A Report to Department of Transportation Employees

DOT's

2004-05 Agency Improvement Results

July 2005

Memorandum

U.S. Department of Transportation

Office of the Deputy Secretary
of Transportation

Date: July 21, 2005

To: Department of Transportation Employees

From: Maria Cino

Subject: DOT's Accomplishments Implementing the President's Management Agenda

There are many ways that success can be measured. In the implementation of the President's Management Agenda (PMA), often we find ourselves gauging the Department of Transportation's management accomplishments based solely on a quarterly scorecard of achieved milestones. While getting to and maintaining "Green" status is extremely important to Secretary Mineta and me, the true assessment of our success will be based on the cumulative benefits our work yields on behalf of DOT employees, our stakeholders and the American public.

The fundamental goal of the PMA should be continually improving the overall performance of government-- through the institution of operational efficiencies, sound financial stewardship, making government more accessible and user-friendly and providing federal employees with the skills, resources and guidance they need to achieve these goals. Because ultimately, an organization is only as good as the people that comprise it, and at DOT we are committed to providing you with the tools necessary to maintain and build upon the standards of institutional excellence that your efforts have brought about.

At DOT, we have taken the President's Management Agenda very seriously and as a result, we have very real successes that we are proud to share. The following stories are just a few highlights of the remarkable work being done at the Department. While we cannot include all of the outstanding accomplishments of the past year, I want to commend all who have made our success possible.

Thank you for your hard work and commitment. I hope that as we continue to advance the President's Management Agenda, you will remain dedicated to the ultimate goal of improving the overall performance of government for the benefit of our colleagues, our stakeholders and the general public.
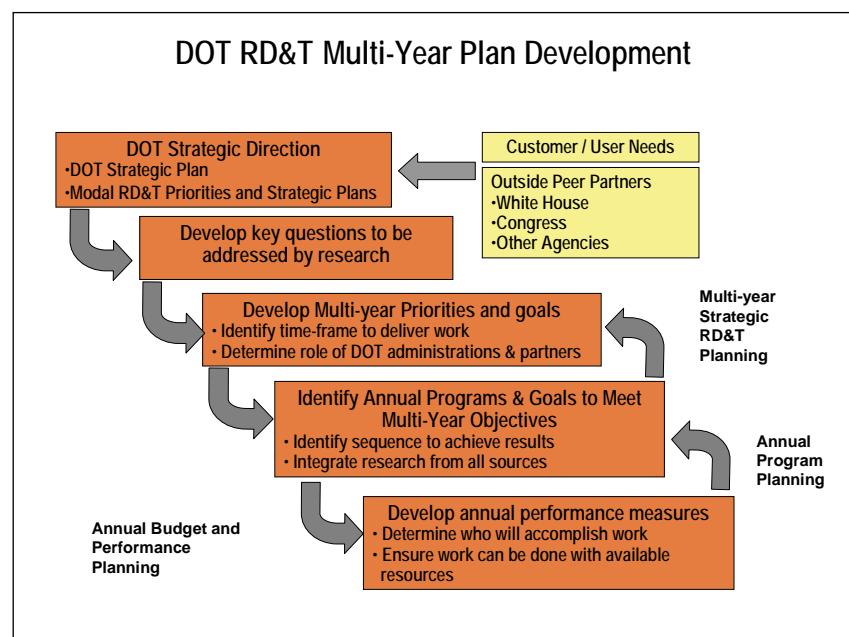

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Coordinating a "ONE DOT" Approach to Research and Development

Secretary Mineta's top priority is improving the safety of the nation's transportation system, and DOT's annual $1 billion research and development budget plays an integral role in developing technologies that ensure the safety of the traveling public. Prior to this year, however, there had been no comprehensive department-wide effort to coordinate research to share best practices, streamline redundant projects and ensure investments were maximized. The creation of a new R&D Investment Criteria PMA initiative corresponded with DOT efforts to implement an integrated research, development and technology (RD&T) planning process closely aligned with the DOT Strategic Plan. Below are several actions taken by DOT that were instrumental in DOT excelling in this area.

Creation of the Research and Innovative Technology Administration

On November 30, 2004, the President signed the *Norman Y. Mineta Research and Special Programs Improvement Act of 2004*, which created the Research and Innovative Technology Administration (RITA). Secretary Mineta believed it was critical that the Department have one entity that guides the coordination and management of RD&T activities, and utilized the legislative process to create a separate modal administration—on par with existing modes such as FAA, FHWA, etc.—to accomplish this goal.

The creation of RITA instituted an integrated planning process to ensure that RD&T investments are effective and aligned with Departmental goals. As shown here, the process has three

DOT RD&T Multi-Year Plan Development

DOT Strategic Direction
·DOT Strategic Plan
·Modal RD&T Priorities and Strategic Plans

Customer / User Needs

Outside Peer Partners
·White House
·Congress
·Other Agencies

Develop key questions to be addressed by research

Develop Multi-year Priorities and goals
· Identify time-frame to deliver work
· Determine role of DOT administrations & partners

Multi-year Strategic RD&T Planning

Identify Annual Programs & Goals to Meet Multi-Year Objectives
· Identify sequence to achieve results
· Integrate research from all sources

Annual Program Planning

Annual Budget and Performance Planning

Develop annual performance measures
· Determine who will accomplish work
· Ensure work can be done with available resources

elements: multiyear strategic planning, annual program planning, and budget and performance planning.

Leading the RD&T planning process are two newly created executive-level bodies: the RD&T Planning Council—composed of Operating Administrators and Assistant Secretaries--and the RD&T Planning Team, which includes modal RD&T program managers at the Associate Administrator level. These bodies ensure the collaboration and coordination of RD&T both within DOT and with external entities.

In 2005, the RD&T Planning Council and Planning Team led DOT in the setting of agency-wide priorities for the FY 2007 RD&T budget. They also provided guidance for annual program reviews, at which the Operating Administrations presented their RD&T programs' mission and goals, research focus, and use of the R&D investment criteria.

