



Strategic Objective:

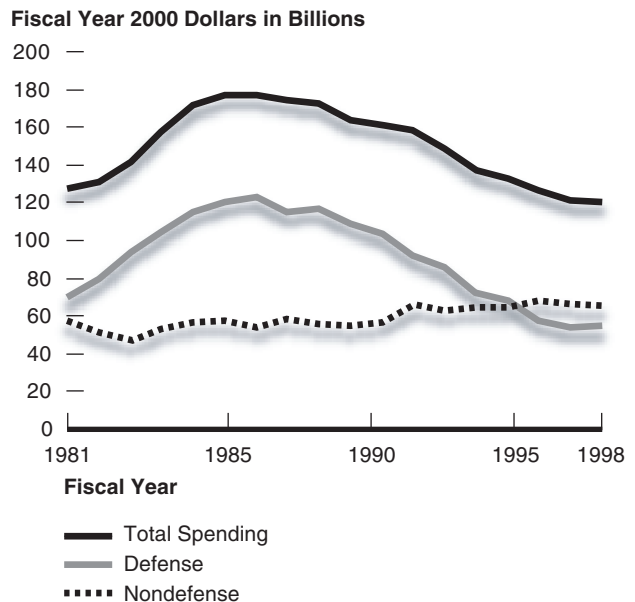
A Secure and Effective National Physical Infrastructure

Issue: The nation's economic vitality and the quality of life of its citizens depend to an important degree on the soundness and availability of its physical infrastructure. Transportation and telecommunications systems, for instance, provide the superstructure for the nation's economic engine, facilitating the movement of people, goods, and ideas. Adequate drinking water and waste treatment facilities are also essential to the well-being of all Americans. The nation relies heavily on its postal system for efficient mail delivery service. And thousands of federal facilities house and support human capital and the other assets needed to provide services to the American people.

In both the short and the long term, the nation faces important infrastructure challenges as federal, state, and local governments confront new demands brought on by changes in demographics, technology, and lifestyles. The challenges are complex, cutting across many interrelated issues, and require coordinated intergovernmental responses. For example, the vulnerability of infrastructure systems to terrorism requires effective efforts to identify, prevent, and respond to threats. In addition, long-term trends indicate that increasing numbers of motorists and air travelers are encountering increasingly congested highways and airport runways. Suburban growth has raised demands for new roads, water and sewer systems, and access to telecommunications. At the same time, existing communities are demanding that the environment and their citizens' quality of life not be harmed by this growth. The cost of maintaining and modernizing its infrastructure is only one concern of a U.S. Postal Service that faces growing financial, operational, and human capital challenges. In addition, the deregulated transportation and telecommunications industries require continuous oversight to help ensure that firms have a level playing field on which to compete and that consumers receive the intended benefits of deregulation.

The responses of the federal government and other levels of government to these infrastructure challenges will have important consequences for the nation's future because of their effects on the quality of life and their significant costs. Furthermore, infrastructure needs must compete with non-infrastructure demands such as health care and the war on terrorism. As shown in figure 1.10, federal spending for nondefense infrastructure has increased only slightly since 1981.

Figure 1.10: Federal Spending on Infrastructure, 1981 through 1998



Source: GAO's analysis of Office of Management and Budget data.

Given limited resources, decision makers must choose the investments that promise to be most cost-effective and targeted to address national infrastructure needs. These choices must be supported by credible data on needs and costs, performance information and measures highlighting outcomes from existing programs, and a budget process prompting a more explicit focus on investment spending across agencies.

It is therefore essential for government at all levels to have the information needed to make well-informed decisions about how to allocate funds among competing priorities, evaluate the challenges to determine which solutions are most cost-effective, and implement these solutions as efficiently and effectively as possible.

