

Implementing the President's Management Agenda

ORGANIZATIONAL EXCELLENCE STRATEGIC OBJECTIVE:

Advance the Department's ability to manage for results and innovation.

In implementing the President's Management Agenda in DOT, we aim to achieve the following organizational excellence outcomes:

- Improve customer satisfaction
- Improve employee satisfaction and effectiveness
- Improve organizational performance and productivity

STRATEGIC MANAGEMENT OF HUMAN CAPITAL

President Bush's management agenda focuses on long-term management of the Federal workforce and fostering a citizen-centered, results-based government that is organized to be agile, lean, and capable of making timely decisions. As we determine our human capital requirements, DOT will thoughtfully restructure our organization.

COMPETITIVE SOURCING

DOT uses competitive sourcing as a key tool for efficiently getting commercial-type work done. By doing so, we can ensure that we are providing the highest quality and the most economical service to Americans.

FINANCIAL AND PROCUREMENT PERFORMANCE

Improved financial performance is a key aspect of improving the Government's performance. Knowing the full cost of DOT's goods and services is a prerequisite to good program management. The General Accounting Office and the DOT IG have also identified DOT financial management as requiring focused effort to make needed improvements. Good financial stewardship, excellent and efficient procurement and acquisition systems, and improved financial performance are cornerstones of excellent DOT management.

EXPANDED ELECTRONIC GOVERNMENT

President Bush has called for an expanded electronic government that improves service to individuals, businesses, and State and local government through the use of information technologies. DOT is committed to improving transportation through market-based policies that foster competition by using electronic government resources, and increasing the range of transportation choices available to travelers and shippers. DOT is also committed to making the U.S. transportation system as efficient as possible in order to enable maximum economic growth, more efficient use of information technology to create faster, easier, and more efficient ways for citizens to transact their business with DOT, and to provide input on transportation policies and programs.

Budget and Performance Integration

Regular, systematic measurement and accountability for program performance compared to pre-established goals will be the means to improve DOT management. The President's Management

Agenda stresses a sea change in Federal management – that of changing yearly budgetary and resource management decision focus from the “increment” to the “base” and through accountability for programmatic results.

	1997	1998	1999	2000	2001	2002	2003	2003 Target	Met	Not Met
For major DOT acquisitions, percentage of cost, schedule, and performance goals established in acquisition project baselines that are met.	N/A	N/A	N/A	N/A	N/A	74	78	80		ü
Percent share of total dollar value of DOT direct contracts awarded to women-owned businesses.	4.0	3.7	4.1	4.5	3.7	3.8	4.2*	5.1		ü
Percent share of total dollar value of DOT direct contracts awarded to small disadvantaged businesses.	19.6	17.0	17.9	17.7	17.4	16.2	15.8*	14.5	ü	
Percentage of major Federally funded infrastructure projects that meet schedule milestones established in project or contract agreements, or miss them by less than 10 percent.	N/A	N/A	N/A	N/A	N/A	85	88	95		ü
Percentage of major Federally funded infrastructure projects that meet cost estimates established in project or contract agreements, or miss them by less than 10 percent.	N/A	N/A	N/A	N/A	N/A	85	88	95		ü
Percentage of transit grants obligated within 60 days after submission of a completed application.	N/A	N/A	N/A	21	51	67	83	80	ü	
Environmental justice cases unresolved after one year.	20	67	29	56	39	65	76	35		ü

Performance Summary

* preliminary estimate

Strategic Management of Human Capital

Through continued support and commitment throughout the operating administrations, DOT has made progress in implementing the Human Capital Plan and was upgraded to a “yellow” status score, while maintaining a “green” progress rating for this element of the President’s Management Agenda.

The DOT Human Capital Plan guides our efforts to comply with the President’s Management Agenda (PMA) and the standards developed by the Office of Management and Budget, the Office of Personnel Management, and the General Accounting Office: strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, and

accountability. DOT's plan contains initiatives to help the Department recruit, develop and retain the diverse talent needed now and in the future to perform our mission and achieve our strategic objectives. All operating administrations are completing workforce plans for key mission-critical occupations; implementing DOT's succession planning model; developing diversity action plans; participating in a corporate approach to recruitment; and supporting e-gov initiatives, e.g., migration to the Department of Interior's Federal Personnel and Payroll initiative.