And despite the fact RITA's "stand-up" only occurred on February 15, 2005, the agency has also issued DOT's annual *RD&T Plan* and the RITA Report to Congress on the Department's research priorities. Both reports were developed through extensive crossmodal planning and coordination. The reports are available at http://www.volpe.dot.gov/infosrc/strtplns/dot/rdtpln6/rdtplan6.pdf

http://www.rita.dot.gov/publications/research_activities_of_the_department_of_transportation_a_report_to_congress/pdf/entire.pdf

Integrated Budgeting and Measuring Effective Programs Influence R&D Management Decisions

FY 2005 represents a year of "firsts" for DOT's RD&T programs. This is the first time that all the Department's modal research directors had a voice in the development of the FY 2007 budget guidance for the Department's research programs. The RD&T Planning Council will review the FY 2007 RD&T budget requests for all of the modes, and will make funding recommendations to the Secretary – another "first" for DOT's research programs. This approach will help to ensure that the Administration's research priorities are adequately addressed in the Department's budget submission, and that overlapping research activities are minimized. This approach will also help cross-pollinate best research practices throughout the Department.

Additionally, modal R&D programs were reviewed using the R&D investment criteria and the Operating Administrations identified ways of leveraging resources and identifying opportunities for cross-modal research collaboration.

DOT's research programs that have been reviewed using the Program Assessment Rating Tool received ratings of "Moderately Effective" or higher, as indicated in the table below.

RD&T Program	Section Scores				PART Rating
	1	2	3	4	
FHWA R&D/ITS	80	100	100	74	Moderately Effective
NHTSA Operations & Research	100	100	100	50	Moderately Effective
PHMSA R&D	100	91	93	67	Moderately Effective
FRA R&D	100	100	100	54	Moderately Effective
FAA R&D	100	90	88	92	Effective

DOT research managers use results of the PART process to improve the research programs and report on a quarterly basis on the implementation of PART recommendations.

Competitive Sourcing Process Matures and Employee Communications Improve; Savings and Efficiency Result

Nearly 60% of DOT employees perform functions that are considered commercial in nature and the Department views public-private competitions, or competitive sourcing, as an effective management tool to ensure these types of jobs are performed in the most efficient and cost-effective manner possible.

To date, DOT agencies have completed 18 streamlined and standard competitions, including the largest public-private competition in government history, with estimated savings of over $1.7 billion dollars. During 2005, the Department completed six standard and streamlined competitions as described in the following table.

FY 2005 Completed Standard and Streamlined Competition Summary as of June 2005

DOT AGENCY	TYPE OF COMPETITION	FULL-TIME EQUIVALENTS	ANTICIPATED SAVINGS	ACTIVITY DESCRIPTION
Federal Aviation Administration	Standard	2,500.0	$2,200,000,000	Automated Flight Service Station Services
Federal Highway Administration	Streamlined	9.0	Not Yet Determined	Visual Information Services
	Streamlined	18.0	Not Yet Determined	Data Analysis and Collection Services
Federal Motor Carrier Safety Administration	Streamlined	16.0	$1,100,000	Administrative Services
	Streamlined	11.0	$1,900,000	Commercial Enforcement Services
Research and Special Programs Administration/ Volpe Center	Streamlined	30.0	$3.258,304	Secretarial and General Administrative Services

Regardless of whether the competition was won by the private sector, as in the case of the FAA, or the in-house Most Efficient Organization (MEO), in the case of the remaining 17 competitions, the Department achieved significant savings

and improved performance through public-private competition that will be realized over the next 10 years. Below are two specific examples with different result that underscore DOT's commitment to improving the quality and lowering the cost of government.

FAA Automated Flight Service Station: Leveraging Competition to Achieve Results

The Study:

Guided by the principles of creating a citizen-centered, results-oriented and market-based government, the Federal Aviation Administration (FAA) identified its Automated Flight Service Stations (AFSS) System as a service that could be substantially improved through a public-private competition. Flight Service Stations are responsible for providing pilot weather briefings, flight planning, en route communication, and search and rescue support. The AFSS competition encompassed 58 stations throughout the continental United States, Puerto Rico, and Hawaii and studied over 2,300 positions.

This was the largest and most complex study ever undertaken by any government agency. The baseline cost during FY 2003 to the FAA for competed functions was $502 million annually. Because the facilities were old, the equipment was inadequate and the workforce was in transition, significant capital was needed to make the improvements necessary to provide the required level of service expected by the general aviation community. Through the use of a public-private competition, the FAA was able to leverage capital from the private sector to modernize its facilities and equipment.

The formal request for offers was issued on May 3, 2004 and included financial incentives to meet or exceed 21 quality service metrics that focused on outcome, service to be provided, and the cost. The final evaluation plan was released, technical proposals were received from five vendors, including the Government's MEO, and they were evaluated on Phase-In, Staffing and Management, Service Delivery, and Performance Management.

Because of the large scale and decentralized nature of the workforce involved in this competition, FAA put a premium on regular and thorough communications with the affected employees (see "Placing Priority on Employee Communications" below).

On February 1, 2005, the AFSS A-76 Performance Decision was made. To help in the implementation process, a Board of Performance and Cost Review was created. The Board will be responsible for contract oversight and monitoring implementation. Additionally, financial reporting is required at the activity level for greater budget and performance oversight.

The source selected to provide the AFSS services has offered employment to all affected employees and included a very lucrative benefits package, which included matched salary, locality pay, carry over leave, relocation packages, free laptop computers, 100 % tuition assistance, medical, dental, vision, life, disabilities, and accident insurance, savings ("flexible savings") and retirement plans, and outplacement services.

The Savings:

As a result of this competition, which was won by the private sector, pilots will get better service, the former AFSS employees will be retained at an equivalent salary with benefits and the American public will save $2.2 billion from the inception of the study.

The VOLPE Center: MEO Provides A Better Way of Doing Business

The Study:

The Volpe National Transportation Systems Center in Cambridge, Massachusetts improved its ability to provide efficient, cost-effective secretarial and administrative analysis support by competing positions against an MEO and a market analysis alternative. In March 2004, the Volpe Center began planning for a streamlined competition for 30 FTE in Secretarial and Administrative Analyst functions. This competition was formally announced on August 30, 2004 and the winner of the competition was announced on December 1, 2004.

The Savings:

Even though the MEO was comprised of nine fewer positions than in the past, the Volpe Center was able to accommodate all impacted employees at their current grade level. The consolidation of senior secretary duties with some

analytical functions into a new position even resulted in some competitive promotions for some impacted staff.

