

January 2003

TRANSPORTATION
SECURITY
ADMINISTRATION

Actions and Plans to
Build a Results-
Oriented Culture



G A O

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Highlights of [GAO-03-190](#), a report to Congressional Requesters

TRANSPORTATION SECURITY ADMINISTRATION

Actions and Plans to Build a Results-Oriented Culture

Why GAO Did This Study

Never has a results-oriented focus been more critical than today, when the security of America's citizens depends on the outcomes of many federal programs. In response to the September 11 terrorist attacks, the Congress passed the Aviation and Transportation Security Act (ATSA) that created the Transportation Security Administration (TSA) and made it responsible for transportation security. ATSA requires TSA to implement specific practices that are intended to make it a results-oriented organization.

What GAO Recommends

GAO makes specific recommendations to the Secretary of Transportation and the Under Secretary of Transportation for Security to continue and augment TSA's progress in implementing ATSA's results-oriented practices. The adjacent table shows selected recommended next steps for TSA. We provided drafts of this report to officials from the Department of Transportation (DOT), including TSA, for their review and comment. TSA's Director of Strategic Management and Analysis provided oral comments on behalf of DOT and TSA generally agreeing with the contents, findings, and recommendations of the draft report.

www.gao.gov/cgi-bin/getrpt?GAO-03-190.

To view the full report, including the scope and methodology, click on the link above. For more information, contact J. Christopher Mihm, 202-512-6086, mihmj@gao.gov.

What GAO Found

In its first year, TSA has simultaneously started to build the infrastructure of a large organization as it focused primarily on meeting its aviation security deadlines. As TSA begins to take responsibility for security in the maritime and surface modes of transportation, its current and future challenge is to continue to build, sustain, and institutionalize the organizational capacity to help it achieve its current and future goals. In this regard, TSA has made an impressive start in implementing practices that can create a results-oriented culture. These practices—leadership commitment, strategic planning, performance management, collaboration and communication, and public reporting and customer service—are shown below. Such practices are especially important when TSA moves into the newly created Department of Homeland Security.

Selected ATSA requirements, TSA actions and plans, and recommended next steps for each results-oriented practice.

ATSA requirements	TSA actions and plans	Recommended next steps
Leadership commitment to creating a high-performing organization		
Performance agreements for head of TSA and executives.	Established standardized performance agreements for TSA executives.	Establish a performance agreement for the head of TSA and add expectations in performance agreements for top leadership to foster the culture of a high-performing organization.
Strategic planning to establish results-oriented goals and measures		
Planning and reporting requirements.	Articulated vision, mission, values, strategic goal, and performance goals and measures. Developed automated system to collect performance data.	Establish security performance goals and measures for all modes of transportation as part of a strategic planning process that involves stakeholders.
Performance management to promote accountability for results		
Performance management system and performance agreements.	Established an interim performance management system and created performance agreements that include organizational and individual goals and standards of performance.	Ensure the permanent system makes meaningful distinctions in performance. Involve employees in developing its permanent system.
Collaboration and communication to achieve national outcomes		
Work within and outside the government to accomplish its mission.	Established several offices to collaborate and communicate with stakeholders. Stated plans to use memorandums to formalize roles and responsibilities of TSA and other agencies in transportation security.	Define more clearly the collaboration and communication roles and responsibilities of TSA's various offices. Formalize roles and responsibilities among governmental entities for transportation security.
Public reporting and customer service to build citizen confidence		
A 180-day action plan and two progress reports within 6 months of enactment.	Submitted 180-day action plan and both progress reports within established time frames. Stated plans to develop customer satisfaction index.	Continue to develop and implement mechanisms, such as the customer satisfaction index, to gauge customer satisfaction and improve customer service.

Source: GAO.

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Abbreviations

ATSA	Aviation and Transportation Security Act
CSI	customer satisfaction index
DHS	Department of Homeland Security
DOT	Department of Transportation
GPRA	Government Performance and Results Act
PBO	performance-based organization

Contents

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United States General Accounting Office
Washington, D.C. 20548

January 17, 2003

The Honorable Ernest F. Hollings
United States Senate

The Honorable Kay Bailey Hutchison
United States Senate

The Honorable John McCain
United States Senate

The Honorable John D. Rockefeller, IV
United States Senate

Over a year has passed since the terrorist attacks of September 11, 2001, turned commercial aircraft into missiles, killing thousands of people, destroying billions of dollars' worth of property, and realigning our national priorities. These attacks tragically underscore the forces that are likely to shape American society, the United States' place in the world, and the role of the federal government. The federal government is engaged in a comprehensive review, reassessment, reprioritization, and as appropriate reengineering of what the government does, how it does business, and in some cases, who does the government's business. Leading public and private organizations in the United States and abroad have found that for organizations to successfully transform themselves they must often fundamentally change their cultures so they are more results oriented, customer focused, and collaborative in nature.¹ Ultimately, federal agencies will need to transform their cultures to meet the realities of a post-September 11 environment and the challenges of the 21st century.

In response to the September 11 terrorist attacks, the Congress passed the Aviation and Transportation Security Act (ATSA) in November 2001, which created the Transportation Security Administration (TSA) as a new organization in the Department of Transportation (DOT). According to ATSA, TSA is responsible for security in aviation and other modes of transportation. In addition, ATSA requires TSA to implement specific practices that are intended to make it a results-oriented organization. Also

¹U.S. General Accounting Office, *Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies*, [GAO-03-293SP](#) (Washington, D.C.: Nov. 14, 2002).

in response to the September 11 terrorist attacks, the Congress created the Department of Homeland Security (DHS) to better coordinate the United States' efforts to combat terrorism. The creation of this department moves TSA and its responsibilities for security of all modes of transportation out of DOT and into the newly created DHS.

A key factor to help organizations achieve their missions and program results is to implement a positive control environment. A positive control environment provides discipline and structure as well as the climate that influences the quality of internal control. In essence, a positive control environment requires management and employees to establish a supportive attitude toward internal control and conscientious management. As such, effective internal control includes strategic planning, budget formulation and execution, organizational alignment and control, performance measurement, human capital, financial management, information technology, and acquisition.

At your request, this report describes TSA's actions and plans for implementing the results-oriented practices required in ATSA and recommends next steps for TSA to take to build a results-oriented organizational culture and to establish a positive control environment. To address the objective of this report, we reviewed our models, guides, reports, and other products on strategic planning and performance measurement, strategic human capital management, transformation efforts, and other related areas to identify results-oriented practices and recommend next steps for TSA. We next analyzed ATSA in relation to our products to identify any results-oriented practices that were statutorily required in the legislation. We interviewed officials from various TSA offices responsible for strategic planning, human capital, training, budget, public affairs, and policy, among others and reviewed TSA and DOT missions, performance goals and measures, performance agreements, policies and procedures, and organizational charts and other relevant documentation. For additional information on our scope and methodology, see appendix I.

This report addresses a part of your larger request for GAO to provide information on the extent to which TSA's policies, procedures, and organizational structure are likely to ensure the adequate oversight of its workforce of air marshals, airline passenger and baggage screeners, and other security personnel, as well as other matters. We have testified before your committee and issued reports on TSA and aviation security that address issues included in your larger request. In an ongoing effort to

provide real-time, constructive assistance to TSA, we provided TSA with our guides and reports on strategic planning and strategic human capital management. See related GAO products listed at the end of this report for a list of GAO reports, testimonies, guides, and other products related to TSA, transportation security, and results-oriented practices.

Results in Brief

TSA has faced immense challenges in its first year of existence. In its first year, TSA has simultaneously started to build the infrastructure of a large organization as it focused primarily on meeting its aviation security deadlines. TSA reports that it met two of its most significant mandated deadlines—to deploy federal passenger screeners at airports across the nation by November 19, 2002 and to screen every piece of checked baggage for explosives by December 31, 2002.² To date, TSA has recruited, hired, trained, and deployed over 44,000 federal screeners to meet these deadlines. As TSA begins to take responsibility for security in the maritime and surface modes of transportation, its current and future challenge is to continue to build, sustain, and institutionalize the organizational capacity to help it achieve its current and future goals. In this regard, TSA has made an impressive start in implementing practices in

- leadership commitment to creating a high-performing organization,
- strategic planning to establish results-oriented goals and measures,
- performance management to promote accountability for results,
- collaboration and communication to achieve national outcomes, and

²The Homeland Security Act of 2002, Public Law 107-296, Nov. 25, 2002, the legislation that created DHS, amends this requirement. According to the legislation, if, in his discretion or at the request of an airport, the Under Secretary of Transportation for Security determines that TSA is not able to deploy explosives detection systems required in ATSA by December 31, 2002, then for each airport for which the Under Secretary makes this determination, the Under Secretary shall submit to specific congressional committees a detailed plan for the deployment of the number of explosives detection systems at that airport necessary to meet the requirement as soon as practicable at that airport but no later than December 31, 2003. Also, the Under Secretary shall take all necessary action to ensure that alternative means of screening all checked baggage are implemented until the requirements have been met. TSA reports that as of December 31, 2002, about 90 percent of all checked baggage will be screened using explosives detection systems or explosives trace detection equipment and the remaining checked baggage will be screened using alternative means.