Management Challenge – Air Traffic System Organization and Management (IG)

The IG identified the FAA's conversion of the Air Traffic Services line of business to a performance-based organization as a major challenge. During FY 2003, FAA appointed a Chief Operating Officer (COO) to lead a new Air Traffic Organization (ATO).

FAA's COO is realigning FAA lines of business, including Air Traffic Services (ATS), Research and Acquisitions (ARA), and the Free Flight Program Office to create a performance-based organization that supports the Nation's future aviation system.

Management Challenge – Strategic Human Capital Planning (GAO/OMB)

GAO has stated that the entire Federal Government faces an impending wave of retirements of long-service, highly competent Federal employees. From this arises a large-scale strategic human resource planning issue. While this exodus of talent will not happen overnight, DOT must plan now to maintain required levels of experience, competencies, and knowledge levels in the Department's civilian, military, and contract workforce. Succession planning as well as managing and maintaining adequate institutional knowledge will be crucial for DOT's ability to carry out its functions during this period of high workforce turnover.

Competitive Sourcing

DOT views competitive sourcing as a key tool in accomplishing human capital objectives and has aligned its competitive sourcing efforts with its workforce planning initiatives. DOT upgraded its status score to "yellow", and maintains its "green" progress rating in this element of the President's Management Agenda. The Office of the Secretary awarded a contract that will provide the capability to analyze workforce planning data and the Federal Activities Inventory Reform (FAIR) Act inventory together, thus enhancing our ability to identify appropriate functions for competition. DOT initiated or completed competitions on approximately 3,000 positions. FAA's competition, covering 2,700 positions, is described below. MARAD and FRA completed competitions covering a total of over 200 positions. In both cases, the Government retained the work in house.

FHWA competed 15 percent of the commercial Full Time Equivalent (FTE) on its 2000 FAIR Act Inventory. Additionally, FHWA finished directly converting eight Federal Computer Specialist positions to contract support. Over 300 FHWA positions were included in the 2003 Inventory, which is a significant increase over the number of commercial activities identified in prior-year inventories.

FAA's competitive sourcing goals are on target. FAA designated the Deputy Administrator as the Competitive Sourcing Official and established the Office of Competitive Sourcing Acquisitions. This office was established as a permanent organization to conduct all public-private competitions under the guidance of the OMB's Circular A-76.

Presently this office is conducting a competition of Automated Flight Service Stations (AFSS). This

competition encompasses 2,700 employees at 58 facilities in the continental United States, Puerto Rico, and Hawaii. It is the largest competitive sourcing study currently being conducted in the Government. In June 2003, FAA released a Request for Information (RFI) on FAA's *Contract Opportunities* website. In response, seventeen vendors and the Government responded with comments on the overall acquisition approach. One-on-one meetings with potential service providers were held later that month. FAA also convened an AFSS user group meeting in early July to gain additional feedback and insights. Additionally, FAA released a web-based survey in early August to gain input from general aviation pilots on the nature of services they currently receive. In September 2003, FAA approved the scope of services currently provided by AFSS and recommended the scope of the competition. Later that month, the agency management council approved the acquisition strategy and incorporated changes into the acquisition policy to accommodate the use of Circular A-76. In addition, FAA approved waivers regarding the length of time required to complete the acquisition and permitting the use a "trade-off" approach in the evaluation.

Financial and Procurement Performance

Acquisition Management –

Performance measures:

For major DOT systems acquisitions, percentage of cost and schedule goals established in acquisition project baselines that are met.

	2000	2001	2002	2003
Target:	N/A	N/A	90	80
Actual:	N/A	N/A	74	78

2003 Results: DOT did not meet the performance target.

While FAA completed 36 out of 47 milestones on 33 major projects on time or ahead of schedule, FAA did not meet its milestones in 11 other instances. FAA kept more projects within their budgets, with 88 percent of programs within established cost limits. In fact, FAA brought four of the 33 projects in under budget.

