United States General Accounting Office

GAO

Testimony

Before the Committee on Transportation and Infrastructure, House of Representatives

For Release on Delivery
Expected at 11:00 a.m. EDT
Tuesday July 22, 2003

TRANSPORTATION PROGRAMS

Opportunities for Oversight and Improved Use of Taxpayer Funds

Statement of JayEtta Z. Hecker, Director
Physical Infrastructure Issues

G A O
Accountability * Integrity * Reliability

GAO-03-1040T

July 22, 2003

GAO Accountability•Integrity•Reliability

Highlights

Highlights of GAO-03-1040T, a testimony before the Committee on Transportation and Infrastructure, House of Representatives

TRANSPORTATION PROGRAMS

Opportunities for Oversight and Improved Use of Taxpayer Funds

Why GAO Did This Study

It is important to ensure that long-term spending on transportation programs meets the goals of increasing mobility and improving transportation safety. In this testimony, GAO discusses what recently completed work on four transportation programs suggests about challenges and strategies for improving the oversight and use of taxpayer funds. These four programs are (1) the federal-aid highway program, administered by the Federal Highway Administration (FHWA); (2) highway safety programs, administered by the National Highway Traffic Safety Administration (NHTSA); (3) the New Starts program, administered by the Federal Transit Administration (FTA); and (4) the Essential Air Service (EAS) program, administered out of the Office of the Secretary of Transportation.

Differences in the structure of these programs have contributed to the challenges they illustrate. The federal-aid highway program uses formulas to apportion funds to the states, the highway safety programs use formulas and grants, the New Starts program uses competitive grants, and the EAS program provides subsidies. For each program, GAO describes in general how the program illustrates a particular challenge in managing or overseeing long-term spending and in particular what challenges and strategies for addressing the challenges GAO and others have identified.

www.gao.gov/cgi-bin/getrpt?GAO-03-1040T.

To view the full product, including the scope and methodology, click on the link above. For more information, contact JayEtta Hecker at (202) 512-2834 or heckerj@gao.gov.

What GAO Found

The federal-aid highway program illustrates the challenge of ensuring that federal funds (nearly $30 billion annually) are spent efficiently when projects are managed by the states. GAO has raised concerns about cost growth on and FHWA's oversight of major highway and bridge projects. Recent proposals to strengthen FHWA's oversight are responsive to issues and options GAO has raised. Options identified in previous GAO work provide the Congress with opportunities to build on recent proposals by, among other things, clarifying uncertainties about FHWA's role and authority.

NHTSA's highway safety programs illustrate the challenge of evaluating how well federally funded state programs are meeting their goals. Over 5 years, the Congress provided about $2 billion to the states for programs to reduce traffic fatalities, which numbered over 42,000 in 2002. GAO found that NHTSA was making limited use of oversight tools that could help states better implement their programs and recommended strategies for improving the tools' use that NHTSA has begun to implement. The administration recently proposed performance-based grants in this area.

FTA's New Starts program illustrates the challenge of developing effective processes for evaluating grant proposals. Under the New Starts program, which provided about $10 billion in mass transit funding in the past 6 years, local transit agencies compete for project funds through grant proposals. FTA has developed a systematic process for evaluating these proposals. GAO believes that FTA has made substantial progress by implementing this process, but our work has raised some concerns, including the extent to which the process is able to adequately prioritize the projects.

The Essential Air Service (EAS) program illustrates the challenge of considering modifications to statutorily defined programs in response to changing conditions. Under the EAS program, many small communities are guaranteed to continue receiving air service through subsidies to carriers. However, the program has faced increasing costs and decreasing average passenger levels. The Congress, the administration, and GAO have all proposed strategies to improve the program's efficiency by better targeting available resources and offering alternatives for sustainable services.

Key Challenges and Strategies for Managing Four Federal Transportation Programs

Program	Highway construction	Highway safety	New Starts transit	Essential Air Service
Challenges	Managing cost growth on major highway and bridge projects	Enhancing effectiveness of state safety programs	Selecting best projects for limited funds	Adjusting program to changing conditions
Strategies	Improve oversight and reporting	Improve use of monitoring tools	Establish sound selection process	Restructure program to improve viability

Mr. Chairman and Members of the Committee:

It is an honor to be here today to participate in your hearing on strategies to reduce or prevent waste, fraud, and abuse in transportation programs. As requested, I will be discussing what our recently completed work on four transportation programs suggests about challenges and strategies for improving the oversight and use of taxpayer funds to ensure that long-term spending on transportation programs meets the goals of increasing mobility and improving transportation safety.

As you know, many transportation programs rely on dedicated long-term funding to achieve specified program objectives. Such funding, which generally comes from a trust fund financed by user fees, is designed to match the long life, ongoing maintenance needs, and replacement and rehabilitation expenditures of large transportation projects. However, long-term funding creates certain challenges related to the effective oversight and management of the programs, particularly because in some cases, funds flow automatically to states, which use the funds to implement their own projects. Without effective oversight, investments of scarce federal funds in these transportation programs may not achieve maximum mobility and safety benefits.

Transportation legislation has sought to balance the federal interest in effective management and oversight with state and local interest in flexibility to tailor decisions to local priorities. Transportation legislation has also sought to promote multimodal systemwide decision-making while continuing distinct modal trust funds. Recently, the Comptroller General testified before the House Budget Committee on opportunities for improving the oversight and use of taxpayer funds for such spending programs.[1] He described three tiers of review, one of which—improving

[1] *Federal Budget: Opportunities for Oversight and Improved Use of Taxpayer Funds*, (GAO-03-952T, June 2003)

economy, efficiency, and effectiveness in mandated federal spending programs—is especially pertinent to the programs we will be discussing.[2]

As agreed with your office, my remarks today will focus on four federal transportation programs: (1) the federal-aid highway program, (2) highway safety programs, (3) the New Starts transit program, and (4) the Essential Air Service program. The size and structure of these programs vary considerably. For each program, I will discuss in general how the program illustrates a particular challenge in managing or overseeing long-term spending programs and in particular what challenges and strategies for addressing these challenges we and others have found in evaluating these programs.

Before I discuss each individual program, I'd like to point out how structural differences in these programs have contributed to different oversight challenges for each. For example, the federal-aid highway program uses formulas to apportion federal funds to the states in several distinct categories for the purpose of constructing and improving highway facilities. Ensuring efficient expenditures of federal funds for what can be large, long-term construction projects is an important challenge that has grown as the Federal Highway Administration (FHWA) has increasingly devolved its oversight responsibilities to the states in recent years. The highway safety programs, administered by the National Highway Traffic Safety Administration (NHTSA), also use formulas and other criteria to apportion funds for state programs designed primarily to improve safety through changes in drivers' behavior. Determining the effectiveness of the states' efforts is a key challenge for these programs, together with assessing the efficiency of their expenditures. In contrast, the New Starts transit program relies on financial and project justification criteria to evaluate and select grant proposals for transit projects through a competition for federal funds administered by the Federal Transit

[2]The three levels of review the Comptroller General discussed also included addressing vulnerabilities to fraud, waste, abuse, and mismanagement, particularly in high-risk federal programs; and a fundamental re-examination of programs, policies, activities, and processes. Because the programs we are discussing today are not on our high-risk list and our work in these areas has not focused on fraud or abuse, we are discussing them in the context of the longer-term goals of efficiency and effectiveness, which are key to appropriately targeting scarce federal resources. Our scope today does not encompass a fundamental re-examination of programs, which is also critical to ensuring the effective use of federal funds.

Administration (FTA).[3] While oversight of funded projects is important for this program, a key challenge that our work has addressed is how grant proposals should be evaluated to identify the best projects for funding. Finally, the Essential Air Service (EAS) program is statutorily based in the Airline Deregulation Act of 1978. Administered out of the Office of the Secretary of Transportation, it subsidizes air carriers' operations to guarantee that certain isolated small communities served by air carriers before deregulation continue to receive some scheduled air service. As the aviation industry has changed over the years, questions have arisen about the program's sustainability and efficiency.