- public reporting and customer service to build citizen confidence.

These practices establish the foundation of a results-oriented culture that will remain critically important when TSA moves into the new DHS. Specifically, TSA has begun taking actions required in ATSA and used by leading organizations when they emphasize a focus on results. These actions lay the groundwork for “recommended next steps” that TSA can take to help reinforce a results-oriented culture. ATSA’s requirements, TSA’s actions and plans to implement them, and recommended next steps for each results-oriented practice are shown in table 1. We provided drafts of this report to officials from DOT, including TSA, for their review and comment. TSA’s Director of Strategic Management and Analysis provided oral comments on behalf of DOT and TSA generally agreeing with the contents, findings, and recommendations of the draft report. In addition to making minor technical clarifications, we made changes where appropriate to reflect progress TSA has made in the results-oriented practices since the completion of our audit work.

Table 1: Summary of ATSA Requirements, TSA Actions and Plans, and Recommended Next Steps, by Results-Oriented Practice

ATSA requirements	TSA actions and plans	Recommended next steps
Leadership commitment to creating a high-performing organization		
<ul style="list-style-type: none"> • Requires performance agreements between the Secretary of DOT and the Under Secretary of Transportation for Security and between the Under Secretary and TSA executives. 	<ul style="list-style-type: none"> • Stated leadership commitment to creating a results-oriented culture in its 180-day action plan. • Expressed plans to use the Baldrige performance excellence criteria as a management tool to promote quality and performance. • Established standardized performance agreements for TSA executives. 	<ul style="list-style-type: none"> • Establish a performance agreement for the Under Secretary of Transportation for Security that articulates how bonuses will be tied to performance. • Add expectations in performance agreements for top leadership to foster the culture of a high-performing organization.
Strategic planning to establish results-oriented goals and measures		
<ul style="list-style-type: none"> • Requires a 5-year performance plan and annual performance report consistent with the principles of the Government Performance and Results Act. 	<ul style="list-style-type: none"> • Articulated vision, mission, values, strategic goal, and performance goals and measures. • Developed automated system to collect performance data to demonstrate progress in meeting goals. • Aligned aviation security performance goals and measures with DOT goals. • Reported it submitted its first annual performance report. 	<ul style="list-style-type: none"> • Establish security performance goals and measures for all modes of transportation as part of a strategic planning process that involves stakeholders. • Apply practices that have been shown to provide useful information in agency performance plans.

(Continued From Previous Page)

ATSA requirements	TSA actions and plans	Recommended next steps
Performance management to promote accountability for results		
<ul style="list-style-type: none"> Requires a performance management system. Requires performance agreements for all employees that include organizational and individual goals. 	<ul style="list-style-type: none"> Established an interim performance management system. Created standardized performance agreements for groups of employees that include organizational and individual goals and standards of performance. 	<ul style="list-style-type: none"> Build on the current performance agreements to achieve additional benefits. Ensure the permanent performance management system makes meaningful distinctions in performance. Involve employees in developing its permanent performance management system.
Collaboration and communication to achieve national outcomes		
<ul style="list-style-type: none"> Requires TSA to work within and outside the government to accomplish its mission. Establishes a Transportation Security Oversight Board to facilitate collaboration and communication. 	<ul style="list-style-type: none"> Established Offices of Security Regulation and Policy, Communications and Public Information, Law Enforcement and Security Liaison, and Legislative Affairs to collaborate and communicate with stakeholders. Convened the Oversight Board, which has met twice. Stated plans to use memorandums of understanding and memorandums of agreement to formalize roles and responsibilities of TSA and other agencies in transportation security. 	<ul style="list-style-type: none"> Define more clearly the collaboration and communication roles and responsibilities of TSA's various offices. Formalize roles and responsibilities among governmental entities for transportation security.
Public reporting and customer service to build citizen confidence		
<ul style="list-style-type: none"> Requires a 180-day action plan and two progress reports within 6 months of enactment. 	<ul style="list-style-type: none"> Submitted 180-day action plan and both progress reports within established time frames. Maintains a Web site to provide information to the public. Created ombudsman position to serve customers. Developed measures to track customer satisfaction. Reviewed and eliminated security procedures that do not enhance security or customer service. Stated plans to develop a customer satisfaction index to analyze customer opinions to improve performance. 	<ul style="list-style-type: none"> Fill the ombudsman position to facilitate responsiveness of TSA to the public. Continue to develop and implement mechanisms, such as the customer satisfaction index, to gauge customer satisfaction and improve customer service.

Source: GAO analysis.

Background

Unlike other federal organizations that must transform their existing cultures, TSA has the opportunity to create a culture that fosters high performance from the outset. For TSA, this means creating a culture that focuses on

- results rather than processes;
- matrixes rather than stovepipes;
- an external (citizen, customer, and stakeholder) perspective rather than an inward perspective;
- employee empowerment rather than micromanagement;
- risk management rather than risk avoidance; and
- knowledge sharing rather than knowledge hoarding.

TSA is an organization facing immense challenges to simultaneously build the infrastructure of a large government agency responsible for security in all modes of transportation and meet unprecedented deadlines required in ATSA to federalize aviation security. Two of the most significant deadlines require TSA to

- deploy federal passenger screeners at security checkpoints at 429 airports across the nation by November 19, 2002, and
- install explosives detection systems to screen every piece of checked baggage for explosives no later than December 31, 2002.

In July 2002, we testified before your committee on the progress TSA has made in enhancing aviation security and in meeting the deadlines to deploy federal screeners at security checkpoints and to install explosives detection systems.³ At that time, we reported that while TSA's efforts were well underway to hire and train thousands of key security personnel, including federal screeners and security directors, TSA had experienced unexpected delays in finding and hiring security screener personnel who met the requirements of ATSA.⁴ We also reported that while TSA had made progress in checking all bags for explosives and planning for the purchase and installation of explosives detection equipment, TSA had not kept pace with planned milestones to meet congressional deadlines for using explosives detection systems to screen 100 percent of checked baggage. In addition, we reported that TSA had not fully implemented the responsibilities required in ATSA such as the security of other modes of transportation, cargo security, and general aviation security. Finally, we also observed that the move of TSA from DOT to a DHS poses further challenges that may delay progress on meeting mandated deadlines and addressing other security vulnerabilities in the nation's transportation system.

³U.S. General Accounting Office, *Aviation Security: Transportation Security Administration Faces Immediate and Long-Term Challenges*, [GAO-02-971T](#) (Washington, D.C.: July 25, 2002).

⁴ATSA requires that federal security screener personnel have a satisfactory or better score on a federal security screening personnel selection examination; be a U.S. citizen; possess a high school diploma, general equivalency diploma, or experience that the Under Secretary has determined to be sufficient for the individuals to perform the duties of the position; have basic aptitudes and physical abilities, including color perception, visual and aural acuity, physical coordination, and motor skills; have English proficiency to include reading, speaking, and writing in English; have the ability to demonstrate daily a fitness for duty without impairment due to illegal drugs, sleep deprivation, medication, or alcohol; successfully pass an employment investigation background check (including a criminal history record check); not pose a national security risk or threat; and satisfactorily complete all initial, recurrent, and appropriate specialized training required by the security program. The requirement for U.S. citizenship was subsequently changed by Public Law 107-296, Nov. 25, 2002, to include legal residents of the United States.