Several factors contributed to the delay in reaching milestones. Among them were the technical complexity of the projects and delays in completing union negotiations. A new radar system was not commissioned at two major airports because air carriers indicated their pilots were not yet trained and certified in the use of the new equipment and procedures for using the system had not been finalized with air traffic controllers.

FY 2004 Performance Plan Evaluation: DOT will be challenged to meet the target in FY 2004.

Management Challenge – FAA Acquisition Management (IG/GAO)

The IG and GAO have identified FAA's management of major systems acquisitions and taking increased advantage of FAA's acquisition flexibilities as major challenges. It is critical that air traffic system modernization projects be fielded on time and on budget for continued progress to be made in reducing congestion in the Nation's air transportation system as demand for flights grows back to and beyond pre-9/11 levels.

The discussion above and the performance measures respond in full to this management challenge.

Small disadvantaged and women-owned business contracts –

Percent share of the total dollar value of DOT direct contracts that are awarded to women-owned businesses.

	2000	2001	2002	2003
Target:	5	5	5.1	5.1
Actual:	4.5	3.7	3.8	4.2*

Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses.

	2000	2001	2002	2003
Target:	14.5	14.5	14.5	14.5
Actual:	17.7	17.4	16.2	15.8*

* preliminary estimate

2003 Results: DOT met the target for small disadvantaged businesses (SDB). It did not meet the target for women-owned businesses (WOB), although the achievements show a positive upward trend.

Preliminary data shows that SDBs received \$310 million or 15.8% of DOT direct procurement dollars and WOBs received \$81 million or 4.2% of DOT's direct procurements, which totaled \$1.9 billion. Though short of the target, the WOB achievement is above the government-wide average of approximately 2.4 percent and reflects a 10% increase over the previous year's achievement.

WOBs do not have a special set-aside authority allowing them to compete in a restricted market for Federal procurements. Therefore, WOBs must successfully compete with other small businesses for small business set-aside procurements or with all businesses for full and open procurements. To assist WOBs to successfully compete, DOT offered financial assistance, conducted outreach and training to identify potential contracting opportunities, and made more electronic marketing and contract information available to WOBs, assisting them in becoming better informed on how to do business with DOT and in accessing transportation-related contract opportunities. DOT's ongoing Bonding Assistance Program and Short Term Lending Program improved WOBs' access to financing and bonding.

FY 2004 Performance Plan Evaluation: DOT will meet the disadvantaged business target in FY 2004, but will be challenged to meet the women-owned business target.

Financial management – This year and last year, DOT, FHWA, and FAA received unqualified opinions (clean audit) on all three financial statements required by statute and by OMB, and we have taken steps to ensure that we sustain those results in the years to come. DOT has maintained a “red” status score, and a “green” progress rating in this element of the President’s Management Agenda.

Work continued on implementing Delphi – DOT’s Joint Financial Management Improvement Program (JFMIP)-compliant Department-wide financial accounting system. All Operating Administrations except FAA were using Delphi at the end of FY 2003. FAA realigned program management

responsibilities for the Purchase Request Information System (PRISM) program to the Delphi program manager to improve coordination across the agency. FAA conducted numerous tests to ensure an orderly transition from the existing accounting and procurement systems. It met all of its revised milestones for the implementation of Delphi and PRISM and is prepared for implementation in November 2003.

DOT and FAA Financial Systems (IG/GAO/OMB)

As indicated by the IG, GAO, and OMB, converting all DOT activities to the Department's improved financial accounting system has presented a significant management challenge, requiring DOT to develop more comprehensive cost accounting systems, and most critically, to develop improved labor distribution systems, and record keeping and valuation procedures for property, plant, and equipment. This last requirement remains a significant challenge for FAA, whose direct provision of services to the public involves significant capital assets.

The foregoing discussion in its entirety covers these management challenges.

