999 budget proposal and its September 1997 strategic plan, which was required by the Results Act.

In summary, we found the following:

- The Department of Transportation's performance plan generally provides a clear picture of intended performance across the agency. Among its strengths, the plan includes performance goals and measures that cover the program activities in the Department's budget, and the goals and measures are objective, quantified, and useful for assessing progress. However, the plan, could be improved by consistently linking strategic goals, program activities, and performance goals. In addition, the plan could be improved by indicating interagency coordination of goals and measures for crosscutting areas and consistently discussing the Department's contribution to these areas.

(5) provide a basis for comparing actual results with the performance goals; and (6) describe the means to verify and validate the information used to report on performance.

²Preparation and Submission of Strategic Plans and Annual Performance Plans, OMB, Circular A-11, part 2 (June 1997).

³Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking (GAO/GGD/AIMD-10.1.18, Feb. 1998).

⁴The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20, version 1, Apr. 1998).

- The plan generally portrays how the Department of Transportation's strategies will help achieve the plan's performance goals. The plan describes the operational processes, skills, and technology required to meet the performance goals and links these strategies to the Department's strategic goals. But the plan could be improved in several ways, such as by clearly linking the strategies to the performance goals and providing more information on proposed regulatory efforts and external factors that could affect the Department's ability to meet its goals. In addition, the plan could more clearly describe the resources required to meet the performance goals.
- Finally, the plan provides partial information about the Department of Transportation's approach to assessing the accuracy, completeness, and credibility of its performance data. The plan provides a general discussion of procedures to verify and validate data, which the Department's managers follow as part of their daily activities. However, the plan could be improved by linking these procedures to specific goals and measures in the plan and by providing additional information on the quality of the data used to measure performance.

We found that the Department of Transportation's performance plan reflects improvements to the Department's September 1997 strategic plan in several areas.⁵ For example, the strategic plan encompassed all of the Department's programs, but it did not describe how the specific operating administrations were going to contribute to implementing the plan; the performance plan provides this information. In a few areas, however, both plans are equally weak. For example, both plans discuss corporate management strategies but do not provide adequate descriptions of how these strategies will help achieve the Department's long-term goals.

DOT'S PERFORMANCE PLAN GENERALLY PROVIDES A CLEAR PICTURE OF INTENDED PERFORMANCE ACROSS THE AGENCY

DOT's plan includes performance goals and measures that cover each program activity in the Department's budget; the goals and measures are objective, quantified, and useful for assessing progress. However, the plan could be improved by consistently linking strategic goals, program activities, and performance goals. And although the plan mentions crosscutting efforts involving other agencies, it could be improved by indicating interagency

⁵Managing for Results: Agencies' Annual Performance Plans Can Help Address Strategic Planning Challenges (GAO/GGD-98-4, Jan. 30, 1998).

coordination for the crosscutting programs and consistently discussing DOT's contribution to these programs.

Defining Expected Performance

DOT's performance plan generally provides a succinct and concrete statement of expected performance for subsequent comparison with actual performance. The plan includes annual performance goals and measures for specific programs. The inclusion of specific programs represents an improvement over the Department's September 1997 strategic plan, which encompassed all of DOT's programs but did not describe how the specific operating administrations were going to contribute to implementing the plan. The performance goals and measures are generally objective, quantified, and useful for assessing progress. One example of a good performance measure is the percentage of airport runway pavements in satisfactory condition, a measurement that is associated with the performance goal of maintaining 93 percent of the pavements in this condition in fiscal year 1999. Although rationales are not required by the Results Act, the plan is more useful because it provides them for most performance goals and measures as well as baseline data. For example, the plan states that the condition of runway pavement is classified as good, fair, or poor and that the optimal situation exists when 93 percent of the runway pavements are in satisfactory (good or fair) condition. As the baseline for this goal, the plan uses fiscal year 1996, when 93 percent of the pavements were in satisfactory condition.

As suggested by OMB, the plan also includes outcome goals (such as "reduce the number of transportation-related deaths") for each of the Department's five strategic goals⁶ and agencywide goals (such as "foster a diverse, highly skilled workforce") for each of the six corporate management strategies.⁷ Unlike most of DOT's performance goals, the agencywide goals are not clearly expressed in a quantifiable manner, have no performance targets for fiscal year 1999, and have no measures. Although this information is not required by the Results Act, the performance plan could be improved by including it for the agencywide goals.

⁶DOT has five strategic goals relating to safety, mobility, economic growth and trade, the human and natural environment, and national security.

⁷DOT's corporate management strategies cover "ONE DOT management strategy," human resources, customer service, research and technology, information technology, and resource and business process.

