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1998-2000

1999 Update



Foreword

As the investigative arm of the Congress and the nation's auditor, the General Accounting Office is charged with following the federal dollar wherever it goes. Reflecting stringent standards of objectivity and independence, GAO's audits, evaluations, and investigations promote a more efficient and cost-effective government; expose waste, fraud, abuse, and mismanagement in federal programs; help the Congress target budget reductions; assess financial information management; and alert the Congress to developing trends that may have significant fiscal or budgetary consequences. In fulfilling its responsibilities, GAO performs original research and uses hundreds of databases or creates its own to compile and analyze information.

To ensure that GAO's resources are directed toward the most important issues facing the Congress, each of GAO's 32 issue areas develops a strategic plan that describes its key issues and their significance, the objectives and focus of its work, and the planned major job starts. Each issue area relies heavily on input from congressional committees, agency officials, and subject-matter experts in developing its strategic plan.

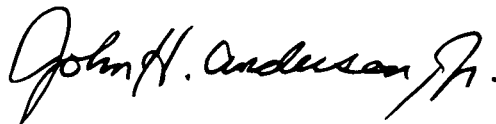
Transportation issues significantly affect all aspects of our daily lives, and the transportation industry is crucial to our economy—it employs about 10 million workers, and the delivery of transportation-related goods and services makes up about 11 percent of our Gross Domestic Product. The transportation infrastructure contains roughly 3.9 million miles of roads and streets; 200,000 miles of rail; over 18,000 airports, including 540 that provide commercial service; 26,000 miles of commercially navigable waterways; and over 470,000 miles of oil and gas pipelines.

GAO's Transportation Issue Area has audit responsibility for the Department of Transportation (DOT) and its operating administrations, whose fiscal year 1998 budget amounts to about \$43 billion. Other agencies within the scope of our issue area include the National Railroad Passenger Corporation (Amtrak), the National Transportation Safety Board, and the Federal Maritime Commission.

GAO's audit and evaluation work in transportation issues generally focuses on promoting safe, secure, and efficient travel; cost-effective investment in infrastructure; and industry competition and financial health in a largely deregulated environment. The principal transportation issues are

- maintaining the safety and security of the nation's air transport system and improving the Federal Aviation Administration's (FAA) oversight of the aviation industry's compliance with federal safety and security regulations;
- improving the nation's airport and airway systems to promote cost-effective and efficient operations;
- reducing the risk of surface transportation fatalities and injuries and their economic and societal costs;
- ensuring that federal highway, bridge, mass transit, and rail programs respond to the nation's surface transportation priorities and strengthening the oversight of multibillion-dollar infrastructure projects;
- fostering an internationally competitive aviation industry and a financially viable and competitive domestic surface and air transportation system;
- promoting efficient and effective programs and policies at the U.S. Coast Guard; and
- improving DOT's management, organization, and oversight of all modes of transportation.

In the pages that follow, we describe our key planned work on these important issues. This year's update contains no significant changes in emphasis from our basic 3-year plan for fiscal years 1998 through 2000. Because unanticipated events may significantly affect even the best of plans, our planning process allows for updating this plan to respond quickly to emerging issues. If you have any questions or suggestions about this plan, please call me or Gerald L. Dillingham, Associate Director for Aviation and Coast Guard issues, or Phyllis F. Scheinberg, Associate Director for Surface Transportation issues, at (202) 512-2834.