Performance-based contracting and Expanding on-line procurement – DOT's agency-wide Procurement Performance Management System policy includes a measure for Performance Based Service Contracting (PBSC) consistent with the 20 percent by FY 2004 goal established in the government-wide Acquisition Performance Measurement Program. In 2003, DOT intended to increase the amount of performance based service contracting in DOT. DOT emphasized the importance of PBSC both in its annual procurement performance reviews with each OA and at meetings of the Procurement Management Council. In 2003, 33% of eligible service contracting dollars were awarded as performance based service contracts.

Financial Stewardship-

Performance measures:

For major federally funded infrastructure projects, percentage that meet schedule milestones established in project or contract agreements, or miss them by less than 10 percent.

	2000	2001	2002	2003
Target:	N/A	N/A	95	95
Actual:	N/A	N/A	85	88

For major federally funded infrastructure projects, percentage that meet cost estimates established in project or contract agreements, or miss them by less than 10 percent.

	2000	2001	2002	2003
Target:	N/A	N/A	95	95
Actual:	N/A	N/A	85	88

Percentage of transit grants obligated within 60 days after submission of a completed application.

	2000	2001	2002	2003

Target:	N/A	N/A	60	80
Actual:	21	51	67	83

2003 Results: DOT met its transit grant obligation timeliness target, but did not meet infrastructure project cost or schedule performance targets.

FHWA issued, in consultation with project staff, draft project management plan guidance for the Ohio River Bridges major project. Also, FHWA began preparing a project management plan for this major project, which will be included in final guidance for this project and may be used as a template for future major projects.

Funds from FAA are being used to build runways in Atlanta, Seattle, and St. Louis. All three projects were on-schedule and within 10% of cost baselines in FY 2003.

FTA obligated 83 percent of grants within 60 days, including grant applications received in FY 2002 and obligated in FY 2003. In January 2002, FTA determined that improvements in the timeliness of grant processing should be an important component of its effort to be more customer-focused and results-oriented. In spite of the fact that this ambitious goal was established for the first time in FY 2002, FTA made dramatic improvements in the timeliness of grant processing during FY 2002, and continued those improvements in FY 2003, achieving (and exceeding the goal).

Eighty-three percent of the 1,604 program grants FTA obligated during FY 2003 were awarded in 60 days or less after submission of a completed application. By comparison, a retrospective examination of prior year data indicated that FTA processed only 67 percent of grants within 60 days in FY 2002 and 51 percent in FY 2001.

FTA accomplished several key activities essential to improve processing time including: improvements to the Transportation Electronic Award Management (TEAM) system; an expedited notification of certification by the Department of Labor; and faster startup of the grant process at the beginning of the fiscal year.

FTA identified four mega projects (active New Starts projects with Full Funding Grant Agreements (FFGA) that exceed \$1 billion). The four projects are: New Jersey Hudson-Bergen – MOS II; San Juan Tren Urbano; Denver Southeast Corridor Project; and the Bay Area Rapid Transit (BART) Extension to San Francisco Airport. Three of these projects (New Jersey Hudson-Bergen, Denver Southeast Corridor and the BART-SFO Extension) were within 10% of the cost estimate of the current FFGA agreements. San Juan Tren Urbano is 36% over the cost estimate in their current FFGA and FTA has requested a recovery plan to address the cost to complete construction and the schedule. Two of these projects (New Jersey Hudson-Bergen and Denver Southeast Corridor) were within 10% of the scheduled milestones of the current FFGA agreements. San Juan Tren Urbano will amend its Revenue Operations Date from July 2001 to 1 June 2004. BART-SFO Extension had a Revenue Operations Date of July 2001; however, it opened in August 2003.

FTA initiated a risk assessment program for its major capital projects. The risk assessment for project cost and schedule is performed by the grantee and/or an independent contractor and identifies and ranks the highest areas of risk. The report is then used as a guide to establish a risk mitigation plan with which to monitor risk through the completion of the project. This risk assessment program creates a confidence level for the project budget and schedule, and enables FTA and the grantee to proactively manage the project.

FY 2004 Performance Plan Evaluation: DOT will meet the targets in FY 2004.