Connecting Mission, Goals, and Activities

As called for by the Results Act, DOT's performance plan generally covers each program activity in the Department's \$44.1 billion proposed budget for fiscal year 1999. An appendix to the performance plan lists DOT's program activities and proposed funding levels by strategic goal. However, a few programs totaling about \$81 million and another \$394 million for administrative expenses do not appear to be linked to the strategic goals elsewhere in the plan. For example, the appendix indicates that the Office of Inspector General (OIG) accounts for \$42 million in DOT's fiscal year 1999 budget request and shows these funds distributed among the goals for safety, mobility, the environment, and national security. However, neither these funds nor the contributions of the OIG toward these goals are mentioned in the discussions of strategic goals in the body of the plan. Similarly, program activities of the Research and Special Programs Administration, Federal Highway Administration, Federal Transit Administration (FTA), Federal Railroad Administration, Maritime Administration, and Office of the Secretary are listed in the appendix as contributing to one or more strategic goals but not mentioned under the discussions of individual goals. Consequently, the plan could be improved by including these programs in the discussions of the appropriate strategic goals.

In addition, the linkage between annual performance goals and strategic goals could be improved. DOT's performance goals typically cover only a portion of the strategic goals; appropriate performance goals often are missing. For example, a strategic goal related to mobility—to increase access to the transportation system for the movement of people and freight—has two performance goals—to increase the percentage of transit facilities and fleets that comply with the Americans With Disabilities Act and to increase the number of aviation landing approaches using global positioning system technology. While addressing the transit and aviation components of the transportation system, the plan does not include related performance goals for highway, rail, or marine transport. Moreover, the performance goals do not cover key aspects of improving access included in the Department's programs, such as FTA's Access to Jobs and Training program, which will provide grants to the states and others to plan transportation services for and provide them to people moving from welfare to work.

Finally, the plan could be improved by adequately linking the strategic goal for economic growth and development to the performance goals. The plan acknowledges that DOT will track information but not set goals or measure its performance for 2 of 10 outcome goals in its strategic plan: to reduce the real economic cost of transportation and increase the nation's economic growth and

trade through investments. The plan states that these outcomes are not used by DOT to manage programs; rather, they describe the results of the transportation system as a whole. According to OMB's guidance, goals and measures should be mainly those used by managers as they direct and oversee how a program is carried out; therefore, these outcomes may not be appropriate for DOT's plan.

Recognizing Crosscutting Efforts

For each strategic goal, the plan describes activities in which DOT is involved across the government and identifies DOT's partners in these governmentwide endeavors. In a few cases, the plan follows OMB's suggested guidance to indicate those goals and measures that are being mutually undertaken to support these activities. For example, the plan states that the Coast Guard is working with the Office of National Drug Control Policy to develop a performance goal and indicator measuring the rate of illegal drug smuggling in noncommercial maritime routes. The vast majority of the plan's goals and measures, however, do not indicate such interagency coordination. DOT's plan would be improved by describing similar coordination of goals and measures for its other crosscutting activities.

As suggested by OMB's guidance, DOT's contribution to some crosscutting issues is discussed in the plan. As one good example of crosscutting efforts, the plan states that the Coast Guard serves as a joint operator of the National Response Center with the Environmental Protection Agency, that together they coordinate pollution response efforts, and that the Coast Guard takes primary responsibility for incidents that affect inland navigable coastal waters. The plan could be improved by consistently providing such information throughout. For many other crosscutting efforts, the plan identifies the agencies involved but does not explain DOT's contribution or role. For example, the plan refers to \$100 million in DOT's fiscal year 1999 budget request for the Access to Jobs and Training program to support the administration's welfare reform activities. The plan notes that DOT is collaborating with other agencies, such as the Department of Labor, on these activities, but the plan neither specifies the nature of DOT's interaction with Labor nor mentions that department's \$3 billion, 2-year program that includes funds for transportation services.

DOT'S PERFORMANCE PLAN GENERALLY
DISCUSSES HOW THE AGENCY'S STRATEGIES
AND RESOURCES WILL HELP ACHIEVE ITS GOALS

DOT's performance plan briefly describes the operational processes, skills, and technology required to meet the performance goals. Although the plan links these strategies to the strategic goals, it could be improved in several ways, such as by more clearly describing the processes and resources required to meet the performance goals. While the plan discusses legislation that could affect the Department's ability to meet its goals, it does not provide sufficient information on other external factors and proposed regulatory actions that could also affect the Department's ability to meet its goals.

Connecting Strategies to Results

The plan briefly describes the operational processes, skills, and technology required to meet the performance goals, as called for by the Results Act. To its credit, the plan links these strategies to DOT's strategic goals. For example, to achieve the Department's aviation safety goal, the plan notes that (1) deploying surface detection equipment will improve the ability of airport towers to direct and move surface traffic safely during periods of low or no visibility in fog, rain, and snow; (2) new weather radar systems will detect windshifts that endanger landing or departing aircraft; and (3) the Display System Replacement program will aid controllers in handling increased demand safely. As suggested by OMB's guidance, the plan elaborates when significant changes are planned, such as expanding the State Infrastructure Bank program by \$150 million.