My statement is based on a body of GAO reviews of these and other transportation programs, many completed at the request of your Committee or legislatively mandated. A complete list of related reports appears in appendix I.

In summary:

- The federal-aid highway program illustrates the challenge of ensuring that federal funds are spent efficiently through formula-based programs that finance projects that are then largely managed and overseen by the states. The program makes nearly $30 billion available to the states for their transportation programs annually, including funding for major highway and bridge projects. Over the years, we have documented cost growth and management deficiencies on these major highway and bridge projects, as have the Department of Transportation's Inspector General and state audit and evaluation agencies. Additionally, in 1997, we found that FHWA had done little to ensure that containing costs was an integral part of states' project management—in part because FHWA did not believe that encouraging or requiring practices to control costs and better manage projects was part of its oversight mandate. Since then, FHWA has developed strategies to strengthen its oversight, including requirements for annual finance plans and greater use of risk-based factors to focus its oversight efforts. The administration's reauthorization proposal also includes strategies for strengthening FHWA's oversight, and we believe these are positive steps that are responsive to many of the issues we've raised in the past. Should the Congress determine that enhancing federal oversight of major highway and bridge projects is needed and appropriate,

[3]In contrast to the New Starts program, there are other transit programs that are formula funded; however, we have not evaluated these programs and therefore do not include them in our discussion today.

in previous work we have identified options that provide the Congress opportunities to build on the administration's proposal during the reauthorization process by, among other things, clarifying uncertainties about FHWA's role and authority.

- The highway safety programs administered by NHTSA illustrate the challenge of evaluating how well federally funded and assisted state programs are meeting their goals, as well as how efficiently the federal funds are being spent. During fiscal years 1998 through 2002, the Congress provided about $2 billion to the states for programs designed to reduce the number of traffic fatalities, which totaled over 42,000 in 2002. NHTSA has tools for overseeing these programs, including improvement plans to help states meet their safety goals and management reviews to assess the programs' performance and use of federal funds. However, evaluating how well the state programs are meeting their highway safety goals is difficult because NHTSA's guidance does not establish a consistent means of measuring progress. Moreover, NHTSA's regional offices have made limited and inconsistent use of improvement plans and management reviews, in part because NHTSA's guidance does not specify criteria for conducting them. When NHTSA's regional offices have conducted management reviews of the state programs, they have sometimes found inefficient spending and weak controls over federal funds. In April 2003, we recommended strategies for improving NHTSA's use of these tools, including developing better guidance on when they should be used. NHTSA has begun to implement these recommendations. The administration's recent proposal to reauthorize the Transportation Equity Act for the 21st Century (TEA-21) calls for changes in the program that would provide even further flexibility to states in using these funds. It would also create grant programs based on state performance in two areas—reductions in fatalities and safety belt laws and usage.

- FTA's New Starts transit program illustrates two management oversight challenges: the challenge of developing effective federal processes for evaluating grant proposals as well as the already described challenge of overseeing projects' implementation. Under the New Starts program, which provided about $10 billion in mass transit funding for fiscal years 1998-2003 and was authorized by TEA-21, local transit agencies apply and compete for project funds on the basis of specific financial and project justification criteria. FTA reviews the grant applications and then notifies the Congress that it intends to commit New Starts funding to certain projects through full funding grant agreements. [4] Because many transit projects compete for New Starts funding, and FTA awards relatively few full funding grant agreements each year, it is crucial that the most promising projects are selected. FTA is also responsible for overseeing funded projects. FTA has implemented strategies to address the twin challenges of evaluating projects and overseeing their implementation. First, it developed a systematic process for evaluating potential New Starts projects competing for federal funding that provides a framework for evaluating and selecting projects. We believe that FTA has made substantial progress by implementing this process, but our work in recent years has raised some concerns, including the extent to which the process is able to adequately prioritize the projects. Second, FTA has improved the quality of its transit grants management oversight program by upgrading its guidance and training of staff and grantees and by strengthening oversight procedures. However, oversight remains an area of concern, as major transit projects continue to experience cost, schedule, and performance problems. The administration's fiscal year 2004 budget proposal contains several initiatives that have both advantages and disadvantages, with implications for the cost-effectiveness and performance of proposed projects.

- The Essential Air Service (EAS) program illustrates the challenge of considering modifications to statutorily defined programs in response to changing conditions. Under the EAS program, small communities that received scheduled commercial air service prior to the deregulation of the airline industry in 1978 and that meet certain additional criteria are guaranteed to continue receiving air service. Although the program was originally intended to end in 1988, the Congress later permanently authorized it. As the airline industry has evolved over the past 25 years, however, the EAS program has faced increasing challenges to remain viable. Costs have tripled since 1995 because carriers' costs have increased and revenues have declined as passenger ridership has fallen; passengers often prefer to drive to other larger airports nearby for better air service. In addition, the number of communities eligible for EAS subsidies has increased and may continue to grow in the near term. Within the past year, the Congress, the administration, and we have all proposed various strategies to improve the EAS program's overall efficiency and effectiveness by better targeting available resources and offering alternatives for sustainable services, such as allowing communities to

[4] A full funding grant agreement is a multiyear contractual agreement between FTA and project sponsors for a specified amount of funding. The full amount of funding is committed to the projects over a set period.

spend subsidy funds on individually-tailored transportation options that better meet their needs.