Management Challenge – Management of Large Transportation Infrastructure Projects (IG/GAO/OMB)

Monitoring the cost, schedule, and performance of “mega projects” is critical to identify problems and initiate action to mitigate risks as soon as possible. The IG has also noted that FHWA can obtain better value for each dollar invested in highway projects by refocusing its oversight efforts to ensure that major projects are delivered on time and on budget. FHWA needs to move from an engineering culture to a more multi-disciplined workforce with the management, financial, environmental, program analysis, and engineering oversight skills necessary to review modern highway projects and programs.

DOT has identified and implemented steps to mitigate the risks involved in a major, or mega-, project by developing a comprehensive, standard oversight approach that includes monitoring project costs, schedule, and performance. Monthly cost, schedule, and status reports are prepared for all major projects. Periodic status meetings are held with the State Transportation Agency’s project management team, the DOT operating administration, and other agencies involved in the project to discuss project costs, schedules, quality issues, and the status of other items. These discussions are of sufficient enough detail to allow the involved parties to recognize significant issues and develop actions designed to mitigate any adverse impacts. As an example, FHWA managers and the Central Artery Tunnel project managers met during the past year on a quarterly basis to discuss cost recovery issues on the project and how to achieve timely resolution to these issues.

FHWA and FTA have developed guidance for financial reporting on infrastructure projects with total costs greater than \$1 billion. Critical analysis of annual finance plans ensure that complete and consistent reporting of basic standardized financial data is being provided to the Department. The finance plans are useful in identifying emerging cost and funding shortfalls in projects. Project Management Plans that clearly define project roles, responsibilities, processes, and activities are strongly encouraged. These practices increase the likelihood that a project will be completed on time; within budget; with the highest quality; in a safe manner; and in a manner in which public trust, support, and confidence is maintained.

FHWA is engaged in a number of activities that are intended to improve major project management and oversight. Specific strategies are being deployed in four key areas: optimizing internal staffing, effective recruitment, maximizing training, and stewardship and oversight initiatives. These strategies will help FHWA achieve a multi-disciplinary approach to major project management and oversight and provide for a greater emphasis on oversight of higher-level management and financial issues.

Performance measure:

Percent of Environmental Justice cases unresolved after one year.

	2000	2001	2002	2003
Target:	N/A	N/A	40	35
Actual:	56	39	65	76

2003 Results: DOT did not meet the performance target.

Environmental justice (EJ) complaints continue to be very complex, and therefore time-consuming,

compared to other external civil rights complaints. Several factors contribute to the complexity of the cases; for instance, EJ complaints always involve classes and not single individuals; complaints almost always involve controversies relating to unsettled areas of the law; and EJ complaints often involve time-consuming and legally difficult jurisdictional determinations.

FHWA received 2 EJ complaints that were resolved and closed. A total of 4 EJ complaints carried over from previous years and remain under investigation.

FY 2004 Performance Plan Evaluation: DOT will be challenged to meet the target in FY 2004.

Expanded Electronic Government

Customer Service Focus and E-Government – In the first quarter of FY 2004, DOT improved its status from “red” to “yellow” and maintained a “green” progress rating in this element of the President’s Management Agenda. DOT was actively engaged as a partner in nine e-Gov initiatives and participated in six other initiatives. Key Partner projects include e-Rulemaking, Grants.gov, e-Training, and Geospatial One-Stop. Key Participating projects include e-Payroll, e-Authentication, e-Travel, and Business Gateway. The primary project in FY 2003 with a customer focus for DOT was the Recreation One-Stop initiative. It provides a single source of information through a simpler and more user-friendly site that reduces search time and provides better service to citizens. It allows users to search a single site, versus multiple agency sites. DOT completed Phase I of the project, and integration with Quickhire is on target.

FHWA continued to implement two planned E-Government program initiatives: (1) Federal Lands Electronic Data Interface for advertising solicitations, distributing requests for proposals and invitation for bids; and (2) National Highway Institute's e-commerce module for course registration and payment.