John H. Anderson, Jr.
Director
Transportation Issues

Contents

Foreword	1
Table I: Key Issues	4
Table II: Planned Major Work	8

Table I: Key Issues

Issue	Significance
<p>Aviation safety and security: How can FAA improve the safety and security of the flying public?</p>	<p>The aviation accident rate per mile traveled has remained low but flat over the last two decades. Unless that rate is reduced, however, as air travel continues to grow, so will the actual number of accidents. Furthermore, the threat of terrorism against the United States continues, and aviation is and will remain an attractive target for terrorists. As we approach the year 2000, the United States faces major challenges in maintaining a high level of safety and security in the U.S. air transport system.</p>
<p>Aviation infrastructure: How can the nation's airport and airway systems be improved to promote cost-effective and efficient operations?</p>	<p>FAA is in the midst of a \$36 billion mission-critical modernization of aging air traffic control equipment. FAA has structured its modernization efforts around a new operational concept called "free flight," which would allow pilots more flexibility in choosing routes for their aircraft. FAA has recently incorporated user input and adopted a phased approach to mitigate risks and to provide earlier user benefits. However, the modernization effort is large, complex, and costly. The program has a history of cost overruns, schedule delays, and shortfalls in performance, and consequently, has been designated by GAO as a high-risk information technology initiative since 1995. Additionally, the source and use of Airport Improvement Program funds, including the set-aside funds for noise mitigation, will be important topics as the Congress deliberates this program's reauthorization.</p>
<p>Surface transportation safety and security: How can surface transportation be improved to better promote safety and security and reduce related costs to the nation?</p>	<p>The U.S. surface transportation system is one of the nation's most valuable economic assets. However, transportation accidents impose significant societal costs. Each year, 40,000 people die on the nation's highways, and about 1,100 are killed in railway accidents. Federal, state, and local governments, working with the private sector, face difficult challenges in providing and maintaining safe and secure traveling conditions that promote passengers' confidence in the transportation system.</p>
<p>Surface transportation infrastructure: How can highway, bridge, mass transit, and rail programs be improved to better meet the nation's surface transportation needs?</p>	<p>In May 1998, the Congress passed a 6-year surface transportation reauthorization act. With total authorizations approaching \$218 billion, the act provides unprecedented increases in funding over previous years. Transportation needs continue to expand while the nation's infrastructure grows older. It is critical that transportation projects are well-managed, funds are used efficiently, innovative financing is used, and research ensures that new technologies are better integrated into the surface transportation system. The reauthorization act contains a number of mandates for GAO studies that address these issues, including, among others, Federal Transit Administration's (FTA) criteria for evaluating projects and DOT's highway needs evaluation process.</p>

Table I: Key Issues

Objectives	Focus of work
<ul style="list-style-type: none"> •Describe the status of FAA's efforts to identify and effectively address aviation safety challenges. •Identify ways that FAA can better integrate new technology and procedures to increase the security of the U.S. air transport system. 	<ul style="list-style-type: none"> •FAA's progress in addressing major deficiencies in safety oversight •FAA's efforts to develop and deploy airport security systems, such as baggage screening equipment, and improve training for security personnel
<ul style="list-style-type: none"> •Examine ways that FAA can cost effectively manage its programs for airports and airway systems, including the modernization and effectiveness of the air traffic control system to accommodate free flight and the effectiveness and efficiency of FAA's implementation of the Airport Improvement Program. •Assist the Congress in evaluating FAA's funding needs and alternative proposals for financing them, such as the recommendations of the National Civil Aviation Review Commission. 	<ul style="list-style-type: none"> •FAA's implementation of disciplined investment management processes for its air traffic modernization program •Challenges associated with FAA's efforts to implement "early free flight" •FAA's management of the Airport Improvement Program •Cost savings opportunities in FAA's budget requests
<ul style="list-style-type: none"> •Examine DOT's strategies, actions, and collaboration with state/local governments and the private sector to reduce highway accidents, deaths, and serious injuries. •Assess DOT's progress in improving safety and security on freight- and passenger-rail, and public transit systems. 	<ul style="list-style-type: none"> •The effectiveness of state blood-alcohol laws in reducing the number and severity of alcohol-related crashes •Federal oversight of surface transportation safety and security
<ul style="list-style-type: none"> •Recommend strategies to maximize the investments of federal, state, and local governments through innovative financing and management techniques and research. •Analyze strategies to improve the management of highway and transit programs and "mega" infrastructure projects by federal, state, and local governments. •Assist the Congress by evaluating the impact of new surface transportation programs and legislation. •Evaluate surface transportation agencies' funding proposals. 	<ul style="list-style-type: none"> •Innovative approaches to investment sources/funding for surface transportation programs •Implications of "mega" infrastructure projects for federal program management and structure •GAO mandated studies on transit system benefits; programs to transport welfare recipients to work; impact on construction projects due to delays in relocating utilities; and federal funding for nonemergency transportation services •Cost savings opportunities in surface modal administration budget requests

(continued)

Table I: Key Issues

Issue	Significance
Competition and financial health: How does the federal role in transportation ensure adequate competition in a worldwide environment and affect the economic welfare of travelers and shippers?	The globalization of the economy and the formation of international trading blocs, such as the European Union, and the signing of international trade agreements present a challenge to the financial health and competitive position of U.S. transportation interests. Seeking maximum benefits from deregulation in aviation, rail, and trucking, while ensuring competitive rates and quality service, is an important part of the nation's strategy to meet this challenge. In addition, providing nationwide, economically viable passenger rail service within available resources is the subject of considerable congressional interest.
Coast Guard: How efficient and effective is the U.S. Coast Guard in carrying out its programs and policies?	The Congress is looking closely at the Coast Guard's missions and functions to determine if any can be reduced, transferred, or privatized. Although the Coast Guard has developed plans to downsize the agency, it plans to spend billions of dollars to replace its aging vessels and aircraft. The Congress will be monitoring the agency's progress in doing so in a fiscally and organizationally sound manner.
DOT management and other issues: How can DOT's management, organization, and oversight of federal transportation programs be improved?	The Congress and the administration have mandated that federal agencies, including DOT, improve their management and program oversight to ensure effective and efficient use of budgetary resources and responsiveness to the public. Implementing these management reforms is a major responsibility for each department and agency.