Options Exist to Address the Federal-Aid Highway Program's Oversight Challenges

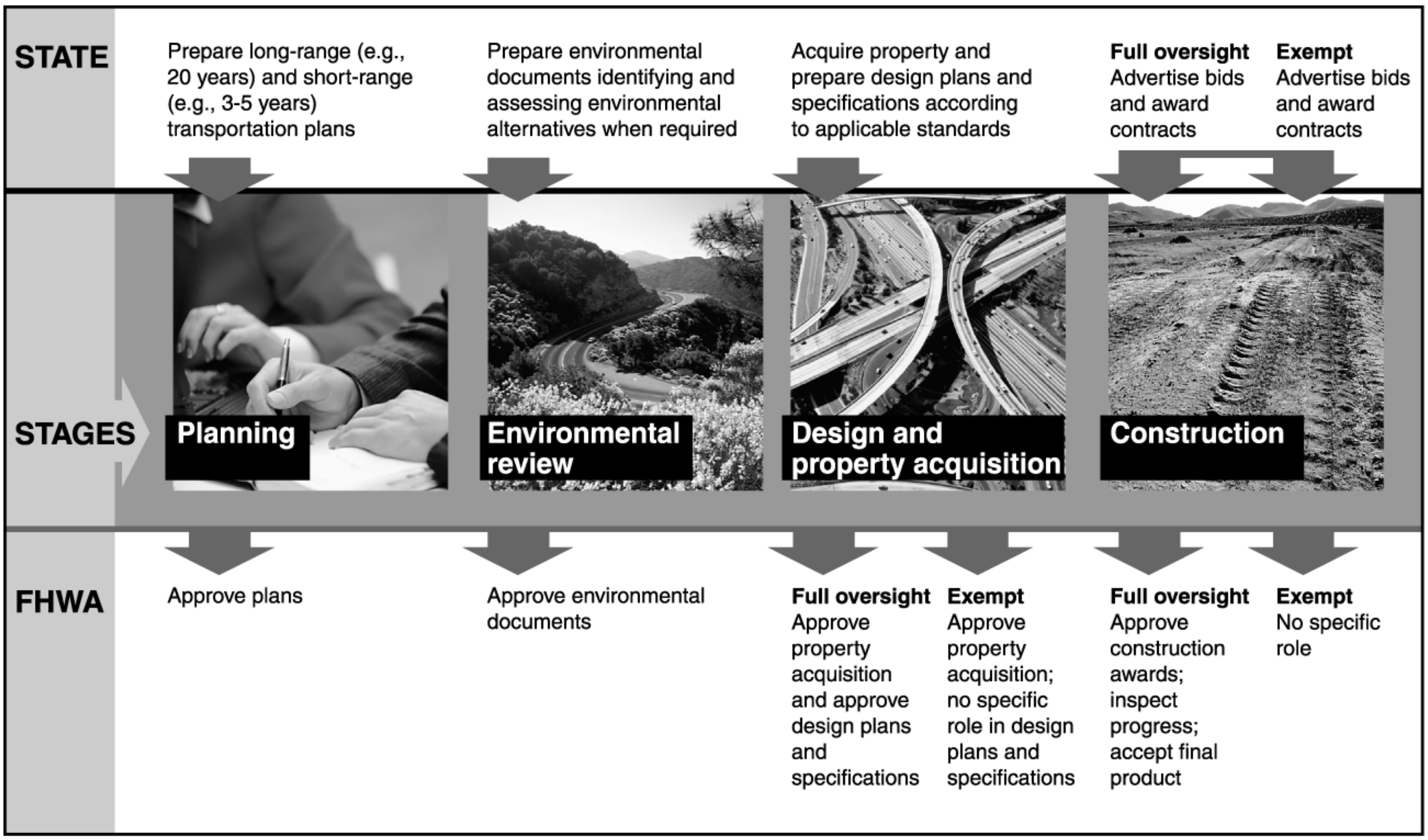
The federal-aid highway program provides nearly $30 billion annually to the states, most of which are formula grant funds that FHWA distributes through annual apportionments according to statutory formulas; once apportioned, these funds are generally available to each state for eligible projects.[5] The responsibility for choosing which projects to fund generally rests with state departments of transportation and local planning organizations. The states have considerable discretion in selecting specific highway projects and in determining how to allocate available federal funds among the various projects they have selected. For example, section 145 of title 23 of the United States Code describes the federal-aid highway program as a federally assisted state program and provides that the authorization of the appropriation of federal funds or their availability for expenditure, "shall in no way infringe on the sovereign rights of the States to determine which projects shall be federally financed."

A major highway or bridge construction or repair project usually has four stages: (1) planning, (2) environmental review, (3) design and property acquisition, and (4) construction. While FHWA approves state transportation plans, environmental impact assessments, and the acquisition of property for highway projects, its role in approving the

[5]How formulas are designed to distribute federal funds can itself affect the extent to which federal funds encourage or leverage the Nation's total level of highway investment and promote the most efficient funding of transportation projects. These issues are outside the scope of this testimony's discussion; however, our recent reports *Trends in Federal and State Capital Investment in Highways* (GAO-03-744R) and *Trends in State Capital Investment in Highways* (GAO-03-915SP) provide information on federal, state, and local investment in highways, and variations in states' levels of ' investment and effort over time. Our follow-on work to that report will more closely examine the interaction between levels of federal and state investment, including how the design of formulas may affect this interaction.

design and construction of projects varies.[6] The state's activities and FHWA's corresponding approval actions are shown in figure 1.

Figure 1: State and FHWA Actions on Highway Projects



[6]FHWA exercises full oversight only of certain high-cost Interstate system projects. On projects subject to "full" oversight, FHWA prescribes design and construction standards, approves design plans and estimates, approves contract awards, inspects construction progress, and renders final acceptance on projects when they are completed. States either may assume or are required to assume responsibilities for all other types of projects. See U.S. General Accounting Office, *Transportation Infrastructure: Cost and Oversight Issues on Major Highway and Bridge Projects*, GAO-02-702T (Washington, D.C.: May 1, 2002) for a more complete description of FHWA's and the states' responsibilities.

Challenges

Given the size and significance of the federal-aid highway program's funding and projects, a key challenge for this program is overseeing states' expenditure of public funds to ensure that state projects are well managed and successfully financed. Our work—as well as work by the DOT Inspector General and by state audit and evaluation agencies—has documented cost growth on numerous major highway and bridge projects. Let me provide one example. In January 2001, Virginia's Joint Legislative Audit and Review Commission found that final project costs on Virginia Department of Transportation projects were well above their cost estimates and estimated that the state's 6-year, $9 billion transportation development plan understated the costs of projects by up to $3.5 billion. The commission attributed these problems to several factors, including, among other things, not adjusting estimates for inflation and expanding the scope of projects.

Our work has identified weaknesses in FHWA's oversight of projects, especially in controlling costs. In 1997, we reported that cost containment was not an explicit statutory or regulatory goal of FHWA's oversight.[7] While FHWA influenced the cost-effectiveness of projects when it reviewed and approved plans for their design and construction, we found it had done little to ensure that cost containment was an integral part of the states' project management. According to FHWA officials, controlling costs was not a goal of their oversight, and FHWA had no mandate in law to encourage or require practices to contain the costs of major highway projects. More recently, an FHWA task force concluded that changes in the agency's oversight role since 1991—when the states assumed greater responsibility for overseeing federal-aid projects—had resulted in conflicting interpretations of the agency's role in overseeing projects, and that some of the field offices were taking a "hands off" approach to certain projects. In June 2001, FHWA issued a policy memorandum, in part to clarify that FHWA is ultimately accountable for all projects financed with federal funds. As recently as last month, a memorandum posted on FHWA's Web site discussed the laws establishing FHWA and the federal-aid highway program, along with congressional and public expectations that FHWA "ensure the validity of project cost estimates and schedules." The memorandum concluded, "These expectations may not be in full agreement with the role that has been established by these laws."

[7] U.S. General Accounting Office, *Transportation Infrastructure: Managing the Costs of Large-Dollar Highway Projects*, GAO/RCED-97-27 (Washington D.C.: Feb. 27, 1997).

In addition, we have found that FHWA's oversight process has not promoted reliable cost estimates. While there are many reasons for cost increases, we have found, on projects we have reviewed, that initial cost estimates were not reliable predictors of the total costs and financing needs of projects. Rather, these estimates were generally developed for the environmental review—whose purpose is to compare project alternatives, not to develop reliable cost estimates. In addition, FHWA had no standard requirements for preparing cost estimates, and each state used its own methods and included different types of costs in its estimates. We have also found that costs exceeded initial estimates on projects we have reviewed because (1) initial estimates were modified to reflect more detailed plans and specifications as projects were designed and (2) the projects' costs were affected by, among other things, inflation and changes in scope to accommodate economic development over time. We also found that highway projects take a long time to complete, and that the amount of time spent on them is of concern to the Congress, the federal government, and the states. Completing a major, new, federally funded highway project that has significant environmental impacts typically takes from 9 to 19 years and can entail as many as 200 major steps requiring actions, approvals, or input from a number of federal, state, and other stakeholders.[8]

Finally, we have noted that in many instances, states construct a major project as a series of smaller projects, and FHWA approves the estimated cost of each smaller project when it is ready for construction, rather than agreeing to the total cost of the major project at the outset. In some instances, by the time FHWA considers whether to approve the cost of a major project, a public investment decision may, in effect, already have been made because substantial funds have been spent on designing the project and acquiring property, and many of the increases in the project's estimated costs have already occurred.

Strategies

Since 1998, FHWA has taken a number of steps to improve the management and oversight of major projects in order to better promote cost containment. For example, FHWA implemented TEA-21's requirement that states develop an annual finance plan for any highway or bridge

[8]U.S. General Accounting Office, *Highway Infrastructure: Stakeholders' Views on Time to Conduct Environmental Reviews of Highway Projects*, GAO-03-534 (Washington D.C.: May 2003).

project estimated to cost $1 billion or more and established a major projects team that currently tracks and reports each month on 15 such projects. FHWA has also moved to incorporate greater risk-based management into its oversight in order to identify areas of weakness within state transportation programs, set priorities for improvement, and work with the states to meet those priorities.