TSA and DOT leadership have also testified before the Congress at several hearings on challenges TSA was facing as it tried to meet its deadlines and other transportation security responsibilities while establishing itself as a federal organization.⁵ Leadership stated that one of TSA's challenges is to build a large organization from the ground up. Specifically, in January 2002, TSA only had approximately 15 employees of the more than 60,000 it reported it would need by the end of 2002. In addition, the Under Secretary of Transportation for Security testified that at that time the congressionally mandated cap on the number of employees it can employ of 45,000 would limit its ability to meet the deadlines. TSA also testified on the need for additional funding to meet its security responsibilities and the delays it experienced in receiving this funding. According to TSA and DOT, delays in funding and restrictions on the use of the additional funding at that time had undermined TSA's ability to meet the deadlines. DOT leadership stated that TSA is especially disadvantaged by operating under a continuing resolution because it does not have money from previous years to help bridge the gaps between programmatic needs and the funding it receives under the continuing resolution.

When the Congress created TSA, it required practices consistent with other government initiatives to restructure their agencies in order to instill results-oriented organizational cultures. In the United States and abroad, governments have restructured their agencies to improve the delivery of government services and clarify accountability for results. During the 1980s and 1990s, the Organisation for Economic Co-operation and Development reported that its member countries increased efforts to restructure their public sector organizations for results.⁶ Among member countries, restructured organizations represent about 50 percent, sometimes as high as 75 percent, of public expenditure and public servants.

⁵Statement of Admiral James Loy, Acting Under Secretary of Transportation for Security before the Commerce, Science, and Transportation Committee, U.S. Senate on September 10, 2002; Statement of Stephen J. McHale, Deputy Under Secretary of Transportation for Management and Policy, Transportation Security Administration, before the Committee on Government Reform, U.S. House of Representatives in Atlanta, Georgia on August 7, 2002; Statement of the Honorable Norman Y. Mineta, Secretary of Transportation before the Committee on Commerce, Science, and Transportation, U.S. Senate on July 25, 2002; Statement of the Honorable Norman Y. Mineta, Secretary of Transportation before the Subcommittee on Aviation, Committee on Transportation and Infrastructure, U.S. House of Representatives on July 23, 2002.

⁶Organisation for Economic Co-operation and Development, *Distributed Public Governance: Agencies Authorities And Other Autonomous Bodies, Preliminary Draft* (Nov. 14, 2001).

In 1988, the United Kingdom started to restructure its government agencies to increase their focus on accountability and improve customer service. Called “executive agencies,” these restructured agencies are still the predominant form of service delivery in the United Kingdom. As of December 2001, there were over 130 executive agencies covering more than three-quarters of the British civil service. In July 2002, the Prime Minister’s Office of Public Services Reform reviewed the performance of these executive agencies and set out to identify management principles that may have contributed to their success.⁷ The Prime Minister’s Office concluded that the restructured executive agency model has been a success and the management principles underlying the restructured agencies continue to be highly relevant. These principles are: (1) a clear focus on delivering specified goals within a framework of accountability, (2) responsibility for performance resting clearly with the chief executive and agency staff, and (3) an agency focus that is outward rather than inward.

In the 1990s, the Congress recognized the need to restructure federal agencies and to hold them accountable for achieving program results.⁸ To this end, the Congress established performance-based organizations (PBOs), modeled after the United Kingdom’s executive agencies: the Office of Student Financial Assistance, United States Patent and Trademark Office, and Air Traffic Organization. Designed in statute, PBOs were to commit to clear management objectives and specific targets for improved performance. These clearly defined performance goals, coupled with direct ties between the achievement of performance goals and the pay and tenure of the head of the PBO and other senior managers, were intended to lead to improved performance. Specifically, the head of the PBO is appointed for a set term, subject to annual performance agreements, and eligible for bonuses for improved organizational performance.

Similarly for TSA, the Congress required an Under Secretary to be appointed for a 5-year term to manage TSA who is entitled to a bonus based

⁷The Prime Minister’s Office of Public Services Reform, *Better Government Services: Executive Agencies in the 21st Century* (London: 2002).

⁸U.S. General Accounting Office, *Federal Student Aid: Additional Management Improvements Would Clarify Strategic Direction and Enhance Accountability*, [GAO-02-255](#) (Washington, D.C.: Apr. 30, 2002); *Performance-Based Organizations: Lessons Learned From the British Next Steps Initiative*, [GAO/T-GGD-97-151](#) (Washington, D.C.: July 8, 1997); and *Performance-Based Organizations: Issues for the Saint Lawrence Seaway Development Corporation Proposal*, [GAO/GGD-97-74](#) (Washington, D.C.: May 15, 1997).

on performance; measurable goals to be outlined in a 5-year performance plan and reported annually; a performance management system to include individual and organizational goals for managers and employees; an annual performance agreement for the Under Secretary, senior managers, and staff; an oversight board to facilitate communication and collaboration; and public reporting requirements to build citizen confidence.

TSA will be 1 of over 20 originating agencies or their components with differing missions, cultures, systems, and procedures that are to move into DHS. The newly created DHS is the most recent manifestation of the continuing consideration of how best to restructure government to respond to the challenges of the 21st century. At a [GAO-sponsored](#) forum on mergers and transformation, participants observed that people and cultural issues are at the center of successful mergers and transformations.⁹ The importance of these issues should not be avoided, but aggressively addressed at the outset and throughout the process.

TSA Actions and Plans to Implement Selected Results-Oriented Practices

Within its first year of existence, TSA has made an impressive start in implementing practices that can create a results-oriented organizational culture and help TSA as it begins to take responsibility for the security of the maritime and surface modes of transportation. These practices include

- leadership commitment to creating a high-performing organization,
- strategic planning to establish results-oriented goals and measures,
- performance management to promote accountability for results,
- collaboration and communication to achieve national outcomes, and
- public reporting and customer service to build citizen confidence.

TSA's actions and plans to implement the results-oriented practices required in ATSA and recommended next steps that can help TSA build a results-oriented culture are described on the following pages.

⁹[GAO-03-293SP](#).

Leadership Commitment to Creating a High-Performing Organization

A critical element and the foundation of TSA's successful implementation of results-oriented practices will be the demonstrated and sustained commitment of its top leaders. Ultimately, successful organizations understand that they must often change their culture to successfully transform themselves, and that such a change starts with top leadership. Top leadership involvement is essential to overcoming an organization's natural resistance to change, marshalling the resources needed in many cases to improve management, and building and maintaining the organizationwide commitment to new ways of doing business. At a recent [GAO-sponsored](#) roundtable, we reported on the necessity to elevate attention, integrate various efforts, and institutionalize accountability to lead efforts to fundamentally transform an agency and address key management functions at the highest appropriate level in the organization.¹⁰ At TSA, the leadership faces a daunting challenge to create this results-oriented culture. From the outset, this challenge was exacerbated by the change in TSA's head position, the Under Secretary of Transportation for Security, just 8 months after the organization was established. TSA has continually stated its commitment to becoming a high-performing organization, and has reinforced that commitment in its performance agreements for TSA executives.

TSA leadership has expressed its commitment to creating a results-oriented organizational culture. Specifically, in its 180-day action plan report to the Congress outlining goals and milestones for defining acceptable levels of performance in aviation security, TSA stated that it is committed to "being a leading-edge, performance-based organization—an organization whose operative culture establishes performance expectations that support the mission, drives those expectations into organizational and individual performance plans, and collects objective data to assess its performance."

¹⁰U.S. General Accounting Office, *Highlights of a GAO Roundtable: The Chief Operating Officer Concept: A Potential Strategy To Address Federal Governance Challenges*, [GAO-03-192SP](#) (Washington, D.C.: Oct. 4, 2002).

TSA leadership also plans to use the Baldrige performance excellence criteria as a management tool to promote an awareness of quality and performance in TSA.¹¹ These criteria are: leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results. TSA leadership hired a former Baldrige award application examiner to be TSA's Chief Quality Officer and to head the Office of Quality Performance. According to TSA officials, the Office of Quality Performance will serve as internal consultants to TSA management to help them use the Baldrige criteria as a tool to create a culture focused on performance.

To hold TSA's leadership accountable for achieving results, ATSA requires TSA to establish a performance agreement between the Under Secretary and the Secretary of DOT that includes organizational and individual performance goals. A TSA official told us that as of November 2002, no performance agreement had been finalized for the Under Secretary since the current Under Secretary has been acting in the position.¹² During times of transition, high-performing organizations recognize that performance agreements can reinforce accountability for organizational goals.¹³ To this end, when TSA moves into its new parent department, DHS, TSA can use performance agreements to maintain a consistent focus on its goals. ATSA also allows for the Under Secretary to receive a bonus for any calendar year up to 30 percent of the annual rate of pay, based on a performance evaluation. However, TSA's interim performance management system does not specifically address performance bonuses for the head of TSA.