The cost savings reflected by the MEO resulted in significant savings compared to the "as is" organization (see below):

Cost Savings				
	As Is	MEO	Savings	Percent
FTE	30	21	9	30%
Labor and Overhead Costs (5 years)	$9,536,557	$6,278,253	$3,258,304	34%
Labor and Overhead Costs (1 year)	$1,875,122	$1,263,391	$611,731	33%

The MEO proposal, compared to the market analysis, demonstrated savings of 53% over a five-year period of performance, or $7.1 million. Since the announced win, the MEO Transition Team has crafted an Implementation Plan to address HR, business process, and performance management issues related to the MEO. The Volpe Center is now well on its way to a July 1, 2005 start for the MEO and a better way of doing business.

Finding Cost Effective Ways to Improve Performance
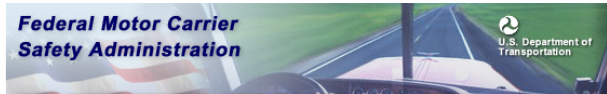
Over the past several years, the Federal Motor Carrier Safety Administration (FMCSA) has been able to make extensive use of contractors, interagency agreements, State and local governments, and competitive sourcing initiatives tools to fulfill agency and departmental missions in the most cost effective way possible.

Two streamlined competitions were completed during the FY 2004 and 2005 timeframe. The first impacted Administrative Support Services, while the second focused on Commercial Enforcement.

During the competitions, the FMCSA workforce remained involved in all aspects of the competitive sourcing process. From reconciliation of Fair Act inventories, to active participation in Performance Work Statement (PWS) and Most Efficient Organization (MEO) development, FMCSA felt that it was imperative to keep lines of communication open and the process transparent.

As a result of the competition the streamlined cost comparison of the five-year periods of performance identified significant dollar savings for continued government performance of these functions: $1.1 million for Administrative Support Services and $1.9 million for Commercial Enforcement.

UPDATE: Dedicated Resources and Leadership Focus Help to Achieve Results

Last year's DOT Results Agenda highlighted how the Federal Highway Administration (FHWA) institutionalized a strategic approach to competitive sourcing in 2004.

As a result of this enhanced focus, FHWA's 2005 Federal Activities Inventory Reform (FAIR) Act inventory is an activity-based characterization of the nationwide distribution of staffing resources. Specifically, Inherently Governmental FTE decreased from 73 percent to 46 percent (from 2,224 FTE in 2004 to 1,374 FTE in 2005) and Commercial FTE (combined A and B) increased from 26 percent to 53 percent (from 797 FTE in 2004 to 1,611 FTE in 2005).

The inventory also helps agency management to identify which agency activities are either appropriate, or inappropriate, for possible private sector performance. Compiled in much greater detail than previously, the 2005 inventory will facilitate future competitive sourcing decision-making.

While agencies are not required to develop MEO proposals for competitions involving less than 65 FTE, the FHWA CSO determined that developing MEOs would support the agency philosophy that competitive sourcing is about "making FHWA better," as well as its integration with workforce planning efforts. Developing MEOs required a more complex approach to the two competitions, but both groups identified near- and long-term efficiencies that the agency can now track and measure over time.

SPOTLIGHT: Placing Priority on Employee Communications

While the end result of public-private competitions is improved performance and reduced costs, the process itself can be confusing and cause concern for the affected employees. For this reason, the Department of Transportation has placed a priority on employee communications, emphasizing that information

should be shared proactively, thoroughly, openly, regularly and on a two-way basis.

The following examples demonstrate how several DOT agencies helped to address competition-related issues and concerns.

FAA AFSS: Steps were taken from the very beginning to lessen the impact on the employees. FAA Human Resources initiated early involvement in the process and communication was a critical success factor during the competition.

Actions taken to help ensure effective communications to employees included:

➢ Informational binders at each site
➢ A video distributed to each site
➢ An A-76 pamphlet and HR information packet
➢ Two manager's conferences
➢ Regional Office visits
➢ Competitive sourcing web site
➢ HR web site
➢ Bi-monthly newsletter
➢ Weekly email update from affected employee detailed to Competitive Sourcing office
➢ Email "in-box" to send questions or make comments
➢ Two briefings held by HR at each of the 58 sites
➢ Enhanced Employee Assistance Program services
➢ Career Transition Assistance Program
➢ RIF preparation and administration
➢ Preferred Placement Program and age 31 hiring exemption, with VERA and VSIP under consideration
➢ Employees given Right of First Refusal
➢ Employees covered by Service Contract Act
➢ Employees have the possibility of earning dual incomes. (This results as a combination of the severance pay or retirement annuity received from the government, as well as the salary paid by the service provider.)

FHWA: In February 2005, FHWA announced the results of the first two competitive sourcing studies ever undertaken by the agency. One competition involved nine Visual Information Services FTE, and the other involved 18 Data Collection and Analysis FTE. The MEO proposals of both groups won out over the cost of contractor performance. A key element of these studies was the

deliberateness with which the affected employee groups were brought into the process at an early stage to provide input to help inform agency decisions.

The Volpe Center: To address the sensitivity of impacted staff, lines of communication were at all times kept open. The competitive sourcing team provided employees with bi-weekly updates, briefings, and career development planning sessions. In addition, the competitive sourcing team briefed the local union and the managers of employees directly affected by the study.

Providing Secure E-Government Options to Our Customers

DOT's expanding E-Government means that citizens have more complete, timely and secure access to transportation-related information and services. DOT is using the foundational components of E-Gov to ultimately help fulfill the agency's strategic objectives, including transportation safety and improving mobility. DOT accomplishes the goals and objectives of expanding E-Gov by improving IT security, establishing a strong IT portfolio of investments, and utilizing E-Business technologies for both internal and external customers.

Over the last year, DOT has focused energies on ensuring that all IT investments are worthwhile and expanding services and information to the public – particularly in areas that provides consumers with a one-stop source for transportation related safety information.

Business-Driven IT Decision Making Promotes Integration and Simplification

The Federal Railroad Administration's (FRA) Enterprise Architecture (EA) and Capital Planning programs were implemented in response to federal requirements to develop a Capital Planning and Investment Control (CPIC) process and to develop, maintain and facilitate integrated system architectures (*A Practical Guide to Federal Enterprise Architecture*). Since the establishment of the EA and Capital Planning programs, FRA has focused on establishing each of the programs independently with the Architecture Working Group (AWG), Capital Planning Working Group (CPWG), and Capital Planning Board (CPB) serving as the official forums for achieving and maintaining its information technology portfolio.