The administration's May 2001 reauthorization measure contains additional proposed actions. It would introduce more structured FHWA oversight requirements, including mandatory annual reviews of state transportation agencies' financial management and "project delivery" systems, as well as periodic reviews of states' practices for estimating costs, awarding contracts, and reducing project costs. To improve the quality and reliability of cost estimates, it would introduce minimum federal standards for states to use in estimating project costs. The measure would also strengthen reporting requirements and take new actions to reduce fraud.[9]

Many elements of the administration's proposal are responsive to problems and options we have described in past reports and testimony.[10] Should the Congress determine that enhancing federal oversight of major highway and bridge projects is needed and appropriate, options we have identified in prior work remain available to build on the administration's proposal during the reauthorization process. However, adopting any of these options would require balancing the states' right to select projects and desire for flexibility and more autonomy with the federal government's interest in ensuring that billions of federal dollars are spent efficiently and effectively. Furthermore, the additional costs of each of these options would need to be weighed against its potential benefits. Options include the following:

[9]In particular, the measure requires states or project sponsors to prepare a project management plan for projects estimated to cost $1 billion or more that would detail processes in place to provide timely information needed to manage projects' scope, costs, schedule, and federal requirements. It would also extend the requirement for annual finance plans to projects receiving $100 million or more in federal funds, although approval of those plans could be delegated to the states. In addition, among other provisions, the proposal would require mandatory debarment of contractors convicted of fraud related to federal-aid highway or transit programs, and the suspension of contractors indicted for fraud.

[10]See, for example, U.S. General Accounting Office, *Federal-Aid Highways: Cost and Oversight of Major Highway and Bridge Projects—Issues and Options*, GAO-03-764T (Washington, D.C.: May 8, 2003); GAO-02-702T; and GAO/RCED-97-27.

- Have FHWA develop and maintain a management information system on the cost performance of selected major highway and bridge projects, including changes in estimated costs over time and the reasons for such changes. Such information could help define the scope of the problem with major projects and provide insights needed to fashion appropriate solutions.

- Clarify uncertainties concerning FHWA's role and authority. As I mentioned earlier, the federal-aid highway program is by law a federally assisted state program, and FHWA continues to question its authority to encourage or require practices to contain the costs of major highway and bridge projects. Should uncertainties about FHWA's role and authority continue, another option would be to resolve the uncertainties through reauthorization language.

- Have the states track the progress of projects against their initial baseline cost estimates. The Office of Management and Budget requires federal agencies, for acquisitions of major capital assets, to prepare baseline cost and schedule estimates and to track and report the acquisitions' cost performance. These requirements apply to programs managed by and acquisitions made by federal agencies, but they do not apply to the federal-aid highway program, a federally assisted state program. Expanding the federal government's practice to the federally assisted highway program could improve the management of major projects by providing managers with information for identifying and addressing problems early.

- Establish performance goals and strategies for containing costs as projects move through their design and construction phases. Such performance goals could provide financial or other incentives to the states for meeting agreed-upon goals. Performance provisions such as these have been established in other federally assisted grant programs and have also been proposed for use in the federal-aid highway program. Requiring or encouraging the use of goals and strategies could also improve accountability and make cost containment an integral part of how states manage projects over time.

- Consider methods for improving the time it takes to plan and construct major federal-aid highway projects—a process that we reported can take up to 19 years to complete. Major stakeholders suggested several approaches to improving the timeliness of these projects, including (1) improving project management, (2) delegating environmental review and permitting authority, and (3) improving agency staffing and skills. We have recommended that FHWA consider the benefits of the most promising approaches and act to foster the adoption of the most cost-effective and feasible approaches.[11]

- Reexamine the approval process for major highway and bridge projects. This option, which would require federal approval of a major project at the outset, including its cost estimate and finance plan, would be the most far-reaching and the most difficult option to implement. Potential models for such a process include the full funding grant agreement used by FTA for the New Starts program, and, as I testified last year, a DOT task force's December 2000 recommendation calling for the establishment of a separate funding category for initial design work and a new decision point for advancing highway projects.[12]

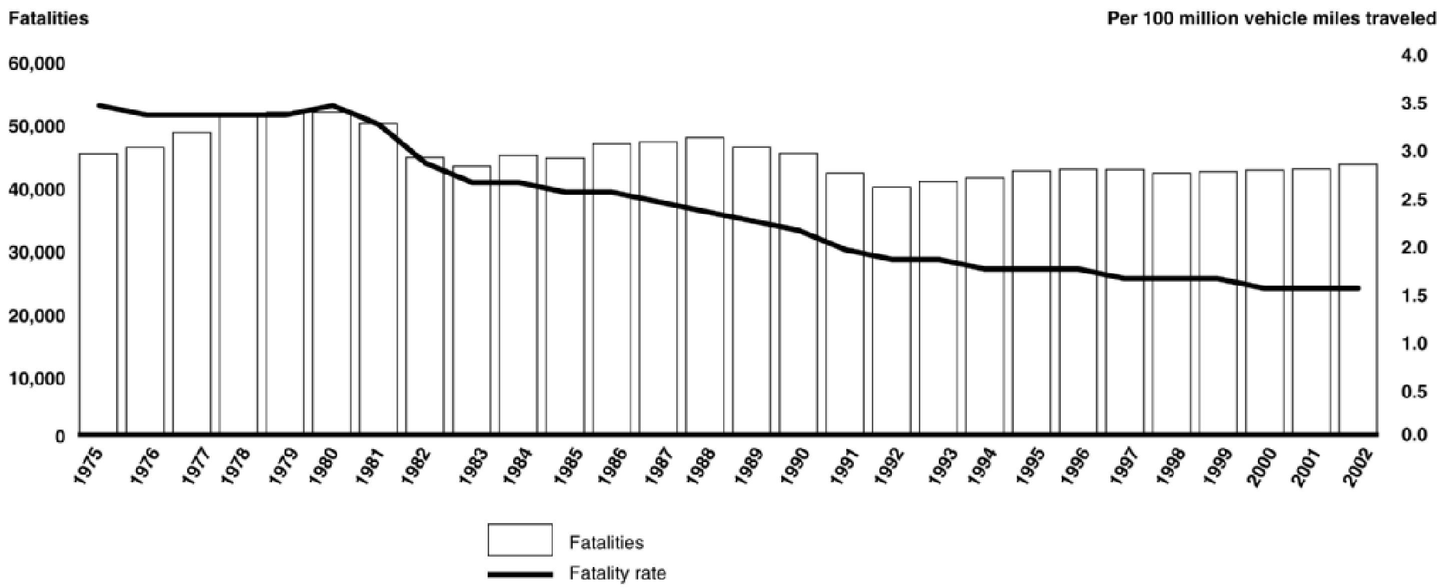
NHTSA Makes Inconsistent and Limited Use of Oversight Tools

Over the last 25 years, more than 1.2 million people have died as a result of traffic crashes in the United States—more than 42,000 in 2002. Since 1982, about 40 percent of traffic deaths were from alcohol-related crashes. In addition, traffic crashes are the leading cause of death for people aged 4 though 33. As figure 2 shows, the total number of traffic fatalities has not significantly decreased in recent years.

[11] GAO-03-534; GAO-03-398; GAO-02-1067T.

[12] GAO-02-702T.

Figure 2: Total Traffic Fatalities and Fatality Rate, 1975-2002



Source: GAO analysis of NHTSA data.