In addition, ATSA requires TSA to establish performance agreements between TSA's Under Secretary and his or her executives that set organizational and individual performance goals. TSA has created a standardized performance agreement for TSA executives as a part of its interim performance management system. TSA's executive agreements

¹¹The Baldrige performance excellence criteria are used as the basis of the Baldrige Award, which is given by the President of the United States to organizations that are judged to be outstanding in seven criteria. The Congress established the award program to recognize organizations for their achievements in quality and performance and to raise awareness about the importance of quality and performance as a competitive edge.

¹²The acting Under Secretary of Transportation for Security was sworn in on November 25, 2002.

¹³U.S. General Accounting Office, *Managing for Results: Emerging Benefits From Selected Agencies' Use of Performance Agreements*, GAO-01-115 (Washington, D.C.: Oct. 30, 2000).

include both organizational and individual goals, as shown in figure 1. For example, each executive performance agreement includes an organizational goal such as to maintain the nation's air security and ensure an emphasis on customer satisfaction. The agreement also includes individual goals, such as to meet or exceed requirements for satisfactory performance and to demonstrate commitment to civil rights. In addition, the agreement includes competencies, such as to provide leadership in setting the workforce's expected performance levels and ensure that the executive's work unit contributes to the accomplishment of TSA's mission. TSA can strengthen these performance agreements by setting explicit targets that are directly linked to organizational goals.

Figure 1: Standardized Performance Agreement for TSA Executives

Employee Name:		Position: Executive	Organization:
Performance Period:		Social Security Number:	
From:	To:		
As a Transportation Security Administration executive, I will work diligently to achieve the following organizational and individual goals:			
Organizational Goal(s):	<p>TSA will improve and maintain the security of American air travel by effectively deterring or preventing successful terrorist (or other) incidents on airlines and at airports, with minimal disruption to transportation and complete service to travelers.</p> <p>While maintaining the nation's air security, TSA employees will ensure an emphasis on customer satisfaction.</p> <p>During the first year of TSA, make substantial contributions toward the successful creation of the Administration and the accomplishment of organizational goals, i.e., federalize aviation security; improve security; and customer satisfaction.</p> <p>Supplemental Goal(s): <i>(The supervisor may include additional organizational goal(s) here.)</i></p>		
Individual Goal(s):	<p>My organization will continuously set the standard for excellence in transportation security through its people, processes, and technologies.</p> <p>I will meet or exceed all requirements for Satisfactory Performance.</p> <p>I will demonstrate through actions, words and leadership, my commitment to civil rights at TSA.</p> <p><i>(Add at least one program goal.)</i></p>		
I also agree to meet or exceed the following level of performance:			
Standard for Satisfactory Performance:	<p>I will:</p> <ul style="list-style-type: none"> ▪ Exercise leadership and motivate managers to incorporate vision, and strategic planning that integrates key national and program goals and priorities. ▪ Provide leadership in setting the work force's expected performance levels, guiding other towards goal accomplishment, and effectively using the performance management system. ▪ Make timely and effective decisions and produce results through strategic planning and the implementation and evaluation of programs and polices. ▪ Acquire and administer resources effectively. Identify and plan for a cost-effective mix of financial, human and material resources to achieve program accomplishments. Apply merit principles and promote equality and diversity in all aspects of human resource management. ▪ Effectively represent the organization internally and externally. Establish and maintain working relationships, facilitate the exchange of ideas, coordinate internal program matters, develop and enhance alliances and gain cooperation to accomplish goals. ▪ Ensure that my work unit contributes to the accomplishment of TSA's mission and vision; and that members of my work unit conduct themselves in a way that supports TSA's values. <p>Supplemental Standard(s): <i>(The supervisor may include additional standard(s) here.)</i></p>		
Performance Agreement Initiation:	Executive signature and date:		
	Supervisor signature and date:		
Mid-Cycle Review:	Executive signature and date:		
	Supervisor signature and date:		
Performance Assessment at the end of the appraisal period (supervisor should circle yes or no):	The employee met or exceeded the standard for satisfactory performance: Yes No		
Executive signature and date:	Supervisor signature and date:		

Source: TSA.

Governmentwide, to help hold senior executives accountable for organizational results, federal agencies are to establish performance management systems that (1) hold senior executives accountable for their individual and organizational performance by linking performance management with the results-oriented goals of the Government Performance and Results Act (GPRA); (2) evaluate senior executive performance using measures that balance organizational results with customer satisfaction, employee perspectives, and any other measures agencies decide are appropriate; and (3) use performance results as a basis for pay, awards, and other personnel decisions. We have found that progress is needed in explicitly linking senior executive expectations for performance to results-oriented organizational goals and greater emphasis should be placed in fostering the necessary collaboration both within and across organizational boundaries to achieve results.¹⁴ Furthermore, a specific performance expectation to lead and facilitate change could be a critical element as agencies transform themselves to succeed in an environment that is more results oriented, less hierarchical, and more integrated.

Recommended Next Steps

Establish a performance agreement for the Under Secretary of Transportation for Security that articulates how bonuses will be tied to performance. To hold the Under Secretary accountable for achieving results, DOT, or the new parent department DHS, should create a performance agreement for the Under Secretary that includes organizational and individual goals and also articulates how bonuses for the Under Secretary will be tied to his performance in achieving the goals in the performance agreement.

Add expectations in performance agreements for top leadership to foster the culture of a high-performing organization. Successful organizations understand that top leadership performance and accountability are critical to their success and to the success of the federal government's transformation. TSA can strengthen its current performance agreements for top leadership, including the Under Secretary and senior executives, by adding performance expectations that

- establish explicit targets directly linked to organizational goals,

¹⁴U.S. General Accounting Office, *Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance*, GAO-02-966 (Washington, D.C.: Sept. 27, 2002).

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- foster the necessary collaboration within and across organizational boundaries to achieve results, and
 - demonstrate commitment to lead and facilitate change.

Strategic Planning to Establish Results-Oriented Goals and Measures

Strategic planning is a continuous, dynamic, and inclusive process that provides the foundation for the fundamental results the organization seeks to achieve. ATSA's requirements for TSA are consistent with the results-oriented planning and reporting principles embodied in GPRA. GPRA provides a strategic planning and management framework intended to improve federal performance and hold agencies accountable for achieving results. Effective implementation of this framework requires agencies to clearly establish results-oriented performance goals in strategic and annual performance plans for which they will be held accountable, measure progress towards those goals, determine the strategies and resources to effectively accomplish the goals, use performance information to make the programmatic decisions necessary to improve performance, and formally communicate results in performance reports. Specifically, ATSA requires TSA to submit to the Congress a 5-year performance plan and an annual performance report, but does not specify when these documents are to be submitted to the Congress.

TSA has taken the first steps to establishing the performance planning and reporting framework consistent with GPRA. The starting point for the framework envisioned under GPRA is the strategic plan that describes an organization's mission, outcome-oriented strategic goals, strategies to achieve these goals, and key factors beyond the agency's control that could impact the goals' achievement, among other things. According to TSA officials, TSA is currently developing its strategic plan. TSA has, however, made components of its plan public. TSA has articulated its mission, vision, and values. TSA's mission is to protect the nation's transportation systems to ensure freedom of movement for people and commerce. TSA's vision is to continuously set the standard for excellence in transportation security through people, processes, and technologies and its values are integrity, innovation, courtesy and respect, competence, customer focus, dedication, diversity, and teamwork. In addition, TSA has set an overall strategic goal: to prevent intentional harm or disruption to the transportation system by terrorists or other persons intending to cause harm. To support this strategic goal, TSA has defined three performance goals:

- meeting the ATSA mandates to federalize transportation security,

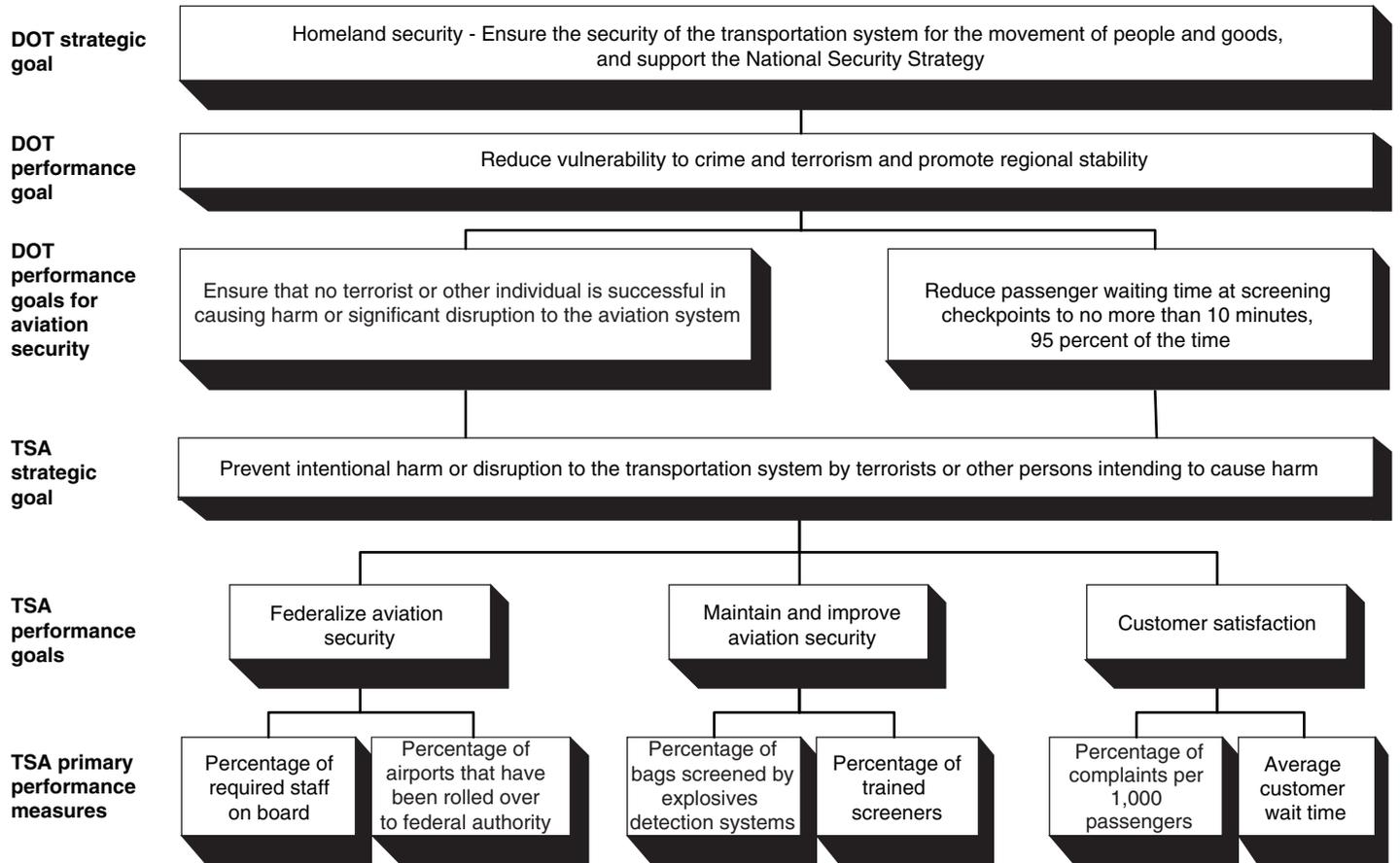
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- maintaining and improving aviation security, and
 - servicing TSA customers.

To demonstrate its progress toward meeting its performance goals, TSA established an initial set of 32 performance measures. For example, TSA's primary performance measures for its performance goal to maintain and improve aviation security are the percentage of bags screened by explosives detection systems and the percentage of trained screeners. Other measures to complement these primary measures include the percentage of explosives detection systems deployed, the percentage of screeners with 60 hours of on-the-job training completed, and the percentage of screeners compliant with training standards. TSA plans to develop more outcome-oriented goals and measures in fiscal year 2003 and is in the process of finalizing strategies to achieve its goals.

To report on its progress in meeting its performance goals and measures, TSA has begun to build the capacity to gather and use organizational performance information. TSA has installed an automated performance management information system, which became operational in April 2002 and is designed to collect and report data on TSA's performance measures. Data will be collected from federal security directors, security screener supervisors, and headquarters officials and reported through Web-based reports designed for internal decision making and external reporting. According to TSA officials, the system will be expanded to include goals and measures related to all modes of transportation in upcoming fiscal years. As required by ATSA, TSA reported on November 19, 2002, that it submitted its first annual performance report.

TSA has linked its aviation security performance goals to those of its parent department, DOT, to provide a clear, direct understanding of how the achievement of its performance goals will lead to the achievement of DOT's strategic goal for homeland security, as shown in figure 2. Specifically, TSA's performance goals to federalize and maintain and improve aviation security are intended to contribute to DOT's performance goal to "reduce vulnerability to crime and terrorism and promote regional stability" and its strategic goal on homeland security, to "ensure the security of the transportation system for the movement of people and goods and support the National Security Strategy." As TSA establishes its performance goals for other modes of transportation, it should continue to align its goals with DOT's goals. When TSA moves to DHS, it will be necessary to maintain goal alignment with its new parent department.

Figure 2: DOT and TSA Goal Alignment for Aviation Security



Source: GAO analysis based on "FY 2003 DOT Performance Plan" and "TSA Initial Performance Measures and Their Definitions".

GPRA requires agencies to consult with the Congress and solicit the views of other stakeholders as they develop their strategic plans.¹⁵ However, TSA has stated few plans to involve stakeholders in its strategic planning process. Such consultations provide an important opportunity for TSA and the Congress to work together to ensure that agency missions are focused, goal are specific and results oriented, and strategies and funding expectations are appropriate and reasonable. Results-oriented organizations also recognize that it is important to broaden stakeholder involvement to create a basic understanding among stakeholders of competing goals. As TSA works to meet its goals, it will continue to face ongoing challenges to balance aviation security against customer service. While TSA needs to screen passengers and baggage carefully to meet its goal to maintain the security of the aviation system, it must efficiently move customers and their baggage through the aviation system to minimize passenger inconvenience to encourage them to continue using air transportation.

Recommended Next Steps

Establish security performance goals and measures for all modes of transportation as part of a strategic planning process that involves stakeholders. Stakeholder involvement, and specifically congressional consultation, is particularly important for TSA in its strategic planning process given the importance of its mission and the necessity to establish additional goals to address other modes of transportation. In addition, TSA operates in a complex political environment where there will be the ongoing need to balance the sometimes conflicting goals of security and customer service.

We identified approaches that can enhance the usefulness of consultations between TSA and the Congress that can also apply to consultations with external stakeholders.¹⁶ Among the approaches are the following.

- **Engage the right people.** Including people who are knowledgeable about the topic at hand, such as TSA officials who are knowledgeable about particular transportation modes and specific programs, is important when consulting with the Congress and other stakeholders.

¹⁵U.S. General Accounting Office, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review*, [GAO/GGD-10.1.16](#) (Washington, D.C.: May 1997).

¹⁶U.S. General Accounting Office, *Managing for Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress*, [GAO/T-GGD-97-56](#) (Washington, D.C.: Mar. 10, 1997).

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- Address differing views. Stakeholders may have differing views on what they believe the level of detail discussed during consultation meetings should be. For example, participants may want to engage in discussion that goes beyond TSA's mission to the appropriate balance between enforcing security and servicing passengers.
 - Establish a consultation process that is iterative. All parties involved in transportation security recognize that the consultation process should be continuous and they should meet as many times as both sides feel are necessary to reach a reasonable consensus on TSA's strategic and performance goals to address transportation security.

Apply practices that have been shown to provide useful information in agency performance plans. Results-oriented organizations focus on the process of performance planning rather than the planning documents themselves. GPRA was intended, in part, to improve congressional decision making by giving the Congress comprehensive and reliable information on the extent to which federal programs are fulfilling their statutory intent. We have identified practices that TSA can apply to ensure the usefulness of its required 5-year performance plan to TSA managers, the Congress, and other decision makers and interested parties.¹⁷ Table 2 outlines these practices.

¹⁷U.S. General Accounting Office, *Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers*, [GAO/GGD/AIMD-99-69](#) (Washington, D.C.: Feb. 26, 1999) and *Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking*, [GAO/GGD/AIMD-10.1.18](#) (Washington, D.C.: February 1998).