Performance Goals: To support efforts by the Congress and the federal government to address these efforts, GAO will

- assess strategies for identifying, evaluating, prioritizing, financing, and implementing integrated solutions to the nation's infrastructure needs;

- assess the impact of transportation and telecommunications policies and practices on competition and consumers;
- assess efforts to improve safety and security in all transportation modes;
- assess the U.S. Postal Service's transformation efforts to ensure its viability and accomplish its mission; and
- assess federal efforts to plan for, acquire, manage, maintain, secure, and dispose of the government's real property assets.

Assess Strategies for Identifying, Evaluating, Prioritizing, Financing, and Implementing Integrated Solutions to the Nation's Infrastructure Needs

Key Efforts

- ❑ Determine the condition of the nation's infrastructure sectors and assess potential national approaches and best practices to address needs and establish a framework for the integrated systems of the future
- ❑ Assess the effectiveness of federal management and oversight of infrastructure improvement projects as well as the cost-benefit studies and other evaluations used to justify these projects
- ❑ Evaluate the impact of current and innovative financing strategies for funding infrastructure projects and improvements—including identifying opportunities to optimize state, local, regional, and private roles in, and accountability for, efficient investments of public funds

Significance

The public is well aware of the importance of an effective infrastructure to the nation's well-being and expects its federal, state, and local governments to provide an integrated infrastructure that meets public needs at an affordable cost. However, reports about the condition of the nation's infrastructure and improvement needs even before the recent tragic events are disturbing. The Federal Highway Administration estimated that over \$80 billion per year could be needed over 20 years from federal and nonfederal entities to maintain and improve the nation's 3.9 million miles of roads and bridges. Similarly, upwards of \$70 billion may be required if all federally designated passenger rail corridors throughout the country were to be fully developed. Furthermore, confidence in the air traffic control system has been eroded by cost overruns, schedule delays, and missed performance goals in the Federal Aviation Administration's multibillion-dollar modernization program. Added to these needs are likely to be higher funding requests for new strategies to reduce the vulnerability of infrastructure systems to security threats. No national strategy exists, however, for prioritizing, financing, implementing, and managing a system integrating all modes of transportation that will meet the nation's needs under various possible scenarios.

Furthermore, all levels of government have roles to play in planning, developing, and maintaining infrastructure and in paying a portion of infrastructure costs. Federal, state, and local agencies have faced competing demands for large capital investments in infrastructure, including those related to repairing and maintaining aging infrastructure. Thus, it is important to know all the facts, use the best practices, and consider innovative and efficient methods for financing infrastructure projects, such as public-private partnerships.

Potential Outcomes that Could Result when GAO's Work Is Used

Sound management and investment decisions regarding infrastructure conditions and the costs and benefits of diverse strategies for investments in infrastructure

More informed decisions in planning for an integrated transportation system based on information on the interrelationships and relative strengths and weaknesses among the various transportation modes

Better decisions by federal, state, and local governments in planning, prioritizing, and implementing new infrastructure investments

Assess Strategies for Identifying, Evaluating, Prioritizing, Financing, and Implementing Integrated Solutions to the Nation's Infrastructure Needs (cont.)

More effective infrastructure project financing; more efficient infrastructure use; and better leveraging of federal, state, local, and private funds

Assess the Impact of Transportation and Telecommunications Policies and Practices on Competition and Consumers

Key Efforts

- ❑ Determine the effects of government organization, policies, and practices and private market forces on the status of competition and the ability to provide affordable and accessible services in the transportation and telecommunications industries
- ❑ Assess whether federal and state programs and regulations adequately protect consumers and communities from anticompetitive, abusive, and unfair business practices
- ❑ Assess the effectiveness of U.S. policies and management approaches in supporting the competitiveness and performance of the transportation and telecommunications industries in light of increased globalization and emerging technologies