To improve safety on the nation's highways, NHTSA administers a number of programs, including the core federally funded highway safety program, Section 402 State and Community Grants, and several other highway safety programs that were authorized in 1998 by TEA-21. The Section 402 program, established in 1966, makes grants available for each state, based on a population and road mileage formula, to carry out traffic safety programs designed to influence drivers' behavior, commonly called behavioral safety programs. The TEA-21 programs include seven incentive programs, which are designed to reduce traffic deaths and injuries by promoting seatbelt use and reducing alcohol-impaired driving, and two transfer programs, which penalize states that have not complied with federal requirements for enacting repeat-offender and open container laws to limit alcohol-impaired driving. Under these transfer programs, noncompliant states are required to shift certain funds from federal-aid highway programs to projects that concern or improve highway safety. In addition, subsequent to TEA-21, the Congress required that, starting later this year, states that do not meet federal requirements for establishing 0.08 blood alcohol content as the state level for drunk driving will have a percentage of their federal aid highway funds withheld. During fiscal years 1998 through 2002, over $2 billion was provided to the states for highway safety programs.

NHTSA, which oversees the states' highway safety programs, adopted a performance-based approach to oversight in 1998. Under this approach, the states and the federal government are to work together to make the nation's highways safer. Each state sets its own safety performance goals and develops an annual safety plan that describes projects designed to achieve the goals. NHTSA's 10 regional offices review the states' annual plans and provide technical assistance, advice, and comments.[13] NHTSA has two tools available to strengthen its monitoring and oversight of the state programs—improvement plans that states not making progress towards their highway safety goals are to develop, which identify programs and activities that a state and NHTSA regional office will undertake to help the state meet its goals; and management reviews, which generally involve sending a team to a state to review its highway safety operations, examine its projects, and determine that it is using funds in accordance with requirements.

Challenges

Among the key challenges in this area are (1) evaluating how well the federally funded state highway safety programs are meeting their goals and (2) determining how well the states are spending and controlling their federal highway safety funds. In April 2003, we issued a report on NHTSA's oversight of state highway safety programs in which we identified weaknesses in NHTSA's use of improvement plans and management reviews.[14] Evaluating how well state highway safety programs are meeting their goals is difficult because, under NHTSA's performance-based oversight approach, NHTSA's guidance does not establish a consistent means of measuring progress. Although the guidance states that NHTSA can require the development and implementation of an improvement plan when a state fails to make progress toward its highway safety performance goals, the guidance does not establish specific criteria for evaluating progress. Rather, the guidance simply states that an improvement plan should be developed when a state is making little or no progress toward its highway safety goals. As a result, NHTSA's regional offices have made limited and inconsistent use of improvement plans, and some states do not have improvement plans, even though their alcohol-related fatality rates

[13] The Federal Motor Carrier Safety Administration also has an oversight role in highway safety for motor carrier transportation.

[14] U.S. General Accounting Office, *Highway Safety: Better Guidance Could Improve Oversight of State Highway Safety Programs*, GAO-03-474 (Washington, D.C.: Apr. 21, 2003).

have increased or their seat-belt usage rates have declined. Without a consistent means of measuring progress, NHTSA and state officials lack common expectations about how to define progress, how long states should have to demonstrate progress, how to set and measure highway safety goals, and when improvement plans should be used to help states meet their highway safety goals.

To determine how well the states are spending and controlling their federal highway safety funds, NHTSA's regional offices can conduct management reviews of state highway safety programs. Management reviews completed in 2001 and 2002 identified weaknesses in states' highway safety programs that needed correction; however, we found that the regional offices were inconsistent in conducting the reviews because NHTSA's guidance does not specify when the reviews should be conducted. The identified weaknesses included problems with monitoring subgrantees, poor coordination of programs, financial control problems, and large unexpended fund balances. Such weaknesses, if not addressed, could lead to inefficient or unauthorized uses of federal funds. According to NHTSA officials, management reviews also foster productive relationships with the states that allow the agency's regional offices to work with the states to correct vulnerabilities. These regions' ongoing involvement with the states also creates opportunities for sharing and encouraging the implementation of best practices, which may then lead to more effective safety programs and projects.

Strategies

To encourage more consistent use of improvement plans and management reviews, we made recommendations to improve the guidance to NHTSA's regional offices on when it is appropriate to use these oversight tools. In commenting on a draft of the report, NHTSA officials agreed with our recommendations and said they had begun taking action to develop criteria and guidance for using the tools.

The administration's recent proposal to reauthorize TEA-21 would make some changes to the safety programs that could also have some impact on program efficiencies. For example, the proposal would somewhat simplify the current grant structure for NHTSA's highway safety programs. The Section 402 program would have four components: core program formula grants, safety belt performance grants, general performance grants, and impaired driving discretionary grants. The safety belt performance grants would provide funds to states that had passed primary safety belt laws or achieved 90 percent safety belt usage. In addition, the general performance grant would provide funds based on overall reductions in (1) motor vehicle fatalities, (2) alcohol-related fatalities, and (3) motorcycle, bicycle, and pedestrian fatalities. Finally, the Section 402 program would have an impaired driving discretionary grant component, which would target funds to up to 10 states that had the highest impaired driving fatality numbers or fatality rates. In addition to changing the Section 402 program, the proposal would expand grants for highway safety information systems and create new emergency medical service grants. The proposal leaves intact existing penalties related to open container, repeat offender, and 0.08 blood-alcohol content laws, and establishes a new transfer penalty for states that fail to pass a primary safety belt law and have safety belt use rates lower than 90 percent by 2005.

The proposal would also give the states greater flexibility in using their highway safety funds. A state could move up to half its highway safety construction funds from the Highway Safety Improvement Program into the core Section 402 program. A state would also be able to use 100 percent of its safety belt performance grants for construction purposes if it had a primary safety belt law, or 50 percent if the grant was based on high safety belt use. States could also use up to 50 percent of their general performance grants for safety construction purposes.

The New Starts Transit Program Has Faced Challenges in Selection and Oversight of Projects and Has Taken Steps to Address these Challenges

The New Starts transit program identifies and funds fixed guideway projects, including rail, bus rapid transit, trolley, and ferry projects. The New Starts program provides much of the federal government's investment in urban mass transportation. TEA-21 and subsequent amendments authorized approximately $10 billion for New Starts projects for fiscal years 1998 through 2003. The administration's proposal for the surface transportation reauthorization, known as the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2003 (SAFETEA), requests that about $9.5 billion be made available for the New Starts program for fiscal years 2004 through 2009.

Unlike the federal highway program and certain transit programs, under which funds are automatically distributed to states on the basis of formulas, the New Starts program requires local transit agencies to compete for New Starts project funds on the basis of specific financial and project justification criteria. To obtain New Starts funds, a project must progress through a regional review of alternatives, develop preliminary engineering plans, and meet FTA's approval for final design. FTA assesses the technical merits of a project proposal and its finance plan and then notifies the Congress that it intends to commit New Starts funding to certain projects through full funding grant agreements. The agreement establishes the terms and conditions for federal participation in the project, including the maximum amount of federal funds—no more than 80 percent of the estimated net cost of the project.[15] While the grant agreement commits the federal government to providing the federal contributions to the project over a number of years, these contributions are subject to the annual appropriations process. State or local sources provide the remaining funding. The grantee is responsible for all costs exceeding the federal share, unless the agreement is amended.

To meet the nation's transportation needs, many states and localities are planning or building large New Starts projects to replace aging infrastructure or build new capacity. They are often costly and require large commitments of public resources, which may take several years to obtain from federal, state, and local sources. The projects can also be technically challenging to construct and require their sponsors to resolve a wide range of social, environmental, land-use, and economic issues before and during construction.