Last year, the FRA EA and Capital Planning teams worked together to develop integrated EA and Capital Planning guidance which increased objective investment decision making, provided greater visibility into opportunities for enterprise solutions and enhanced enterprise performance by streamlining

processes, functions and applications. Since establishing the new integrated EA/Capital Planning paradigm, FRA has realized the following specific results:

➢ Accepted three new mission-supporting initiatives into the FRA IT portfolio as a result of greater program substance being presented in investment reviews and objective scoring tools (i.e., National Inspection Plan, Track Research Instrumentation Program Information System and Quiet Zone Calculator); these initiatives also demonstrated greater alignment to the FRA "to-be" architecture in the newly implemented architecture reviews performed by the AWG.

➢ Prevented two (potentially duplicative with other FRA initiatives) initiatives from being pursued due to more thorough prerequisite architecture, process and technology analysis (i.e., Bridge Database and Remote MPE Data Tracking System).

➢ Presented one opportunity for a DOT-level enterprise solution due to wider audience reviews and architecture assessments against the FRA technical reference model (i.e., Content Management System).

FRA's IT Portfolio now consists of 25 programs with four major investments within the Office of Management and Budget's oversight for the fiscal year 2007 budget cycle. This is an increase of four new programs in the FRA IT portfolio (one new major) within the past year.

Empowering Consumers to Make Safety a Purchasing Priority

FMCSA is working to improve service delivery to its customers through Internet-based technology with the launching of the Passenger Carrier Safety website on Analysis and

Information (A&I) Online (ai.fmcsa.dot.gov). Through this website, FMCSA empowers consumers to make safety a priority when buying motor coach, school bus, van/mini-bus, and limousine services. The new Passenger Carrier Safety

website provides consumers with a one-stop source for safety information about these motor carriers to help consumers' select safe carriers when purchasing transportation services. The website assists school trip planners, senior citizens groups, community groups and businesses to make more informed buying decisions. FMCSA estimates that about 190,000 users visit A&I Online each month.

In addition to providing Internet-based access to information on the safety records of these businesses, the website helps buyers of passenger carrier services pick the type of transportation vehicle that is best suited for their needs, as well as locate carriers serving specific geographic areas. It also allows them to compare passenger carrier safety performance, and get detailed safety information through direct links to related websites. FMCSA believes that giving consumers accurate and valuable information on carrier operations will result in more safety-minded decisions, as well as helping to increase the safe, efficient transportation of passengers on our nation's highways.

Improving Safety Data Across the Nation

FMCSA deployed a new Internet-based system, DataQs (dataqs.fmcsa.dot.gov/), making it easier for anyone to challenge the accuracy and completeness of

commercial vehicle inspection and crash data managed by FMCSA on commercial motor vehicles, carriers and drivers and to facilitate corrections to the data. DataQs supports the Department's commitment that only the highest quality information is disseminated to the public.

Each year, states record thousands of commercial motor vehicle inspections and crash records. Some times, mistakes are made recording this information or erroneous information is attributed to the wrong carrier or driver. Prior to February 2004, FMCSA had no way of knowing how many data challenges were filed with the states and how many of those challenges resulted in corrections to the data.

FMCSA's new online system makes it easier to set the record straight. Since its release in February 2004, the DataQs system has processed over 5,700 data challenges with over 74% resulting in corrections to the data. The success of DataQs has not only raised the quality of state data but contributes to the ability

of enforcement agencies to direct resources by ensuring inspection and crash data are attributed to the correct source.

Improving Analysis and Information through the Web

As FMCSA and state enforcement personnel work to reduce the number and severity of crashes involving large trucks and buses on our nation's highways, it is essential that they have access to crash and inspection information that is uniform, complete, accurate and timely. FMCSA made significant strides over the past year in improving the quality of crash and inspection data. One particular achievement has been the development of a means to measure state data quality and dissemination of the results online.

The FMCSA SSDQ Methodology evaluates the completeness, timeliness, accuracy and consistency of the State-reported crash and roadside inspection data in the FMCSA Motor Carrier Management Information System (MCMIS) database. The methodology compares the data quality of State-reported crash and roadside inspection data to standards set by FMCSA. A comparison of the initial FMCSA SSDQ evaluation results of March 2004 to the results of March 2005 indicates:

➢ The number of states rated "Poor" dropped from 14 to 10

➢ The number of states rated "Good" increased from 24 to 26

The results of the analysis are disseminated via FMCSA's Analysis and Information (A&I) Online website (ai.fmcsa.dot.gov) and are updated quarterly.   The analysis assists States in knowing where they stand with other States in terms of safety data quality and where they might focus their improvement efforts.

Human Capital Planning Strengthens DOT Workforce

The President's Management Agenda has underscored the Department's long-standing conviction that employees are the single most valuable resource for any agency. Organizational performance absolutely depends on having people with the right skills, managed and deployed in the most effective way. There are many more examples of success than can be include in this report that illustrate the results DOT has achieved through improved workforce analysis, hiring, and training, and through strengthened accountability at all levels. These accomplishments are signposts that point DOT towards further improvements that will benefit our employees.

Yielding Results through Strategic Vacancy Controls

Strategic human capital planning allows DOT Operating Administrations to ensure that hiring supports organizational priorities and commitments. The following two examples illustrate a very structured approach to vacancy control.

FHWA's Executive Director and Directors of Field Services are actively involved in resource allocations of positions and vacancies and ensure that local managers use their unit workforce plans to anticipate separations and plan how they will propose to fill vacancies to meet critical agency needs.

The Executive Director shifted resources to allow recruitment of employees to support the "Pavement for Life" initiative, and also increased staff supporting the "Vital Few" Safety initiative. Vacant positions have also been shifted to strengthen leadership in the financial management area. Vacancy control has contributed to a decrease in the mission critical occupation gap. The gap represents the difference between the current number of positions in critical occupations and the desired future state projected over five years. In the 2003 plan, the total gap was 1,092 positions while 2005 data show the gap reduced to 968 positions, a positive change of 11%.