Table 2: Summary of Opportunities to Help Ensure Useful Annual Plans and Applied Practices

Opportunities to help ensure useful annual plans	Applied practices
Articulate a results orientation.	<ol style="list-style-type: none"> 1. Create a set of performance goals and measures that addresses important dimensions of program performance and balances competing priorities. 2. Use intermediate goals and measures to show progress or contribution to intended results. 3. Include explanatory information on the goals and measures. 4. Develop performance goals to address mission-critical management problems. 5. Show baseline and trend data for past performance. 6. Identify projected target levels of performance for multiyear goals. 7. Link the goals of component organizations to departmental strategic goals.
Coordinate cross-cutting programs.	<ol style="list-style-type: none"> 8. Identify programs that contribute to the same or similar results. 9. Set complementary performance goals to show how differing program strategies are mutually reinforcing and establish common or complementary performance measures, as appropriate. 10. Describe—briefly or refer to a separate document—planned coordination strategies.
Show how strategies will be used to achieve goals.	<ol style="list-style-type: none"> 11. Link strategies and programs to specific performance goals and describe how they will contribute to the achievement of those goals. 12. Describe strategies to leverage or mitigate the effects of external factors on the accomplishment of performance goals. 13. Discuss strategies to resolve mission-critical management problems. 14. Discuss—briefly or refer to a separate document—plans to ensure that mission-critical processes and information systems function properly and are secure.
Show performance consequences of budget and other resource decisions.	<ol style="list-style-type: none"> 15. Show how budgetary resources relate to the achievement of performance goals. 16. Discuss—briefly and refer to the agency capital plan—how proposed capital assets (specifically information technology investments) will contribute to achieving performance goals. 17. Discuss—briefly or refer to a separate plan—how the agency will use its human capital.
Build the capacity to gather and use performance information.	<ol style="list-style-type: none"> 18. Identify internal and external sources for data. 19. Describe efforts to verify and validate performance data. 20. Identify actions to compensate for unavailable or low-quality data. 21. Discuss implications of data limitations for assessing performance.

Source: [GAO/GGD/AIMD-99-69](#).

Performance Management to Promote Accountability for Results

TSA has an opportunity to use its individual performance management system as a strategic tool to drive internal change and achieve external results. TSA, as a new organization, has a critical challenge in (1) integrating potentially more than 60,000 employees into a new organization, (2) creating a common culture, and (3) achieving its security, customer satisfaction, and related performance goals in an effective, efficient, and economical manner. The individual performance management system can be an essential tool in meeting all three of the above. To help agency leaders manage their people and integrate human capital considerations into daily decision making and the program results they seek to achieve, we developed a strategic human capital model.¹⁸ The model highlights the kinds of thinking that agencies should apply, as well as some of the steps they can take, to make progress in managing human capital strategically. In our model, we identify two critical success factors that can assist organizations in creating results-oriented cultures: (1) a “line of sight” showing how unit and individual performance link to organizational goals and (2) the inclusiveness of employees. TSA can apply these factors to its performance management system to help create a results-oriented culture.

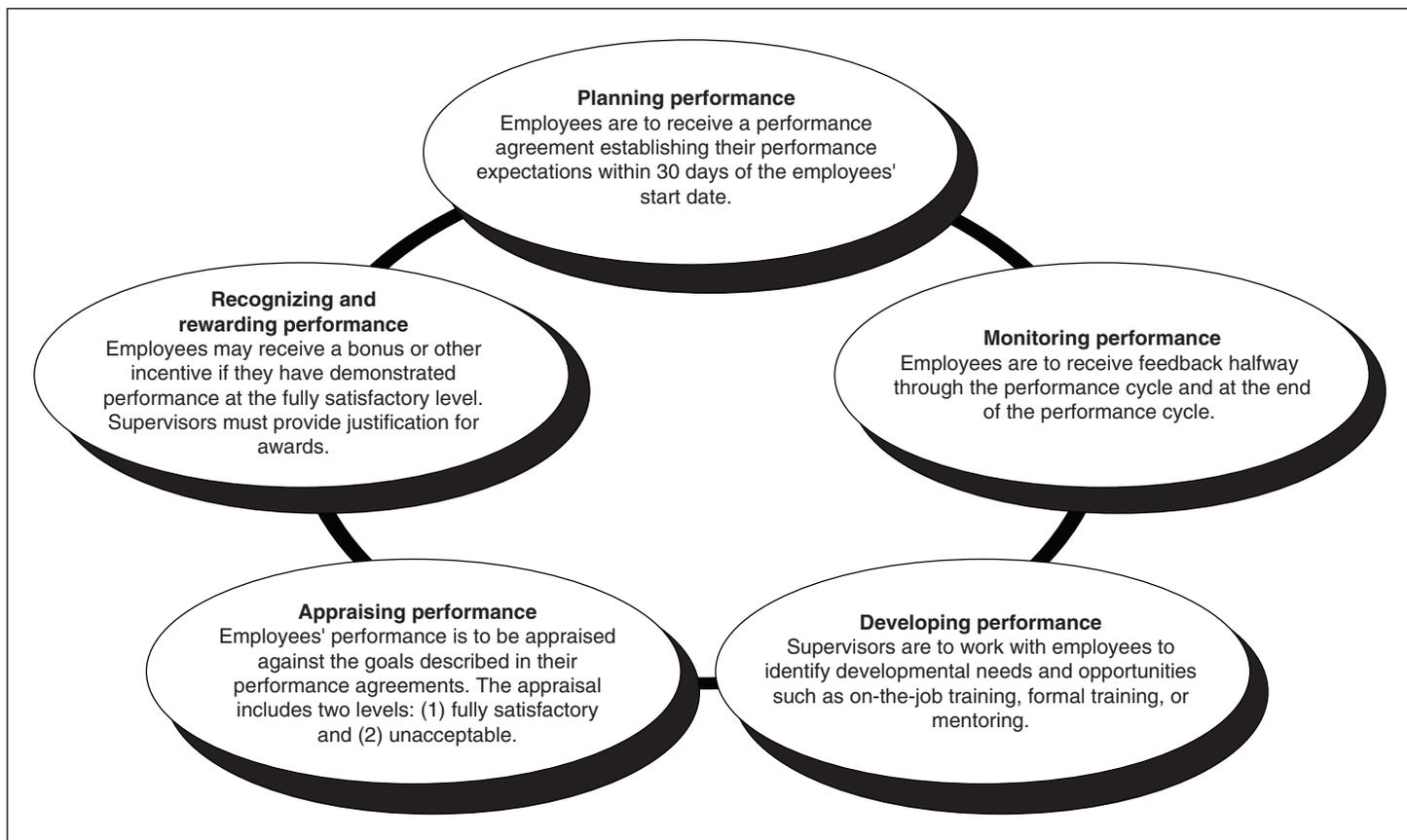
ATSA requires TSA to establish a performance management system that is to strengthen the organization’s effectiveness by providing for the establishment of goals for managers, employees, and the organization that are consistent with the agency’s performance plan. TSA used the Federal Aviation Administration’s system until it established its own system in July 2002, when TSA leadership approved an interim employee performance management system. The interim system is to remain in place until a permanent system is created and implemented. As of November 2002, TSA had not established a time frame for implementing its permanent performance management system.

TSA’s interim system provides specific requirements for planning individual performance, monitoring that performance, determining employee development needs, appraising performance, and recognizing and rewarding performance, as shown in figure 3. For example, at the beginning of the appraisal cycle, employees’ expectations are to be established using a performance agreement; throughout the cycle

¹⁸U.S. General Accounting Office, *A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002).

supervisors are to monitor performance; halfway through the performance cycle supervisors are to provide feedback to employees and identify employee development needs; and at the end of the cycle, supervisors are to appraise performance at two levels: fully satisfactory and unacceptable. Employees may then receive a bonus or other incentive if their performance is at the fully satisfactory level. TSA's first appraisal cycle ended November 15, 2002.

Figure 3: TSA's Interim Performance Management System



Source: TSA.