In many cases, however, the plan lacks sufficient information to (1) clearly link the strategies to performance goals, (2) explain the portion of multiyear strategies that will be accomplished in fiscal year 1999, or (3) specify the magnitude of the efforts to be undertaken. For example, a strategy to address transit planning needs associated with the job access and "welfare-to-work" initiatives is not clearly related to either of the two performance goals for transit mobility—to reduce the average age of bus and rail fleets and to increase the percentage of transit facilities and fleets that comply with the Americans with Disabilities Act. Other strategies—such as the continued modernization of the air traffic control system and the deployment of surface detection equipment at selected airports to move surface traffic safely during adverse weather—do not specify the magnitude of the efforts or the portion to be accomplished in fiscal year 1999. The plan could be improved by adding such information.

The plan discusses legislation, proposed regulations, and some external factors that could affect the Department's ability to meet its goals.⁸ For example, the plan mentions that achieving DOT's highway safety goals depends on the Congress's reauthorizing surface transportation programs in fiscal year 1998. And while the plan lists proposed regulatory efforts—such as issuing a final rule on rail passenger safety standards in fiscal year 1999—it could be improved by providing information on whether the achievement of goals depends upon these regulations and identifying the related performance goals. The plan could also be improved by recognizing more external factors—such as demographic and economic trends—identified in the Department's September 1997 strategic plan and by discussing actions that DOT can take to mitigate the effects of these factors.

Connecting Resources to Strategies

The plan could be improved by more clearly describing the human, capital, information, or other resources required to meet performance goals, as called for by the Results Act. As described, DOT's performance plan includes six corporate management strategies that explain, among other things, how the Department will use human resource management, information technology, and financial management to help achieve the Department's goals. Our review of DOT's September 1997 strategic plan noted that these corporate management strategies were insufficient to describe the strategies and resources needed to meet the Department's strategic goals. Similarly, these strategies are not sufficient to explain how the Department will achieve its performance goals, because they are not linked to those goals or the budget. In addition, they do not identify the resources (human, capital, information, or other) needed to support the various activities discussed under the strategies. For example, the human resources strategy includes a general discussion of workforce planning, workforce composition, and plans to link individual performance standards to organizational goals. However, it provides no information on the skills and resources needed to achieve the plan's goals.

⁸OMB's guidance suggests that performance plans briefly describe proposed legislation that could affect the achievement of an agency's goals and specific regulations when the achievement of goals depends upon these governmental actions. A discussion of external factors is not called for by the Results Act or OMB's guidance; GAO has suggested that performance plans include this information. See The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans, cited previously.

Among other things, the information technology strategy states that the Department will fully integrate information technology into DOT's activities, guided largely by the precepts of the Clinger-Cohen Act of 1996 and the Paperwork Reduction Act of 1995; apply OMB's phased approach and establish milestones to resolve the Year 2000 problem; and secure information technology systems by establishing milestones for developing and providing pertinent training to portions of the Department's workforce. But the plan could be improved by identifying the types of resources needed to support these strategies, referencing the document that identifies DOT's plans to address the Year 2000 problem, and adding measures that more clearly demonstrate improved security.

The financial management strategy establishes an objective of receiving in fiscal year 1999 a "clean" opinion on the Department's consolidated financial statement and milestones to support that objective (by reducing the value and number of material internal control findings in the OIG's audit report). The plan could be improved by stating a more comprehensive objective, such as ensuring that appropriate, reliable, and timely financial management information is provided to assist managers and others in making more informed decisions. The plan's stated objective and milestones then could be appropriately used as performance measures.

DOT'S PERFORMANCE PLAN DOES NOT PROVIDE COMPLETE CONFIDENCE THAT THE AGENCY'S PERFORMANCE INFORMATION WILL BE CREDIBLE

The performance plan provides a general discussion of the procedures to verify and validate data, which DOT managers follow as part of their daily activities. However, the discussion is not linked to specific goals and measures in the plan. For a few measures, the plan provides information about the data's quality; for most measures, this information is lacking.