The Maritime Administration's (MARAD) Human Capital Council reviews vacancies and decides how they will be used. In support of their role, the HCC has developed and uses a payroll mathematical model, which uses existing financial and personnel information to predict the

current and future impacts of a decision. The decisions of the HCC have affected the ability of MARAD to perform in a period of resource constraints. As examples:

➢ Upon review of the MARAD project FY 2006 budget, the HCC froze hiring for all but mission critical occupations to limit the impact of resource reductions on program performance. Each vacancy in a mission critical occupation is evaluated for best strategic placement.

➢ The HCC required that several positions be filled at lower grade levels, based on a review of the competencies required, and in some cases, the restructuring of duties.

➢ MARAD had no positions dedicated to either IT capital planning and investment control or financial management. The HCC reallocated vacancies to establish and fill the IT Business Manager position and Deputy CFO to fill these strategic gaps. Both positions have strengthened MARAD's ability to do performance budgeting, among other things.

Closing Emerging Position and Skills Gaps

Workforce analyses have helped DOT Operating Administrations identify and meet potential shortages and changing skills needs, and improve succession pipelines.

FAA implements plan to prevent controller shortages: Most current Air Traffic Controllers were hired in the 10 years after the air traffic controller strike in August 1981 and will be eligible to retire over the next several years. To prevent a shortage, FAA created a comprehensive plan to ensure that adequate controller staffing levels will be available for the balance of this decade and beyond. The plan calls for hiring 12,500 controllers over 10 years to cover projected total retirement and non-retirement controller losses. That level of hiring reflects the required lead time for training and will maintain the appropriate ratio between developmental and fully certified controllers. The plan also addresses training approaches and innovations, cost containment strategies, and efficiency measures to reduce required staffing levels. Overall, through staffing efficiencies, productivity improvements, and better management, the agency expects to reduce staffing requirements by at least 10 percent over the 10-year period from previous projections, producing a reduction of 1,700 positions.

The plan was delivered to Congress in December of 2004, and has received generally positive reviews, although all recognize that it is only a first step. Therefore, the agency has begun implementation. The FAA sharply reduced the compensation of newly hired air traffic control trainees scheduled to attend initial training at the FAA Academy in April 2005. So far, the change has not had any significant impact on the number of applicants accepting jobs--all Academy classes have been filled.

FHWA responds to changing skill needs: FHWA's full time Workforce Planner and Workforce Planning Advisory Committee, composed of managers from various organizational levels, help FHWA leadership identify external and internal influences that must be considered in workforce planning. These have included, for instance, Inspector General and GAO reports and input from Congress, as well as mission changes, program performance, and other critical internal factors. FHWA's national and unit workforce planning models also get input from managers about the skills needs in their organizations. This robust mix of information has allowed FHWA to create the more multidisciplinary workforce required by its changed mission. The evolving skill mix in FHWA's entry level Professional Development Program (PDP) provides an illustration. In 1994, 90% of PDP participants were Civil Engineers. By 1999, the percentage of Civil Engineers recruited into the program had decreased to 69%. In 2005, the planned composition of the program is 4% Financial Managers, 28% Planners, 20% Environmental Specialists, 12% Right of Way (Realty Specialists), 8% Safety Management and 28% Civil Engineers.

Targeted Restructuring to Improve Skills and Succession Pipelines

The National Highway Traffic Safety Administration (NHTSA) conducted two successful Voluntary Separation Incentive Payment (VSIP) campaigns, in early 2004 and early 2005. In 2004 the agency gave six buyouts to administrative personnel. The vacancies were then used to hire more mission-critical skills; specifically, Highway Safety Specialists, Engineers, and professional automotive safety defect screeners. In the 2005 VSIP, NHTSA gave seven buyouts to employees in positions that were not mission-critical. The resulting vacancies are being used to hire an entry-level EEO Compliance Specialist, an entry level Highway Safety Specialist, an entry

level general engineer, an IT coordination specialist, and a human factors engineer. The Engineering and Highway Safety Specialist positions are designated as mission critical, while the entry-level hiring improves succession pipelines.

FRA's workforce analysis identified positions where competency gaps existed. To close these gaps, FRA needed increased technology, analytical, and communication skills, for instance, and employees who were multi-disciplined. FRA used VSIP and Voluntary Early Retirements (VERA) to restructure the workforce and create vacancies that could be used to get those skills. FRA made 71 buyout offers both in Headquarters and the field. Forty-one employees accepted, with separations beginning in November 2004 and continuing through January 2006. The Office of Human Resources is working with managers to restructure positions and identify recruitment strategies to fill the vacancies with candidates possessing the needed skill sets at grade levels that support FRA's succession planning efforts.

Improving the Management of Workers Compensation and Official Time

Workers Compensation: During FY 2004, FAA instituted a pilot project to consolidate OWCP program management and more proactively manage claims. A staff of two specialists with extensive OWCP experience was hired to manage all claims from Southern Region and Headquarters. By facilitating returns to duty and ensuring that illegitimate claims were denied, FAA realized one year cost avoidance estimated to exceed of $3.1 million. Cost avoidance is computed as the potential compensation avoided during the one-year period following the injury when the employee is returned to duty or the claim is denied.

As a result of this successful cost containment, the scope of the project was expanded during FY 2005. In addition to Southern Region and Headquarters, all claims from Great Lakes Region are now managed centrally, and Southwest and Central Regions are being added this fiscal year. By the conclusion of FY 2005, over 62% of all FAA OWCP costs will be managed centrally, with plans to incrementally add Regions until all FAA claims are managed centrally, in 2007.

During FY 2005 to date, the OWCP Division has facilitated 66 returns to duty, helped facilitate 32 denials of claims, and conducted management training sessions in all centrally-managed Regions. As a result of these efforts, FAA has realized one year cost avoidance in excess of $4.6 million. These results are being tracked in the FAA Flight Plan. More aggressive goals have been established for FY 2006 and 2007.

Official Time: The government-wide official time survey conducted by the Office of Personnel Management (OPM) for FY 2003 showed a disproportionate amount of official time use by FAA (16 hours versus 4.2 hours per bargaining unit employee). This resulted in the Appropriations Committees requiring FAA to find ways to bring its practices more in line with other federal agencies. The agency took a number of steps, including decreasing the number of employees on 100% official time, issuing revised guidance to managers, and improving the accuracy of official time reporting.