In addition, ATSA requires that TSA's performance agreements for its employees include individual and organizational goals. These performance agreements can help TSA align individual and organizational goals and

establish the line of sight that helps create a results-oriented culture. TSA has created standardized performance agreements for groups of employees including transportation security screeners, supervisory transportation security screeners, supervisors, and executives. These performance agreements include a consistent set of organizational goals, individual goals, and standards for satisfactory performance. Supervisors may customize performance agreements for the individual job by adding additional organizational and individual goals and standards of performance. For example, the standardized performance agreement for security screeners includes two organizational goals: (1) to improve and maintain the security of American air travel by effectively deterring or preventing successful terrorist (or other) incidents on aircraft and at airports, with minimal disruption to transportation and complete service to travelers and (2) to ensure an emphasis on customer satisfaction while maintaining the nation's air security. In addition, the standardized performance agreement for security screeners includes an individual goal to consistently meet or exceed the basic proficiency requirements by:

- vigilantly carrying out duties with utmost attention to tasks that will prevent security threats,
- demonstrating the highest levels of courtesy to travelers and working to maximize their levels of satisfaction with TSA services,
- working as an effective team member at assigned post to ensure that security violations do not get past the team,
- contributing to the accomplishment of TSA's mission and vision,
- behaving in a way that supports TSA's values, and
- demonstrating the highest level of concern for the civil rights of coworkers and the traveling public.

Finally, the agreement includes standards for satisfactory performance for security screeners. Standards include (1) completing all required training successfully and as scheduled, performing satisfactorily on required proficiency reviews, and passing operational testing satisfactorily and (2) performing security functions in an effective and timely manner in accordance with TSA prescribed guidelines.

As described in our strategic human capital model, in addition to and concurrent with the first critical success factor of creating a line of sight showing how unit and individual performance link to organizational goals, successful organizations involve employees to build results-oriented cultures. This critical success factor is especially timely for TSA as it transitions from its interim performance management system and finalizes its permanent system. Particularly when developing a new results-oriented performance management system, leading organizations have found that actively involving employees can build confidence and belief in the system. We reported that when reforming their performance management systems, agencies in other countries consulted a wide range of stakeholders early in the process, obtained feedback directly from employees, and engaged employee unions or associations.¹⁹

Recommended Next Steps

Build on the current performance agreements to achieve additional benefits. Successful organizations design and implement performance management systems that align individual employee performance expectations with agency goals so that individuals understand the connections between their daily activities and their organization's success. While TSA has created standardized performance agreements for groups of employees as a part of its interim performance management system, it can also use its performance agreements to achieve benefits by doing the following.²⁰

- **Strengthen alignment of results-oriented goals with daily operations.** Performance agreements can define accountability for specific goals and help align daily operations with agencies' results-oriented programmatic goals. As TSA continues to develop and gain experience with performance agreements, TSA should ensure an explicit link exists between individual performance expectations and organizational goals for all employees. For example, while TSA lists certain competencies for individuals that are related to organizational goals such as demonstrating the highest level of courtesy to travelers, the next step is to set individual targets to meet the organizational goals.

¹⁹U.S. General Accounting Office, *Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries' Performance Management Initiatives*, [GAO-02-862](#) (Washington, D.C.: Aug. 2, 2002).

²⁰[GAO-01-115](#).

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- Foster collaboration across organizational boundaries. Performance agreements can encourage employees to work across traditional organizational boundaries or “silos” by focusing on the achievement of organizationwide goals. For example, as TSA continues to assume responsibility for security in all modes of transportation, TSA can use employee performance agreements to set expectations that encourage employees to work collaboratively to achieve cross-cutting transportation security goals.
 - Enhance opportunities to discuss and routinely use performance information to make program improvements. Performance agreements can facilitate communication about organizational performance and pinpoint opportunities to improve performance. TSA’s performance management process offers several opportunities to discuss an individual’s performance and how that individual can contribute to TSA’s goals when meeting to set performance expectations, reviewing midyear progress, and assessing performance at year-end. These formal expectation, feedback, and assessment sessions are important to clarify responsibility and accountability. As a next step, TSA can ensure that it uses its performance agreements as a critical component of its performance management process to have on-going, two-way consultations between employees and their supervisors. In other words, strategic performance management—a performance management system that is tied to organizational goals—is not just a once- or twice-a-year formal occurrence, but rather is ongoing and routine.
 - Provide a results-oriented basis for individual accountability. Performance agreements can serve as the basis for performance evaluations. An assessment of performance against the performance agreement can provide TSA and its employees the data needed to better achieve organizational goals.
 - Maintain continuity of program goals during transitions. Performance agreements help to maintain a consistent focus on a set of broad programmatic priorities during changes in leadership and organization. TSA can use its process for developing performance agreements as a tool to communicate priorities and instill those priorities throughout the organization during periods of transition.

Ensure the permanent performance management system makes meaningful distinctions in performance. In addition to providing candid and constructive feedback to help individual employees maximize their potential in understanding and realizing goals and objectives of the agency, an effective performance management system provides management with the objective and fact-based information it needs to reward top performers and the necessary information and documentation to deal with poor performers. Under TSA's interim performance management system, employee performance is appraised at only two levels—fully satisfactory and unacceptable. We have observed that such a pass/fail system does not provide enough meaningful information and dispersion in ratings to recognize and reward top performers, help everyone attain their maximum potential, and deal with poor performers.²¹ As a next step, TSA should consider appraisal systems with more than two standards of performance. By using its performance agreements as the basis in making distinctions in performance, TSA can have objective and fact-based information and the documentation necessary to have an effective performance management system.

Involve employees in developing its permanent performance management system. TSA has the opportunity to create a culture that values the importance of employees to help TSA achieve its goals. Employee involvement improves the quality of the system by providing a front line perspective and helping to create organizationwide understanding and ownership. In addition, even after TSA develops its permanent performance management system, involving employees in the process can help employees perceive that the system is fair.

We have identified practices that organizations can apply to further involve employees.²² The practices TSA can adopt to promote inclusiveness and encourage employee ownership for the permanent performance management system include the following.

- **Seek employee input.** Leading organizations not only provide information to employees but also commonly seek their employees' input on a periodic basis and explicitly address and use that input to

²¹U.S. General Accounting Office, *FBI Reorganization: Initial Steps Encouraging but Broad Transformation Needed*, [GAO-02-865T](#) (Washington, D.C.: June 21, 2002).

²²U.S. General Accounting Office, *Human Capital: Practices That Empowered and Involved Employees*, [GAO-01-1070](#) (Washington D.C.: Sept. 14, 2001).

adjust their human capital practices. As TSA matures as an organization it can collect feedback using employee satisfaction surveys, focus groups, employee advisory councils, and/or employee task forces.

- Involvement of employees in planning and sharing performance information. Involving employees in the planning process to develop agency goals helps to increase employees' understanding and acceptance of them and improve motivation and morale. For TSA, employees' understanding and acceptance of its goals is particularly important because they are to be held accountable for achieving the goals set out in their performance agreements.

Collaboration and Communication to Achieve National Outcomes

Virtually all of the results that the federal government strives to achieve require the concerted and coordinated efforts of two or more agencies. Thus, similar to virtually all federal agencies, TSA must collaborate and communicate with stakeholders within and outside the government to achieve meaningful results, and participate in matrixed relationships—or networks of governmental, private sector, and nongovernmental organizations working together—to achieve its goals. This collaboration and communication will be even more important given the complex nature of national security-related goals.

ATSA requires TSA to collaborate and communicate with organizations across the government and in the private sector to accomplish its mission. For example, ATSA requires TSA to do the following.

- Work with the Federal Aviation Administration to establish procedures for notifying its Administrator and others of the identity of individuals known to pose, or suspected of posing, a risk of air piracy or terrorism or a threat to airline or passenger safety.
- Enter into memorandums of understanding with federal agencies or other entities to share or otherwise cross-check data on individuals identified on federal agency databases who may pose a risk to transportation or national security.
- Coordinate with federal agencies and air carriers to require air carriers to use information from government agencies to identify individuals on passenger lists who may be a threat to civil aviation or national security; and if such an individual is identified, notify appropriate law

enforcement agencies, prevent the individual from boarding an aircraft, or take other appropriate action with respect to that individual.

TSA has established a number of offices to collaborate and communicate with external stakeholders.

- The Office of Security Regulation and Policy is to coordinate with TSA's offices and stakeholders on policy, rulemaking, and customer service issues.
- The Office of Communications and Public Information is to serve as an advisor to senior leadership on the public impacts of major policy decisions, internal audience concerns, and community reaction to and civilian news media interest in TSA missions and functions.
- The Office of Law Enforcement and Security Liaison is to serve as the national level liaison with federal, state, and local law enforcement and the international community and is to administer TSA's Freedom of Information Act requirement, which allows the public to request information about TSA policies, procedures, operations, and decisions, among other things and TSA's Privacy Act requirement, which allows the public to request any records that the government has about the individual making the request.
- The Office of Legislative Affairs is to be responsible for working and communicating with the Congress.