Significance

The various modes of transportation and the telecommunications industry provide networks to move people, cargo, and information around the country and abroad. These networks directly contributed over \$600 billion to the nation's gross domestic product in 2000. Various governmental bodies—the Departments of Justice and Transportation and the Federal Communications Commission—oversee the practices of these industries under a variety of statutes. These industries are subject to varying degrees and types of regulation but generally are free to develop products, establish prices, and otherwise compete for business in the commercial marketplace. GAO's work and that of others have shown that competition has not developed sufficiently within parts of these industries to ensure that new technologies are introduced and lower costs are passed on to consumers. As these industries have changed over time, concerns have arisen as to whether the existing policies, procedures, and organizational structures are adequate to address certain anticompetitive behaviors. In addition, recent consolidation across these industries has raised concerns in the Congress and elsewhere about the existence of a level playing field and the ability of competition to act as a natural control over prices in the future. Increasingly, the globalization of the economy brings the practices and policies of foreign entities to bear on U.S. providers of transportation and telecommunications services as well.

Potential Outcomes that Could Result when GAO's Work Is Used

A more informed congressional assessment of U.S. policies affecting the level of competition in the transportation and telecommunications industries

Improvements in consumer protection, enforcement of existing requirements, and prevention of abusive and unfair practices

More informed congressional decisions on the appropriate role and organization of regulatory bodies, including their interaction with relevant state and international regulatory organizations

A more informed congressional assessment of technological developments, market factors, and resource utilization issues in the telecommunications sector, including efforts to accommodate the rapidly growing consumer demand for advanced wireless communications services

Assess Efforts to Improve Safety and Security in All Transportation Modes

Key Efforts

- ❑ Assess the effectiveness of federal, state, and local safety efforts for all modes of transportation, including the extent to which these efforts focus on correcting the root causes of transportation accidents
- ❑ Assess federal, state, and local efforts to identify and address key vulnerabilities in the security of the nation's transportation systems

Significance

Transportation safety has long been a major concern to all Americans, but the terrorist attacks of September 11 have elevated the security of the nation's infrastructure to a heightened level of concern. The need for improved aviation security is self-evident. The risk is real and the recent events, along with the Oklahoma City bombing, show that the threats can come from within or abroad and may involve many different types of weapons. Thus, the federal, state, and local governments need to coordinate and develop systematic approaches to identify and prepare for the risk, prevent attacks, and respond to the consequences of threats that materialize. National resources need to be leveraged and efficiently allocated, prioritized, and managed to achieve the maximum effect. But transportation safety concerns aside from terrorism also need to be addressed. In 2000, for instance, someone died in an alcohol-related motor vehicle crash every 33 minutes in the United States. The number of people who died in crashes involving large trucks increased 20 percent between 1992 and 1997, and has decreased only slightly since. From 1990 to 2000, the United States experienced nearly 400 fatal general aviation accidents per year. Over 900 people died in railroad-related accidents in 2000. Moreover, when rail accidents cause hazardous cargo to leak into the air or into water supplies, entire communities are at risk.

Potential Outcomes that Could Result when GAO's Work Is Used

A better understanding of the root causes of transportation-related accidents, injuries, and fatalities and their related societal costs to aid the Congress and the Department of Transportation in implementing potential solutions

Better focus, prioritization, coordination, and management of federal, state, and local efforts to improve security measures and reduce vulnerabilities in transportation systems

Improvements in the nation's ability to act proactively to prevent loss of life and property from security threats and respond to those threats that materialize

Assess the U.S. Postal Service's Transformation Efforts to Ensure Its Viability and Accomplish Its Mission

Key Efforts

- ❑ Evaluate the U.S. Postal Service's financial condition and outlook, as well as its efforts to improve its financial viability
- ❑ Assess whether postal staff and facilities are effectively deployed and used to support postal operations and identify where cost savings in these areas may be realized
- ❑ Assess the effectiveness and efficiency of the regulatory oversight structure and other issues affecting the U.S. Postal Service's ability to meet its mission
- ❑ Assess quality of service issues, including the U.S. Postal Service's performance compared to its performance measures and how well it protects its customers and employees from potential hazards sent through the mail
- ❑ Evaluate the U.S. Postal Service's plans to address persistent labor-management issues, including plans to restructure its workforce, address future retirements, and improve incentive programs