As a result, FAA's official time use is decreasing. The FY 2004 Department of Transportation (DOT) Official Time Report to OPM shows an FAA reduction of 230,000 hours in comparison to the agency's FY 2003 report. The agency has established an Official Time Task Force charged with identifying strategies to facilitate the further reduction of official time used FAA-wide to government-wide levels.

Using Knowledge Management and Learning Strategies to Improve Organizational Performance

FRA's Succession Planning/Legacy Program: FRA has developed a pilot Succession Planning/Legacy Program to identify and capture the critical knowledge of top performing employees and ensure that this institutional knowledge can be retrieved and disseminated to other employees. In the first step, eight of the most effective current and/or former Railroad Safety Inspectors were interviewed to capture in a highly specialized database the methods that make (or made) them successful. The database has already been used to coach other Railroad Safety Inspectors, and strategies are being developed to use this institutional knowledge to enhance recruitment, streamline development of new employees, provide standardized training and improve employee retention. OPM has identified this succession planning/legacy program as a "Best Practice."

MARAD's supervisory training and use of mediation has reduced disputes:
MARAD has been conducting intensive supervisory training over the last year
and a half, with particular focus on communication, conflict resolution, and
diversity awareness. During the same time period, the organization has made
increased use of mediation as a dispute resolution tool. While grievances and
other formal disputes were previously numerous and highly contentious, MARAD
has received no formal grievances well into the third quarter of this fiscal year,
as conflicts are being identified and resolved at earlier stages.

Improving Performance Accountability at All Levels.

In FY 2004, FHWA was recognized by DOT leadership for making meaningful
distinctions among levels of performance at the executive level. There is a
similar mix of ratings for GS employees, and ratings and awards at all levels are
tied to the achievement of measurable results. Just as employees are rewarded
for excellence, they are held accountable for poor performance, and FHWA has
steadily strengthened the ability and willingness of managers to identify and
resolve performance issues. During the past four years, the number of
instances where employees were notified of performance deficiencies increased
300%, and the number of employees placed on performance improvement plans
has increased over 400% to an average of 13 per year. The number of
employees who have left the agency because of recognized performance
deficiencies has increased 300%.

FHWA has made significant progress in using the performance management
system to hold executives and employees accountable for their performance.
Productivity has increased because meaningful outcome distinctions encourage
high performers, and poor performers either improve or separate from the
government.

Entry-level Hiring and Development Used to Acquire Mission-Critical Skills and Improve Succession Pipelines

A key hiring instrument for FMCSA has been its Career Intern Program, which
has successfully employed more than 12 Career Interns in the field. All of these
Interns have been placed on Individual Development Plans to ensure mission
related competencies are achieved for a more effective and efficient workforce.
FMCSA is also hiring a Transportation Specialist from the Departmental Career
Residency Program to fill a position in Headquarters. This occupational series

has been identified as one in which a large number of FMCSA employees are eligible for retirement in the near future.

Improved Representation of Hispanic Employees

In FY 2004, a comparison of FHWA workforce data with the Relevant Civilian Labor Force data revealed that Hispanics were underrepresented. Management convened a Hispanic Employment Work Group to develop improvement strategies and accepted the recommendations and strategies presented in the Work Group's report. Implementation began in FY 2005 and FHWA is already seeing results. During the first eight months of FY 2005, the FHWA has hired Hispanic employees at the senior and entry levels, and their representation in the FHWA workforce has increased 2%. The PDP has been very successful in recruiting Hispanic participants for its FY 2005 class. Using FY 2004 data as a baseline, Hispanic representation in the PDP Program rose from 8% to 33%. This represents an all-time high for the agency, and enhances the diversity of the PDP Program participants who will advance within the organization. Furthermore, there was a significant increase in the number of Hispanic applicants that applied for the PDP Program and the Summer Transportation Internship Program for Diverse Groups (STIPDG). The Hispanic applicants seeking full-time permanent positions were referred to organizations throughout the Agency with current vacancies. Additionally, 12 Hispanic interns were selected for the FY 2005 STIPDG Program, which serves as a pipeline for the PDP Program.

Improving Leadership Skills through Coaching and "360 Assessments"

The FRA *Coaching Program* was designed and implemented in 2003. Thirteen FRA Senior Executives and two GS-15s initially participated. All evaluated the program as productive (4.2 on a 5 point scale) and recommended that coaching be extended to others. Five employees chose to continue receiving executive coaching. Some objectives of the participants included: Improve Office Morale/Team Building, Foster Growth/Motivation, Improve Communication Skills, Enhance Conflict Resolution Skills, Enhance Leadership Skills, and Increase Awareness of Areas of Weakness as a Manager. Specific goals are set between the executive and coach, and are confidential, but every participant reported at least some degree of progress towards every single one of his or her objectives. As a result of the positive feedback, the program is now offered to all levels of management as a developmental tool, and is a

required part of new supervisors' training. Coaching sessions typically consist of eight to ten sessions of up to one hour each.

FRA also conducted a *"360-degree Assessment"* of its executives and GS-15 supervisors in 2003. Two survey instruments were developed, one to seek input from the manager's supervisor and peers, and the other to seek input from the manager's employees. Participation was entirely voluntary, but over 70% of FRA employees responded, with the understanding that their input was confidential. The findings included the assessments by supervisor, subordinates and peers as well as a self-assessment, and indicated where there were gaps between the self assessment and the assessment by others. Each person that was rated received a comprehensive report that showed these results in many different formats. The executives and supervisors then established action plans to address the areas needing improvement and incorporated the action plans in their performance plans.

The FRA used a follow-up survey with the participants to obtain feedback about the survey instrument, the process used to gather the data, and the manner in which the results were presented to the participants. The overall feedback in all categories was high and, as a result, the FRA institutionalized the program, and extended it to GS-14 supervisors in April 2005.

Budget and Performance Integration: Linking Resources to Results

Integrating budget and performance information ensures that senior DOT decision makers have the information to decide where to use their resources most efficiently and effectively. Ensuring that resources are used properly and accounted for, consistent with sound financial management principles, is critical to meeting performance goals.

The DOT budget formulation process is now fully incorporating the use of OMB's Program Assessment Rating Tool (PART), which provides a consistent and standardized tool to consider performance information when making management and funding decisions.