Information and Technology Management -Key DOT accomplishments:

- completed the certification and accreditation of about 68% of the Department’s mission-critical systems, and improved certification/accreditation of 33% of all systems, up from 12% in FY 2002;
- expanded vulnerability scanning of public-facing websites and mission-critical internal servers. As a result, vulnerabilities were decreased by 95% monthly;
- improved ratings (red to yellow) for enterprise architecture and security on the President’s Management Agenda scorecard;
- completed DOT’s baseline enterprise architecture and modernization blueprint. The blueprint identifies the highest priority IT projects and inventory and overlays planned agency IT investments and modernization plans against the Federal Enterprise Architecture (FEA); and
- completed 100% of Government Paperwork Elimination Act (GPEA) initiatives to make it simpler for citizens to receive high quality information and services from the Department.

Management Challenge – DOT Information System Capital Planning (IG)

The IG has identified the need to carry through with DOT’s enterprise-wide information system planning process as a major challenge. While DOT is responsible for one of the largest IT investments among civilian agencies, the Departmental CIO has little oversight over these investments. Over 90 percent of IT investments are controlled by DOT Operating Administrations.

Establishing the Investment Review Board is a step in the right direction to implement this cultural

change in DOT. However, to ensure that the Board could influence major IT investment decisions, DOT needs to take other initiatives such as obtaining explicit senior management support from the Operating Administrations (OA), issuing clear guidance to identify investments for review, and developing a system to implement decisions issued by the Board.

DOT's Departmental Investment Review Board reviewed and approved the FY 2005 portfolio in support of the budget request to OMB and Department mission and goals. The IRB established systematic quarterly review process to monitor major projects against business case baseline. DOT will be adding OA members to the Investment Review Board in FY 2004. DOT will also be revising its Information Technology Capital Planning and Enterprise Architecture policies. This will include clear guidance on how and when investments will be reviewed.

FHWA developed policy and guidance for Information Technology (IT) Capital Planning. FHWA is one of the only operating administrations within DOT that held nationwide IT capital planning awareness sessions. Also, FHWA held nationwide IT security sessions. The Office of the Secretary recognized FHWA for strengthening its IT security program.

Fostering Competition – The Air Carrier Access Act (ACAA) and the Department's implementing regulations prohibit discrimination against disabled air travelers. In April 2000, provisions were included in the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) requiring that DOT investigate each ACAA complaint that it receives and that it implement an effective ACAA outreach program.

DOT made significant progress during FY 2003 in improving access to the national air transportation system for disabled air travelers. The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings received 374 ACAA complaints and it investigated and closed 665 complaints during FY 2003, decreasing the backlog substantially. Moreover, the office completed three large-scale investigations of air carriers based on multiple complaints that, when taken as a whole, evinced a pattern or practice of discrimination against disabled air travelers. Each of these investigations resulted in DOT consent orders assessing substantial civil penalties. Importantly, a large portion of these civil penalties have been offset by measures to improve the carriers' services to air travelers with disabilities above what is required by the ACAA and the Department's regulations.

DOT continued an effective outreach program to provide relevant information and technical advice to the disabled community and the airline industry about the rights and responsibilities that flow from the ACAA. DOT's toll-free hotline is staffed seven days per week from 7 a.m. until 11 p.m., to answer questions from disabled air travelers and to assist such persons with real-time solutions to any air travel problems. The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings also makes available on its portion of the DOT website information to assist air travelers with disabilities, which include its fact sheet with tips for disabled air travelers regarding the security screening process, its *New Horizons* information pamphlet, its *Plane Talk* fact sheet with general information for airline passengers with disabilities, as well as 14 CFR Part 382, the Department's rule implementing the ACAA.

DOT continues to actively pursue significant civil rights enforcement investigations involving *other* forms of illegal discrimination against air travelers. Excluding disability-related complaints, in FY 2003, DOT received 90 complaints alleging illegal discrimination (e.g., discrimination on the basis of race or ethnicity) and closed 151, thus substantially reducing a backlog in this area as well.