Significance

The U.S. Postal Service faces major financial, operational, and human capital challenges that collectively call for a structural transformation if it is to remain viable in the 21st century. Recently, the U.S. Postal Service's financial outlook has deteriorated significantly, its borrowing has increased, and its debt is approaching the \$15 billion statutory ceiling. Also, the large number of retirements expected over the next several years will place even more pressure on the U.S. Postal Service's expenses and increase its need for cash. The Service is at growing risk of not being able to continue providing the universal postal service that is vital to the national economy at reasonable rates while remaining self-supporting through postal revenues. In March 2001, the U.S. Postal Service's Board of Governors wrote the President and the Congress asking for a comprehensive review of postal laws. While the U.S. Postal Service has announced some steps to address its growing challenges, it has no comprehensive plan to address its numerous financial, operational, and human capital challenges. In addition, the anthrax incidents that began in the fall of 2001 highlighted the need for the U.S. Postal Service to protect both customers and employees against the use of the mail to deliver hazardous chemical, biological, and explosive materials. In April 2001, GAO added the U.S. Postal Service's transformation efforts and long-term outlook to its High-Risk List. In April 2002, the Service issued a transformation plan, which outlined short- and long-term steps to address its financial and operational challenges. The plan was a good first step that must be followed by implementation and results.

Potential Outcomes that Could Result when GAO's Work Is Used

A better understanding of the U.S. Postal Service's financial position and the options available to address its increasing debt

Increased cost savings and more effective mail processing and service delivery

Improved protections for customers and employees from hazardous materials sent through the mail

More informed congressional decision making on postal policy and structural issues and proposals for reform

More effective implementation of human capital initiatives and programs

Assess Federal Efforts to Plan for, Acquire, Manage, Maintain, Secure, and Dispose of the Government's Real Property Assets

Key Efforts

- ❑ Assess the real property-holding agencies' abilities to manage federal real property and identify potential best practices and innovative methods to capitalize building needs, reduce life cycle costs, increase facility energy efficiency, allocate resources effectively, and increase client agency satisfaction
- ❑ Assess efforts of federal agencies to ensure that their facilities effectively and efficiently support the agencies' strategic planning, service-delivery, and mission accomplishment needs
- ❑ Assess the efforts of federal agencies to prepare for, prevent, detect, and respond to the consequences of terrorist events and other possible security breaches aimed at federal facilities and their occupants

Significance

Federal agencies, including the Department of Defense, the General Services Administration (GSA), the Department of Veterans Affairs, and the U.S. Postal Service, own hundreds of thousands of properties worldwide that are worth hundreds of billions of dollars. These facilities include military bases, federal office buildings, courthouses, prisons, embassies, border stations, and land holdings. In addition to routine maintenance and safety issues, the events of September 11 heightened security concerns at federal agencies. It is unclear to what extent all responsible agencies have assessed the vulnerability of their facilities to possible threats. GSA and other agencies have faced large demands for capital investment, in part because of the problems associated with aging, deteriorating, and sometimes obsolete buildings. The National Research Council—the principal operating agency of the National Academy of Sciences and National Academy of Engineering—has reported that the physical condition of the federal facilities portfolio continues to deteriorate, agencies are not held accountable for their facilities-related actions, and some agencies own more facilities than they need for their missions. The council has also reported that federal facilities managers are being encouraged to be more businesslike and innovative, but that current management, budgeting, and financial processes discourage these practices.

Potential Outcomes that Could Result when GAO's Work Is Used

Enhanced use of businesslike best practices by agencies to acquire, manage, protect, and dispose of real property, such as public-private partnerships, sales, and exchanges of property

More efficient use of energy consumed by federal facilities

Enhanced space quality, safety, and operational efficiency and effectiveness of federal facilities

Improved efficiency and effectiveness in preparing for, deterring, detecting, and responding to terrorist and other threats on federal facilities and their occupants