DOT can now show results in the performance budget. This element strengthens the link between program results and allocated resources and helps demonstrate to Congress and the American public the results that are being achieved for the dollars spent.

Measuring Performance to Achieve Strategic Goals

As part of the FY 2006 budget process, FTA's Urbanized Area and Fixed Guideway Modernization Formula Grant programs were assessed using the PART. These programs help local transit agencies maintain and improve transit service and infrastructure in urbanized areas, as designated by the U.S. Census. The assessment affirmed that the program is administered effectively and has made some significant improvements in the services provided by local transit agencies. Specifically, the assessment found that these programs have exceeded the goal to improve access to public transportation for individuals with disabilities, stabilized, and in some cases made modest improvements in the infrastructure of local transit agencies, and made some limited improvement in overall transit ridership since 2002.

FTA used the results of this assessment to broaden its programs to improve transit ridership nationwide by encouraging the implementation of transit-oriented development (TOD) throughout the country. (One of FTA's strategic goals is to increase transit ridership in every transit market as we position public transportation as a mode of choice in the country.)

Specific actions taken by FTA include:

➢ Holding localized forums to coalesce local developers, bankers, and community leaders

➢ Identifying a baseline of existing transit-oriented development nationwide

➢ Working with local communities to set goals for transit-oriented development over the next five years.

In addition, each FTA regional office is tasked with implementing and making progress on an action plan for coordinating services for older adults, individuals with disabilities, and/or people with lower incomes. By September 30, 2005, FTA will implement a transportation policy and/or program initiatives with federal partner agencies that simplify access, reduce duplication of federal policy, and/or enhance the cost effectiveness of programs that service these populations.

Measuring Performance to Improve Program Management

Based on a PART recommendation that supported an earlier finding by the DOT Inspector General, FHWA has changed the way it manages major highway projects exceeding $1 billion dollars in total costs. The agency has introduced additional financial and management requirements and meets regularly with the applicable state transportation agency's project management team and other involved agencies to ensure project requirements are met. FHWA is hiring more financial managers and program administration managers into their program as project specialists. The FHWA hopes to institutionalize these changes during the reauthorization of federal surface transportation programs and included the program improvements in the Administration's Safe, Accountable, Flexible and Efficient Transportation Equity Act (SAFETEA) legislative proposal.

As a result of the PART conducted last year on its Research and Intelligent Transportation System (ITS) program, FHWA is taking actions to ensure that its

research programs contribute to achieving the Department's strategic goals. The Agency is adopting the President's investment criteria for R&D in its annual budget and performance report, identifying the number of research projects completed each year by strategic goal, and inserting language into contract documents and project agreements that requires project managers and contractors to specifically address the link between a project and DOT's strategic goals.

Reducing Regulatory Burdens and Linking Resources to Results

As a result of FMCSA's increased emphasis on linking resources to results, the Agency has launched two new programs – Regulatory Evaluation and Quality Assurance.

While all agencies evaluate their proposed regulations before they are published to predict the effect they may have, FMCSA's new *Regulatory Evaluation Program* assesses rules after they are published to determine whether they are having the desired effect. If they are not, then steps are taken to either amend or delete them.

Because some agency rules were written over 40 years ago and may have been overtaken by changes in technology or the commercial motor vehicle operating environment, FMCSA is reviewing its entire portfolio of regulations to determine where the regulatory burden on the public can be decreased. These reviews also are ensuring that the Agency's enforcement resources are working to enforce rules that make the most difference for improving safety.

FMCSA's new *Quality Assurance Program* also is dedicated to improving the link between resources and results. This program analyzes and identifies improvements to the consistency, efficiency and effectiveness of FMCSA processes and procedures, including the agency's core enforcement and compliance operations. Preliminary results of FMCSA's pilot review of the agency's Border Operations already identified improvements to supervisor training associated with border inspections that can be implemented agency-wide to improve the performance of FMCSA's resources.

DOT Financial Performance Efforts: A "Success Story" for the PMA

As the only one of the five established initiatives in which DOT has not attained Green status, it would be counterintuitive to believe that DOT's Financial Performance efforts could be viewed as a success story for the PMA's overall goal of reforming government.

However, the spotlight that the PMA placed on four DOT material auditor-reported internal control weaknesses has elevated what would otherwise be considered a routine internal operations issue in one Operating Administration to the highest levels of DOT. As a result, serious financial management issues that may have taken years to resolve are now being rapidly addressed on a Department-wide basis.

With Secretary Mineta's active engagement, there is even greater and more regular collaboration between the affected mode, the CFO's office, OMB and the DOT Inspector General in an effort to improve the Department's stewardship of public funds.

Below are several Financial Performance success stories that DOT can claim over the last year. But it is important to note despite the fact that DOT remains Red in status on this initiative, the hard work of hundreds of DOT employees who are working to correct the processes that created these material weaknesses represents a success for the PMA as a reform tool.

Managing for Results

The Federal Transit Administration (FTA) has developed a monthly management report, TRANSIT TRENDS, which reflects its corporate business process and is used to focus agency decision making on a set of four core accountabilities – key deliverables for which the entire FTA senior executive team is jointly accountable. In addition to the four core accountabilities, FTA's senior

management team identified additional key deliverables in support of specific items in the PMA, the DOT Strategic Plan, and other important initiatives.

FTA's senior executive team meets quarterly to review progress in meeting the key deliverables and program managers use this monthly management report to make resource decisions that keep the agency on track to meet its goals.

Important results in these four areas include:

Transit Ridership – FTA has led a sea change in the transit industry to shift the focus from simply increasing the number of buses on the street, to finding the most effective ways to increase transit ridership. This has significant air quality, economic and community benefits. In 2004, transit ridership increased an average of almost 1% and people rode public transportation over nine billion times, traveling to and from work, medical appointments, school, and social events.

Safety and Security – FTA has helped transit systems across the Nation become better prepared to identify and prevent potential safety and security threats, and better able to respond quickly and effectively should a terrorist event, natural disaster or other event occur. In 2004, the 50 largest transit agencies – which serve about 80% of the nation's transit passengers and whose systems are the most likely "high visibility" targets – met FTA's goal of implementing its top 20 security readiness action items, which focus on passenger awareness, employee training, and emergency response.