Challenges

It is critical that federal and other transportation officials meet two particular challenges that stem from the costly and lengthy federal funding commitment associated with New Starts projects. First, they must have a sound basis for evaluating and selecting projects. Because many transit projects compete for limited federal transit dollars—there are currently 52 projects in the New Starts "pipeline"—and FTA awards relatively few full funding grant agreements each year, it is crucial that local governments choose the most promising projects as candidates for New Starts funds and that FTA uses a process that effectively selects those projects that most clearly meet the program's goals.

Second, FTA, like FHWA, has the challenge of overseeing the planning, development, and construction of selected projects to ensure they remain on schedule and within budget, and deliver their expected performance. In the early 1990s, we designated the transit grants management oversight program as high risk because it was vulnerable to fraud, waste, abuse, and

[15] In response to language contained in a conference report prepared by the House Appropriations Committee, FTA adopted a 60 percent preference policy, which in effect generally reduced the level of New Starts federal funding share for projects from 80 percent to 60 percent.

mismanagement.[16] While we have removed it from the high-risk designation because of improvements FTA has made to this program, we have found that major transit projects continue to experience costs and schedule problems. For example, in August, 1999, we reported that 6 of the 14 transit projects with full funding grant agreements had experienced cost increases, and 3 of those projects had experienced cost increases that were more than 25 percent over the estimates approved by FTA in grant agreements.[17] The key reasons for the increases included (1) higher than anticipated contract costs, (2) schedule delays, and (3) project scope changes and system enhancements. A recent testimony by the Department of Transportation's Inspector General indicates that major transit projects continue to experience significant problems including cost increases, financing problems, schedule delays, and technical or construction difficulties.[18]

Strategies

FTA has developed strategies to address the twin challenges of selecting the right projects and monitoring their implementation costs, schedule, and performance. First, in response to direction in TEA-21, FTA developed a systematic process for evaluating and rating potential New Starts projects competing for federal funding.[19] Under this process, FTA assigns individual ratings for a variety of financial and project justification criteria and then assigns an overall rating of highly recommended, recommended, not recommended, or not rated. These criteria reflect a broad range of benefits and effects of the proposed projects, including capital and operating finance plans, mobility improvements, environmental benefits, operating efficiencies, cost-effectiveness, land use, and other factors. According to FTA's New Starts regulations, a project must have an overall rating of at least "recommended" to receive a grant agreement. FTA also considers a number of other "readiness" factors before proposing funding

[16]U.S. General Accounting Office, *Mass Transit: Challenges in Evaluating, Overseeing, and Funding Major Transit Projects* (GAO/T-RCED-00-104, Washington, DC: Mar. 8, 2000).

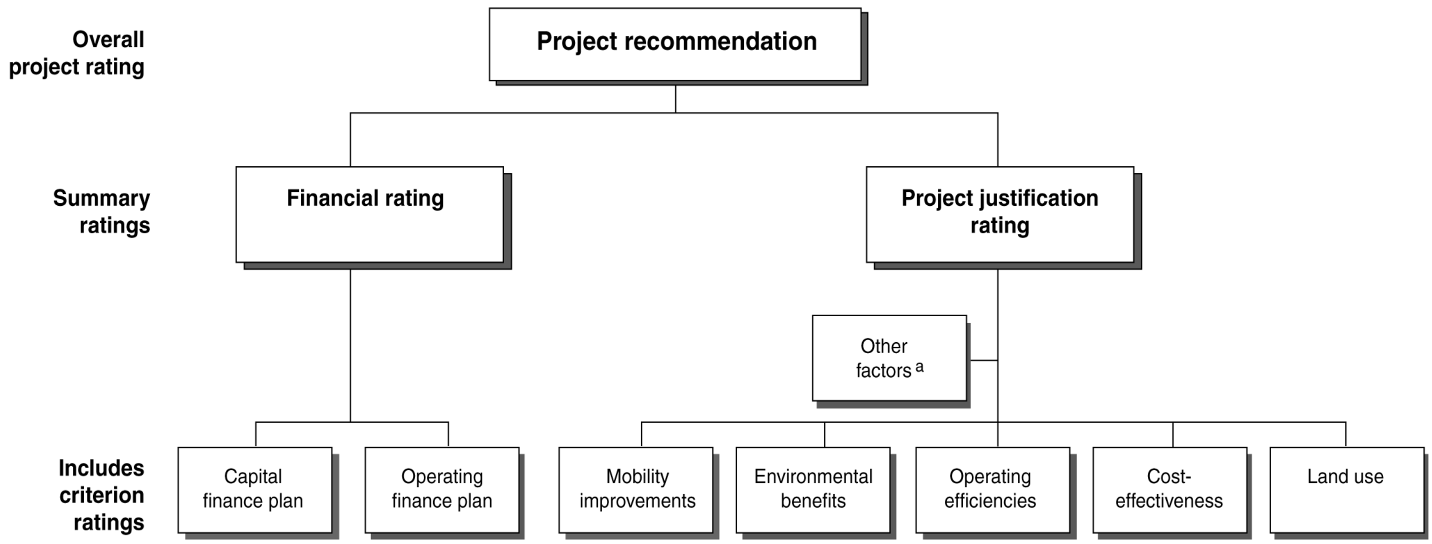
[17]U.S. General Accounting Office, *Mass Transit: Status of New Starts Transit Projects With Full Funding Grant Agreements*, GAO/RCED-99-240 (Washington, D.C.: Aug. 19, 1999).

[18] See U.S. Department of Transportation, Statement of the Honorable Kenneth M. Mead, Inspector General, *Management of Large Highway and Transit Projects* (Washington, D.C.: May 1, 2002).

[19]The exceptions to the ratings process are projects that are statutorily exempt because they request less than $25 million in New Starts funding.

for a project. For example, FTA proposes funding only for projects that are expected to enter the final design phase and be ready for grant agreements within the next fiscal year. Figure 3 illustrates the New Starts evaluation and ratings process.

Figure 3: New Starts Evaluation and Ratings Process



Source: FTA.

Note: According to FTA, the optional criterion of "other factors" gives grantees the opportunity to provide additional information about the likelihood of a project's overall success.

While FTA has made substantial progress in establishing a systematic process for evaluating and rating potential projects, our work has raised some concerns about the process. For example, to assist FTA in prioritizing projects to ensure that the relatively few full funding grant agreements go to the most important projects, we recommended in March 2000 that FTA further prioritize the projects that it rates as highly recommended or recommended and ready for New Starts funds.[20] FTA has not implemented this recommendation. We believe that this recommendation is still valid because the funding requested for the many

[20]U.S. General Accounting Office, *Mass Transit: Challenges in Evaluating, Overseeing, and Funding Major Transit Projects*, GAO/T-RCED-00-104 (Washington, D.C.: Mar. 8, 2000).

projects that are expected to compete for grant agreements over the next several years is likely to exceed the available federal dollars. A further concern about the ratings process stems from FTA's decision during the fiscal year 2004 cycle to propose a project for a full funding grant agreement that had been assigned an overall project rating of "not rated," even though FTA's regulations require that projects have at least a "recommended" rating to receive a grant agreement.[21] Finally, we found that FTA needs to provide clearer information and additional guidance about certain changes it made to the evaluation and ratings process for the fiscal year 2004 cycle.[22]

In work that addressed the challenge of overseeing ongoing projects once they are selected to receive a full funding grant agreement, we reported in March and September 2000 that FTA had improved the quality of the transit grants management oversight program through strategies that included upgrading its guidance and training of staff and grantees, developing standardized oversight procedures, and employing contractor staff to strengthen its oversight of grantees. FTA also expanded its oversight efforts to include a formal and rigorous assessment of a grantee's financial capacity to build and operate a new project and of the financial impact of that project on the existing transit system. These assessments, performed by independent accounting firms, are completed before FTA commits funds for construction and are updated as needed until projects are completed. For projects that already have grant agreements, FTA focuses on the grantee's ability to finish the project on time and within the budget established by the grant agreement.