Feedback from government and advocacy organizations (e.g. National Council on Disability) and

members of the public suggests that DOT has been very effective in reducing all forms of discrimination by air carriers. Airlines realize that the civil rights of air travelers are a high priority at the Department because of the constant messages provided to them about nondiscrimination and the great number of ongoing enforcement investigations and actions, particularly those related to disability.

With regard to airport capacity matters, the Department made significant progress in working to ensure fair and adequate access to airport facilities. The Department reviews competition plans filed by medium or large hub airports that are dominated by one or two carriers. The in-depth review process, which includes document reviews, telephone conferences, meetings, and site visits, result in airports modifying their business practices to achieve the goal of reducing gate hoarding and providing more opportunities for accommodation of new entrants. Airports achieve this goal by adopting practices such as: monitoring gate utilization; providing fair and uniform notification of gate availability; adopting fair and transparent protocols for gate assignment; and adopting procedures to ensure fair and timely dispute resolution about access, accommodation, subleasing and ground handling.

Management Challenge – Airline Consolidation and Service to Communities (IG/GAO)

As stated by the IG, airlines have committed to improving air travel by improving communication with passengers, quoting the lowest available fare, timely return of lost baggage, and taking care of passengers during extended onboard aircraft delays. Extensive flight delays, baggage not showing upon arrival, and long check-in lines remain as major sources of dissatisfaction by air passengers. Efforts to solve these problems have been frustrated by record delays, which translate into customer discontent. Until the FAA, airlines, and airports effectively address these areas, there will continue to be discontent with air travel. Additionally, as GAO has pointed out, the lack of effective competition in certain markets has contributed to high fares and poor service. Increased competition and better aviation service will entail a range of solutions by DOT, the Congress, and the private sector.

The federal government continues to promote competitive conditions in the airline industry. One approach to achieving this goal is through the collection and dissemination of airline service-related data in order to provide an incentive for airlines to compete for customers on the basis of improvements in their service. To this end, the Office of Aviation Enforcement and Proceedings issues a monthly statistical report covering various aspects of airline service, including flight delays, mishandled baggage, and denied boarding.

Although DOT provides its views on competition issues to the Justice Department, which is responsible for determining whether mergers should be challenged on antitrust grounds, DOT also has its own antitrust authority independent of DOJ. In FY 2003, for example, DOT reviewed a joint venture agreement between three major air carriers and conditioned its approval on certain actions aimed at ensuring that competition was not harmed.

Management Challenge – Amtrak Financial Viability (IG/GAO)

The 1997 Amtrak Reform and Accountability Act (ARAA) mandated that Amtrak develop a plan to eliminate its need for Federal operating support by FY 2003. The IG's January 2002 report on Amtrak's Financial Performance and Requirements, observed that Amtrak is no closer to operational self-sufficiency than it was in 1997. Since that report, Amtrak's management has stated that it cannot achieve the ARAA goal of eliminating the need for Federal operating subsidies.

The Administration agrees with these assessments to the extent that Amtrak as presently structured and funded represents a flawed business model that will require progressively more Federal operating

assistance absent significant reform. On July 28, 2003, Secretary Mineta submitted to Congress a legislative proposal, the Passenger Rail Investment Reform Act that would result in a comprehensive restructuring of how this Nation supports passenger rail service. The proposal, modeled after the successful Federal -State partnerships that support the highway and transit elements of the national transportation system, would refine the Federal role in intercity rail transportation as assisting the States in the design and implementation of intercity rail passenger services they deem important, as the assessor of safety and as a capital investment partner. Under this proposal, there would be a brief transition from the current program structure during which Federal operating assistance would be progressively reduced and eliminated by 2009.

Budget and Performance Integration

Results-oriented decision-making – DOT has maintained a “yellow” status score, and a “green” progress rating in this element of the President’s Management Agenda. By clearly focusing on investments in programs that work, and by exerting efforts to make well-designed programs achieve their intended results; DOT will increase the value it creates for the American people. The chief means to accomplish our intended results is to hold executives and managers accountable for them. DOT looks forward to continuing on the path of performance-based resource information to Executive Branch and Legislative Branch decision makers.