Major Project Cost Control – FTA is working to ensure that major capital transit projects are kept within budget, delivered on time, and produced the promised benefits.   The goal is that no New Starts project exceeds its current baseline cost estimate by more than five percent. In 2004, 93% (27 out of 29 projects) of the projects met the goal.

Grants Management – FTA is getting appropriated funds into communities more quickly than ever before, enabling them to proceed quickly with the acquisition of needed capital improvements and the expansion of services for thousands of transit dependent individuals. The amount of time to process grants was reduced from an average of 67 days in 2001 to just 36 days in 2004. In 2004, 91 percent of all FTA grants were processed in fewer than 60 days -- beating the goal of 80% processed in 60 days or less.

Working Collaboratively Across Government to Achieve Savings

In April 2005, DOT migrated the first wave of its employees to the Federal Payroll and Personnel System (FPPS) operated by the National Business Center of the U.S. Department of the Interior. FPPS, an integrated human resources and payroll system, currently serves over 300,000 payroll accounts for 37 federal agencies. The first wave of the DOT migration--the second largest migration performed by NBC (only the Social Security Administration with more than 65,000 in 1997 was larger) -- included approximately 8,900 employees for 10 separate agencies. In October 2005, the FAA will migrate approximately 45,000 employees to FPPS and complete the DOT effort.

The DOT first phase was an unqualified success with every employee being paid on time. In addition to the migration effort, DOT is rehosting its time and attendance system, configuring a new interface repository to serve as a routing point for HR and payroll data, migrating its historical data to NBC's datamart, and revising the payroll interface to its accounting system. At the same time, the Transportation Security Administration and civilian Coast Guard, currently served by DOT, are being migrated to the National Finance Center, with the assistance of the National Business Center staff. In March 2006, DOT will formally shutdown its legacy HR, payroll and time and attendance systems.

E-Travel Saves Money and Improves Efficiency

DOT recently selected Northrop Grumman's GovTrip, using the GSA e-Travel Master Contract, to provide a web-based, end-to-end travel management service.

The GovTrip travel service will integrate and replace DOT's self-booking system (FedTrip), authorization/voucher processing (TEServ) and travel management center services (SATO Travel) resulting in one paperless end-to-end travel solution.

DOT processes approximately 225,000 TDY vouchers a year, and there are approximately 37,000 anticipated users of eTravel.

GovTrip is fully integrated into DOT's finance/accounting system, Delphi, for travel processing and reimbursement of travelers.

Results derived from the implementation of GovTrip will include:

➤ Reduced travel processing costs – Travelers, approvers, accounting staff and others will no longer spend endless frustrating (and expensive) hours preparing and processing travel authorizations and vouchers.

➤ Convenience and efficiency – The service will be available 24 hours a day, 7 days a week, 365 days a year. Travelers can spend more time on their mission and less time on travel processing.

➤ Quick reimbursement – Travelers will be paid within 24–48 hours, long before their credit card bills come due.

➤ IT savings – The service, including all software and hardware, will be hosted by the service provider on the provider's site, rather than the user's site.

➤ Paperless – Receipts can be imaged and stored electronically along with authorizations and vouchers. Approvals will also be completed electronically.

➤ No development or capital costs – DOT will not incur any development or capital costs to obtain the service. Travelers will pay for the service on a transaction fee basis.

When fully implemented, it is estimated that GovTrip will save $3 million annually.

UPDATE: Delphi Results in "Center of Excellence" Designation

Last year's DOT Results Agenda reported that DOT was the first cabinet level agency that successfully completed implementation of a state-of-the-art integrated financial management system using commercial off the shelf software running on a single production instance of the software.

It was noted that the Delphi system provides efficient, integrated financial management for DOT's 60,000 employees and nearly $60 billion annual budget. Delphi currently has 15 agencies in production on a single system using a common "Global Build," which represents the value DOT has added to the "out of

the box" Oracle software through standard set-ups and configurations, accounting classification structure, interfaces, and other enhancements.

Prior to implementing Delphi, year-end processing time in DOT's legacy accounting system averaged three weeks. In the initial years of Delphi, year-end closing was accelerated to a three day process. The ability to do a three day year-end close was a critical element that enabled DOT to meet OMB's accelerated November 15, 2004 deadline for audited financial statements. DOT received its fourth clean audit in a row on our FY 2004 financial statements. Especially impressive was that the FAA received a clean audit opinion on their audit for the fiscal year in which they converted to Delphi.

This year, through further enhancements to Delphi, month-end and year-end closings are completed overnight. With closing being reduced to an overnight process, DOT is able to provide managers almost instantaneously with year-end standard financial statements and other financial reports drawn directly from our core accounting system, not from an external system.

Based on these successes, in February 2005, DOT was designated in the President's Budget as one of four Financial Management Centers of Excellence (COE) for the Federal government. DOT is now actively marketing our financial system and operational accounting services to other Federal agencies, which are offered the benefits of using a state-of-the-art $125 million financial system without making any investment of their own (they only pay their own set-up and conversion costs and their share of the annual operating costs of Delphi). DOT's financial system and accounting services are offered by DOT's Enterprise Services Center (ESC), located in Oklahoma City. The ESC has developed outstanding federal accounting and financial system expertise by successfully setting up and converting data for all of DOT's Operating Administrations between April 2000 and November 2003 and by successfully upgrading the *Oracle Federal Financials* software four times. DOT's first new external customer, the National Endowment for the Arts, began using Delphi at the beginning of FY 2005.

SPOTLIGHT: SLSDC Receives 41st Consecutive Clean Financial Audit

On November 9, 2004, the SLSDC received an unqualified independent financial audit for FY 2004 with no material weaknesses or reportable conditions, marking the agency's 41st consecutive clean audit, dating back to June 30, 1955.

Department of Transportation PMA Scorecard

As of June 2005

Initiative	Status Score	Progress Score
Human Capital	Green	Green
Competitive Sourcing	Green	Green
Budget and Performance Integration	Green	Green
Financial Performance	Red	Green
E-Government	Green	Green

Each quarter, the Department of Transportation is given two President's Management Agenda ratings. The first is Status, which measures the overall implementation of PMA initiatives. The second score, Progress, rates the Department on how well we are meeting out quarterly milestones.