The administration's fiscal year 2004 budget proposal contains three New Starts initiatives—reducing the maximum federal statutory share to 50 percent, allowing non-fixed-guideway projects to be funded through New Starts, and replacing the "exempt" classification with a streamlined ratings

[21]According to FTA officials, this project could not be rated because its local travel forecasting data and models did not support calculation of a new benefits measure required for the fiscal year 2004 cycle. The officials told us that they decided to select this project for a proposed grant agreement because they believed that the data problems would be corrected, and the project would be able to achieve a "recommended" rating and be ready for a grant agreement by the end of fiscal year 2004. They said that other proposed projects that received overall ratings of "recommended" or higher would not be ready at that time.

[22]U.S. General Accounting Office, *Mass Transit: FTA Needs to Provide Clear Information and Additional Guidance on the New Starts Ratings Process*, GAO-03-701 (Washington, D.C.: June 23, 2003).

process for projects requesting less than $75 million in New Starts funding. These proposed initiatives have advantages and disadvantages, with implications for the cost-effectiveness and performance of proposed projects. First, the reduced federal funding would require local communities to increase their funding share, creating more incentive for them to propose the most cost-effective projects; however, localities might have difficulties generating the increased funding share, and this initiative could result in funding inequities for transit projects when compared with highway projects. Second, allowing non-fixed guideway projects to be funded under New Starts would give local communities more flexibility in choosing among transit modes and might promote the use of bus rapid transit, whose costs compare favorably with those of light rail systems;[23] however, this initiative would change the original fixed guideway emphasis of New Starts, which some project sponsors we interviewed believe might disadvantage traditional New Starts projects. Finally, replacing the "exempt" classification with a streamlined rating process for all projects requesting less than $75 million might promote greater performance-oriented evaluation since all projects would receive a rating. However, this initiative might reduce the number of smaller communities that would participate in the New Starts program.

DOT's Essential Air Service Program Faces Possible Program Modifications Due to Changing Conditions

The Congress established the Essential Air Service (EAS) program as part of the Airline Deregulation Act of 1978. The act guaranteed that communities served by air carriers before deregulation would continue to receive a certain level of scheduled air service. Special provisions guaranteed service to Alaskan communities. In general, the act guaranteed continued service by authorizing DOT to require carriers to continue providing service at these communities. If an air carrier could not continue that service without incurring a loss, DOT could then use EAS funds to award that carrier a subsidy. Subsidies are to cover the difference between a carrier's projected revenues and expenses and to provide a minimum amount of profit. Under the Airline Deregulation Act, the EAS program was intended to sunset, or end, after 10 years. In 1987, the Congress extended the program for another 10 years, and in 1998, it eliminated the sunset provision, thereby permanently authorizing EAS.

To be eligible for subsidized service, a community must meet three general requirements. It must have received scheduled commercial passenger

[23] GAO-03-729T.

service as of October 1978, may be no closer than 70 highway miles to a medium- or large-hub airport, and must require a subsidy of less than $200 per person (unless the community is more than 210 highway miles from the nearest medium- or large-hub airport, in which case no average per-passenger dollar limit applies). [24]

Funding for the EAS program comes from a combination of permanent and annual appropriations. Part of its funding comes from the Federal Aviation Reauthorization Act of 1996 (P.L. 104-264), which authorized the collection of user fees for services provided by the Federal Aviation Administration (FAA) to aircraft that neither take off nor land in the United States, commonly known as overflight fees. The act also permanently appropriated the first $50 million of such fees for EAS and safety projects at rural airports. In fiscal year 2003, total EAS program appropriations were $113 million.

Challenges

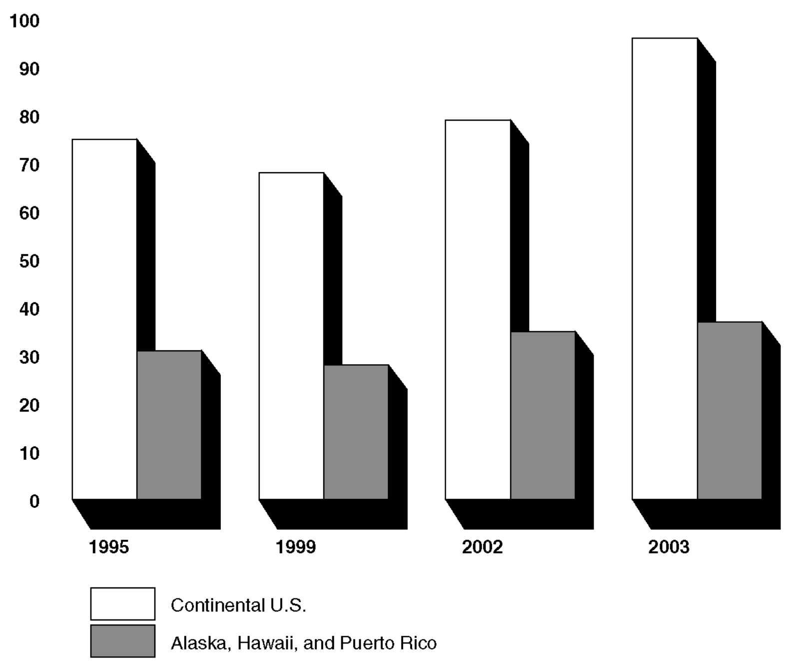
As the airline industry has evolved since the industry was deregulated in 1978, the EAS program has faced increasing challenges to remain viable. Since fiscal year 1995, the program's costs have tripled, rising from $37 million to $113 million, and they are likely to continue escalating. Several factors are likely to affect future subsidy requirements. First, carriers' operating costs have increased over time, in part because of the costs associated with meeting federal safety regulations for small aircraft beginning in 1996. Second, carriers' revenues have been limited because many individuals traveling to or from EAS-subsidized communities choose not to fly from the local airport, but rather to use other larger nearby airports, which generally offer more service at lower airfares. On average, in 2000, each EAS flight operated with just over 3 passengers.

Finally, the number of communities eligible for EAS subsidies has increased over time, rising from a total of 106 in 1995 to 114 in July 2002 (79 in the continental United States and 35 in Alaska, Hawaii, and Puerto Rico) and again to 133 in April 2003 (96 in the continental United States

[24] The nation's commercial airports are categorized into four main groupings based on the number of passengers boarding an aircraft (enplaned) for all operations of U.S. carriers in the United States. A nonhub has less than 0.05 percent of the total annual passenger enplanements in the United States in any given year. A small hub has at least 0.05 percent, but less than 0.25 percent, of total enplanements. A medium hub has at least 0.25 percent and less than 1.0 percent of total U.S. enplanements, and a large hub has 1.0 percent or more of total U.S. enplanements. These definitions are contained in statute.

and 37 in Alaska, Hawaii, and Puerto Rico). The number of subsidy-eligible communities may continue to grow in the near term. Figure 4 shows the increase in the number of communities eligible for EAS-subsidized service between 1995 and April 2003.

Figure 4: Increase in EAS-Subsidized Communities between 1995 and April 2003



Source: GAO.

Note: Data for April 2003 show the number of communities receiving EAS-subsidized service and those where proposed subsidies are under negotiation.

Strategies

Over the past year, the Congress, the administration, and we have each identified a number of potential strategies generally aimed at enhancing the EAS program's long-term sustainability. These strategies broadly address challenges related to the carriers' cost of providing service and the passenger traffic and revenue that carriers can hope to accrue.

In August 2002, in response to a congressional mandate, we identified and evaluated four major categories of options to enhance the long-term viability of the EAS program.[25] In no particular order, the options we identified were as follows:

- Better match capacity with community use by increasing the use of smaller (i.e., less costly) aircraft and restricting little-used flight frequencies.
- Target subsidized service to more remote communities (i.e., those where passengers are less likely to drive to another airport) by changing eligibility criteria.
- Consolidate service to multiple communities into regional airports.
- Change the form of the federal assistance from carrier subsidies to local grants that would allow local communities to match their transportation needs with individually tailored transportation options.