Table I: Key Issues

Objectives	Focus of work
<ul style="list-style-type: none">• Advise the Congress on the key trends and issues affecting international aviation competition.• Assess the effects of U.S. policies and industry practices on domestic aviation and rail competition.• Assess Amtrak's financial condition and its role in providing intercity passenger rail service.	<ul style="list-style-type: none">• Impacts of recent agreements signed by the United States allowing U.S. airlines increased access to foreign markets• Status of airline deregulation• The impact of rail deregulation on small shippers• Amtrak's progress in improving its financial health
<ul style="list-style-type: none">• Review the effect of the Coast Guard's downsizing efforts on its missions and responsibilities.• Identify ways to reduce the Coast Guard's budget proposals and improve its use of resources, priority setting, oversight and management of programs, and acquisition and planning processes.	<ul style="list-style-type: none">• The Coast Guard's proposed \$15 billion acquisition program• Cost savings opportunities in the Coast Guard's budget requests
<ul style="list-style-type: none">• Monitor the progress of DOT's implementation of the Government Performance and Results Act of 1993 (GPRA), the Chief Financial Officers Act of 1990, and other government reinvention initiatives, such as reorganization and streamlining proposals.• Aid the Congress in responding to public concerns on transportation-related disasters.	<ul style="list-style-type: none">• Monitor progress in complying with GPRA• Analyze federal responses to natural and man-made transportation disasters

Table II: Planned Major Work

Issue	Planned major job starts
Aviation safety and security	<ul style="list-style-type: none"> •How effective is FAA's oversight of commuter and general aviation safety? •What is the status of FAA's efforts to overhaul its inspection program? •What actions has FAA taken to improve training on the use of new and existing baggage-screening equipment, and have these actions been effective?
Aviation infrastructure	<ul style="list-style-type: none"> •To what extent does FAA follow required practices in making its decisions for investing in new equipment, facilities, and other capital projects?* •What challenges are associated with FAA's efforts to implement "early free flight?"* •What is the status of, and risks associated with, FAA's 12-15 major air traffic control modernization projects? •How cost effectively are Airport Improvement Program funds being used for airport noise mitigation? •What opportunities exist to achieve savings in FAA's requested budget?*
Surface transportation safety and security	<ul style="list-style-type: none"> •How effective are state and local blood-alcohol laws in reducing the number and severity of alcohol-related crashes?^a •How effective is federal, state, and local oversight of commuter rail and public transit safety and security?
Surface transportation infrastructure	<ul style="list-style-type: none"> •What is the status of DOT's methods to develop and promote innovative financing and contracting tools at the national and state levels? •What cost, financing, and scheduling issues are related to major highway and transit projects? •How have completed rail transit systems increased mobility and affected economic growth?^a •What is the status of DOT's Access to Jobs program?^a •What is the impact on federal-aid highway and bridge projects of delays in utility companies relocating their facilities?^a •What agencies, other than DOT, receive funding for nonemergency transportation services, and how much do they receive?^a •What budget savings can be realized in the budget requests of the surface administrations (FTA, FRA, and the National Highway Traffic Safety Administration)?*
Competition and financial health	<ul style="list-style-type: none"> •What effect might the increase in global alliances have on international competition, including U.S. airlines' access to European and Asian markets? •To what extent are smaller communities experiencing air service problems, and what are the potential solutions? •How have market forces affected air fares and service levels since deregulation? •What is the Surface Transportation Board's role and impact in providing rate relief to small shippers? •What progress has Amtrak made in improving its financial health, and how might this be affected by the recently enacted Taxpayer Relief Act and Amtrak reform legislation?
Coast Guard	<ul style="list-style-type: none"> •How valid is the Coast Guard's reported need for \$15 billion to replace its cutters and aircraft and how will budget constraints affect funding availability?* •What budget savings can be achieved in the Coast Guard's budget request?*
DOT management and other issues	<ul style="list-style-type: none"> •What progress is DOT making in implementing the management reforms envisioned by GPRA?*

*Ongoing assignments.

^aMandated GAO study contained in the surface transportation reauthorization legislation.

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