Verifying and Validating Performance

As required by the Results Act, DOT's plan contains a section that discusses the means used by the Department to verify and validate data. The discussion, however, appears to have broad, departmentwide applicability and is not linked to specific goals and measures in the plan. The plan describes procedures that DOT's data program managers follow as part of their work, including comparisons between internal and external data and the validation and reverification of the accuracy of the data collection process. Such procedures are reasonable but have not been sufficient to ensure that DOT's data are

complete and consistent. We and others have found, for example, that the data systems that directly measure transportation safety—DOT's primary strategic goal—vary widely in reliability and validity. For example, the National Highway Traffic Safety Administration's General Estimates System—which the Department will use to track highway safety—although not error-free, provides valid and useful measures of highway safety. On the other hand, data systems that provide measures of aviation safety are considered, even by the Federal Aviation Administration (FAA), to be of suspect reliability and validity. For example, a September 1997 report by FAA and Sandia National Laboratory identified problems with the consistency and validity of and review process for data in FAA's Performance Tracking and Reporting System—FAA's database for tracking inspections. In October 1997, we reported that this system lacked sufficient documentation to determine how well the agency followed up to ensure that deficiencies found during the inspection of repair stations were corrected.⁹ Although the plan does not refer to this data system, it notes that FAA's inspection activities are a strategy for achieving its aviation safety goals.

The plan discusses several ways in which the Department plans to address data problems. The Bureau of Transportation Statistics will work with the operating administrations to address data issues, and the OIG plans to selectively verify and validate performance measurement data each year. The plan could be improved by including specific activities by these organizations in fiscal year 1999—such as identifying which measures the OIG will assess in the upcoming year.

Recognizing Data Limitations

For a few measures, particularly those related to maritime programs, the plan indicates limitations of the data, observations about the data's quality, and/or known biases. For most measures, however, this information is lacking. In addition, the plan identifies timeliness as the most significant limitation to its performance data overall and describes how the Department plans to deal with this problem for its departmentwide safety measures. The plan could be improved by more consistently addressing the data limitations throughout the plan and by identifying actions to deal with these limitations.

As suggested in OMB's guidance, the plan identifies data sources from outside the agency, such as the National Transportation Safety Board, U.S. Census

⁹Aviation Safety: FAA Oversight of Repair Stations Needs Improvement (GAO/RCED-98-21, Oct. 24, 1997).

Bureau, and U.S. Army Corps of Engineers. In addition, the plan acknowledges that many of the Department's internal data systems rely on information provided by state departments of transportation and that the accuracy of these data is unknown. However, for performance measures relying on internal data systems, the plan often does not make this limitation clear. For example, the plan indicates that the mobility indicator for the percentage of the National Highway System's pavement with acceptable ride quality comes from the Highway Performance Monitoring System but does not inform the reader that the data are submitted by the states.

OTHER OBSERVATIONS

OMB's guidance suggests that performance plans include goals for major management problems whose resolution is mission-critical or which could materially impede the achievement of programs' goals. To its credit, DOT's performance plan includes an appendix on management challenges facing the Department. It covers issues identified by us and/or DOT's OIG in such areas as transportation safety, transportation security, air traffic modernization, and information resources. The appendix describes DOT's efforts in response to these challenges and in a few cases identifies activities for fiscal year 1999. The plan could be improved by explaining how the management challenges are related to the rest of the performance plan and by including goals and specific measures for addressing the challenges. For example, the challenge dealing with information resources discusses improvements the Department is making to aviation and maritime information systems. The plan does not explain how, if at all, these databases relate to the performance measures. As another example, the plan discusses FAA's air traffic control modernization program, which we identified as a high-risk information technology initiative in 1995 and again in 1997.¹⁰ The plan describes FAA's actions to improve certain aspects of its program, such as poor processes for estimating costs and poor accounting practices. However, the plan does not include goals for mitigating the risks associated with the modernization or measures for determining progress towards these goals.

AGENCY COMMENTS

We provided the Department of Transportation with the information contained in this report for review and comment as part of our overall effort to review

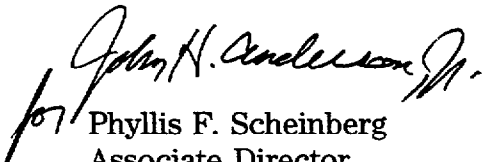
¹⁰High-Risk Series: An Overview (GAO/HR-95-1, Feb. 1995) and High-Risk Series: Information Management and Technology (GAO/HR-97-9, Feb. 1997).

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federal agencies' performance plans. The Department believed that we had provided a thoughtful and constructive evaluation of its plan. The Department accepted all of our observations and stated that it hoped to address most or all of them in its fiscal year 2000 performance plan. The Department also noted that some of the issues we presented will be more challenging to address than others and that it may need to consider trade-offs between completeness and clarity.

We conducted our work from February through May 1998 in accordance with generally accepted government auditing standards. We are sending copies of this report to the appropriate congressional committees; the Secretary of Transportation; and the Director, OMB. We will make copies available to others on request.

Please call me at (202) 512-2834 if you or your staff have any questions about this report. Major contributors to this report were Janet Barbee, Sharon Dyer, and Teresa Spisak.


for Phyllis F. Scheinberg
Associate Director,
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(348098)

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