Each of these options could have positive and negative effects, such as lowering the program's costs but possibly adversely affecting the economies of the communities that would lose some or all of their direct scheduled airline service.

This year's House-passed version of the FAA reauthorization bill, H.R. 2115, also includes various options to restructure air service to small communities now served by the EAS program. The bill proposes an alternative program (the "community and regional choice program"), which would allow communities to opt out of the EAS program and receive a grant that they could use to establish and pay for their own service, whether scheduled air service, air taxi service, surface transportation, or another alternative.

The complementary Senate FAA reauthorization bill (also H.R. 2115) also includes specific provisions designed to restructure the EAS program. This bill would set aside some funds for air service marketing to try to attract passengers and create a grant program under which up to 10 individual communities or a consortium of communities could opt out of the existing EAS program and try alternative approaches to improving air service. In addition, the bill would preclude DOT from terminating, before the end of

[25] U.S. General Accounting Office, *Options to Enhance the Long-term Viability of the Essential Air Service Program*, GAO-02-997R (Washington, D.C.: Aug. 30, 2002).

2004, a community's eligibility for an EAS subsidy because of decreased passenger ridership and revenue.

The administration's proposal would generally restrict appropriations to the $50 million from overflight fees and would require communities to help pay the costs of funding their service. The proposal would also allow communities to fund transportation options other than scheduled air service, such as on-demand "air taxis" or ground transportation.

Mr. Chairman, this concludes my prepared statement. I would be pleased to answer any questions you or other members of the Committee may have.

Contact and Acknowledgments

For future contacts regarding this testimony, please contact JayEtta Hecker at (202) 512-2834. Individuals making key contributions to this testimony included Robert Ciszewski, Steven Cohen, Elizabeth Eisenstadt, Rita Grieco, Steven Martin, Katherine Siggerud, Glen Trochelman, and Alwynne Wilbur.

Appendix 1: Related GAO Products

Federal-Aid Highways

Federal-Aid Highways: Cost and Oversight of Major Highway and Bridge Projects—Issues and Options. GAO-03-764T. Washington, D.C.: May 8, 2003.

Transportation Infrastructure Cost and Oversight Issues on Major Highway and Bridge Projects. GAO-02-673. Washington, D.C.: May 1, 2002.

Surface Infrastructure: Costs, Financing, and Schedules for Large-Dollar Transportation Projects. GAO/RCED-98-64. Washington, D.C.: February 12, 1998.

DOT's Budget: Management and Performance Issues Facing the Department in Fiscal Year 1999. GAO/T-RCED/AIMD-98-76. Washington, D.C.: February 12, 1998.

Transportation Infrastructure: Managing the Costs of Large-Dollar Highway Projects. GAO/RCED-97-27. Washington, D.C.: February 27, 1997.

Transportation Infrastructure: Progress on and Challenges to Central Artery/Tunnel Project's Costs and Financing. GAO/RCED-97-170. Washington, D.C.: July 17, 1997.

Transportation Infrastructure: Central Artery/Tunnel Project Faces Financial Uncertainties. GAO/RCED-96-1313. Washington, D.C.: May 10, 1996.

Central Artery/Tunnel Project. GAO/RCED-95-213R. Washington, D.C.: June 2, 1995.

Highway Safety

Highway Safety: Research Continues on a Variety of Factors That Contribute to Motor Vehicle Crashes. GAO-03-436. Washington, D.C.: March 31, 2003.

Highway Safety: Better Guidance Could Improve Oversight of State Highway Safety Programs. GAO-03-474. Washington, D.C.: April 21, 2003.

Highway Safety: Factors Contributing to Traffic Crashes and NHTSA's Efforts to Address Them. GAO-03-730T. Washington, D.C.: May 22, 2003.

Mass Transit

Federal Transit Administration: Bus Rapid Transit Offers Communities a Flexible Mass Transit Option. GAO-03-729T. Washington, D.C.: June 24, 2003.

Mass Transit: FTA Needs to Provide Clear Information and Additional Guidance on the New Starts Ratings Process. GAO-03-701. Washington, D.C.: June 23, 2003.

Mass Transit: FTA's New Starts Commitments for Fiscal Year 2003. GAO-02-603. Washington, D.C.: April 30, 2002.

Mass Transit: FTA Could Relieve New Starts Program Funding Constraints. GAO-01-987. Washington, D.C.: August 15, 2001.

Mass Transit: Project Management Oversight Benefits and Future Funding Requirements. GAO/RCED-99-240. Washington, D.C.: August 19, 1999.

Mass Transit: Implementation of FTA's New Starts Evaluation Process and FY 2001 Funding Proposals. GAO/RCED-00-149. Washington, D.C.: April 28, 2000.

Mass Transit: Challenges in Evaluating, Overseeing, and Funding Major Transit Projects. GAO/T-RCED-00-104. Washington, DC: Mar. 8, 2000.

Mass Transit: Status of New Starts Transit Projects With Full Funding Grant Agreements, GAO/RCED-99-240. Washington, D.C.: Aug. 19, 1999.

Mass Transit: FTA's Progress in Developing and Implementing a New Starts Evaluation Process. GAO/RCED-99-113. Washington, D.C.: April 26, 1999.

Essential Air Service

Commercial Aviation: Issues Regarding Federal Assistance for Enhancing Air Service to Small Communities. GAO-03-540T. Washington, D.C.: March 11, 2003.

Commercial Aviation: Factors Affecting Efforts to Improve Air Service at Small Community Airports. GAO-03-330. Washington, D.C.: January 17, 2003.

Commercial Aviation: Financial Condition and Industry Responses Affect Competition. GAO-03-171T. Washington, D.C.: October 2, 2002.

Options to Enhance the Long-term Viability of the Essential Air Service Program. GAO-02-997R. Washington, D.C.: Aug. 30, 2002.

Commercial Aviation: Air Service Trends at Small Communities Since October 2000. GAO-02-432. Washington, D.C.: August 30, 2002.

Essential Air Service: Changes in Passenger Traffic, Subsidy Levels, and Air Carrier Costs. T-RCED-00-185. Washington, D.C.: May 25, 2000.

Essential Air Service: Changes in Subsidy Levels, Air Carrier Costs, and Passenger Traffic. RCED-00-34. Washington, D.C.: April 14, 2000.

GAO's Mission

The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through the Internet. GAO's Web site (www.gao.gov) contains abstracts and full-text files of current reports and testimony and an expanding archive of older products. The Web site features a search engine to help you locate documents using key words and phrases. You can print these documents in their entirety, including charts and other graphics.

Each day, GAO issues a list of newly released reports, testimony, and correspondence. GAO posts this list, known as "Today's Reports," on its Web site daily. The list contains links to the full-text document files. To have GAO e-mail this list to you every afternoon, go to www.gao.gov and select "Subscribe to e-mail alerts" under the "Order GAO Products" heading.

Order by Mail or Phone

The first copy of each printed report is free. Additional copies are $2 each. A check or money order should be made out to the Superintendent of Documents. GAO also accepts VISA and Mastercard. Orders for 100 or more copies mailed to a single address are discounted 25 percent. Orders should be sent to:

U.S. General Accounting Office
441 G Street NW, Room LM
Washington, D.C. 20548

To order by Phone:	Voice:	(202) 512-6000
	TDD:	(202) 512-2537
	Fax:	(202) 512-6061

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

Public Affairs

Jeff Nelligan, Managing Director, NelliganJ@gao.gov (202) 512-4800
U.S. General Accounting Office, 441 G Street NW, Room 7149
Washington, D.C. 20548