TSA has experienced some challenges with collaboration and communication. According to TSA officials, TSA is still defining and clarifying the specific roles and responsibilities of the offices that are to communicate with stakeholders. As of December 2002, TSA did not have written guidance to provide information about TSA communication roles and responsibilities to other TSA employees or to external stakeholders. In addition, the Under Secretary testified that there were some problems with reaching stakeholders in the past, specifically the airlines and airports.²³ The Under Secretary recognized that collaboration with these and other stakeholders is important to ensure aviation security and made a personal commitment that TSA will make a concerted effort to communicate better

²³Testimony of Admiral James Loy, Acting Under Secretary of Transportation for Security before the Commerce, Science, and Transportation Committee, U.S. Senate on July 25, 2002.

with stakeholders. In September 2002, we briefed the staff of the Committee on Transportation and Infrastructure, U.S. House of Representatives, that some officials at selected airports told us that they had not received clear and comprehensive guidance from TSA on issues concerning the feasibility of meeting the baggage screening deadline.

TSA officials that we spoke to are aware of the importance of collaboration and communication across the government. According to TSA officials, the primary tools TSA will use to formally collaborate with governmental entities are memorandums of agreement and memorandums of understanding. They are developing memorandums of agreement with the other modal administrations within DOT. TSA officials told us that they also plan to develop memorandums of agreement and memorandums of understanding with local law enforcement agencies, the Department of Defense, the Department of State, the Federal Bureau of Investigation, the Nuclear Regulatory Commission, the Federal Emergency Management Agency, and the Customs Service, among others. They told us that the purposes of the memorandums are to delineate clear lines of authority and responsibility between parties; improve services to DOT's modal administrations, other federal, state, and local agencies, nongovernmental stakeholders, and the American public; and achieve national performance security goals, among other purposes. TSA plans to complete the memorandums no later than March 1, 2003.

As an additional mechanism to facilitate collaboration and communication, ATSA established the Transportation Security Oversight Board. According to ATSA, the Board, which must meet at least every 3 months, should consist of cabinet heads; directors; high-ranking officials and/or their designees from DOT, the Department of Defense, the Department of Justice, the Department of the Treasury, and the Central Intelligence Agency; and presidentially appointed representatives from the National Security Council and the Office of Homeland Security. The Secretary of Transportation is to be the chairperson of the Board.²⁴ The Board's responsibilities include, among other things, reviewing transportation plans; facilitating the coordination of intelligence, security, and law enforcement activities affecting transportation; and facilitating the sharing

²⁴The Homeland Security Act of 2002 reestablishes the Board within DHS, replaces the representative from the Office of Homeland Security with the Secretary of Homeland Security or the Secretary's designee, and designates the chairperson of the Board as the Secretary of Homeland Security.

of intelligence, security, and law enforcement information affecting transportation. The Board, established within DOT, met twice in 2002. TSA officials noted that the Board is an excellent mechanism to share information with national security agencies across government and has helped focus the national security community on the threats to the transportation system, which TSA believes is a critical element of meeting the mandates in ATSA.

Recommended Next Steps

Define more clearly the collaboration and communication roles and responsibilities of TSA's various offices. To help ensure collaboration and communication with stakeholders are consistent and mutually reinforcing, TSA should more fully define and clarify the collaboration and communication responsibilities of the many offices that interact with its stakeholders. TSA should ensure both internal TSA staff and external stakeholders can identify who is responsible for collaboration and communication at TSA.

Formalize roles and responsibilities among governmental entities for transportation security. Finalizing memorandums of agreement and memorandums of understanding with the other modal administrations within DOT as well as other government agencies as appropriate can help TSA successfully manage the necessary matrixed relationships to achieve security in all modes of transportation. For example, agreements between TSA and the modal administrations can address such issues as separating responsibilities for standards and regulations, funding, coordinating with customers, and implementing future security initiatives. Although the memorandums may change when TSA moves to DHS, TSA should continue to make progress to formalize its roles and responsibilities until the transition takes place.

Public Reporting and Customer Service to Build Citizen Confidence

Federal agencies can promote greater transparency of government by publicizing what they intend to achieve and by being held accountable for achieving those results. Such transparency can improve the confidence of the American people in the capabilities of the federal government. Improving public confidence is especially critical for TSA as it works to achieve its goals of improving transportation security.

ATSA required TSA to issue specific reports to the Congress on its activities and progress in establishing and meeting its goals. Specifically, ATSA required TSA to provide to the Congress, within 180 days of enactment of the legislation, an action plan with goals and milestones that was to outline

how acceptable levels of performance for aviation security will be achieved. In accordance with the time frames outlined in ATSA, TSA submitted the action plan to the Congress on May 19, 2002, and has made this report available to the public on its Web site. The action plan, entitled “Performance Targets and Action Plan, 180 Day Report to Congress,” made public TSA’s strategic and performance goals, TSA’s performance measures, and the performance measurement information system.

ATSA also required two progress reports within 6 months of the enactment of the legislation. TSA released these reports within the established time frame. The first progress report was to describe TSA’s progress to date on the evaluation and implementation of actions listed in the legislation. TSA submitted this progress report, entitled “Report to Congress on Enhanced Security Measures,” on May 19, 2002, and made the report available to the public on its Web site. Some of the actions TSA reported it was evaluating include the following.

- Establish a uniform system of identification for all state and local law enforcement personnel for use in obtaining permission to carry weapons in aircraft cabins and in obtaining access to a secured area of an airport.
- Establish requirements to implement trusted passenger programs and use available technologies to expedite the security screening of passengers who participate in such programs.
- Provide for the use of technologies to enable the private and secure communication of threats to aid in the screening of passengers and other individuals on airport property who are identified on any state or federal security-related database for the purpose of having an integrated response of various authorized airport security forces.

The second progress report was to describe the deployment of passenger and baggage screening systems. TSA submitted this report on May 18, 2002, and has made nonsensitive portions of the report available on its Web site. The report, entitled “Deployment of Screening Systems Strategy & Progress,” provided the Congress with TSA’s progress on and strategy for meeting the mandated deadlines to deploy federal screeners at security checkpoints at 429 airports and to have systems in place for screening every piece of checked baggage for explosives. For example, TSA reported that at that time it had identified security screener standards; selected private contractors to recruit, assess, and train security screeners;

developed a preliminary plan for deploying federal screeners to the airports; developed an initial screening checkpoint design; and reviewed available and emerging explosives detection technology. The report did not include all of the information required in ATSA. For example, ATSA required specific information such as the dates of installation of each system to screen all checked baggage for explosives and the date each system is operational.

Since TSA has issued the statutorily required action plan and progress reports, it has continued to publicly report on its progress. Specifically, TSA created a Web site that provides information for customers and the public, including updates on its progress toward meeting the deadlines in ATSA; speeches, statements, and testimonies by TSA and DOT leadership; information on aviation security technology such as explosives detection systems; fact sheets on TSA contractors; frequently asked questions related to TSA's policies and procedures; information for the traveling public; and information on employment opportunities with TSA. For example, a private citizen could find out when TSA would be hiring security screeners at her or his local airport, how to apply for a position with TSA, and what objects are prohibited and permitted to be carried onto an airplane.²⁵

In addition, TSA created an Office of Communications and Public Information. The purpose of this office is to provide information to the general public concerning TSA, its people, programs, policies, and events. To facilitate this mission, the Office of Communications and Public Information maintains a call center to receive and respond to inquiries from the public. This office also performs a variety of other functions. For example, the office develops statements, position papers, policy releases, media alerts, and marketing plans to inform and educate the public.

TSA has taken several actions that are intended to focus on customer satisfaction and be responsive to customer concerns in delivering critical and sensitive services. TSA established an ombudsman position to, among other things, serve external customers. Specifically, TSA's ombudsman is responsible for recommending and influencing systemic change where necessary to improve TSA operations and customer service. As of November 2002, TSA is recruiting to fill this position. We have reported that through the impartial and independent investigation of citizens' complaints, federal ombudsmen help agencies be more responsive to the

²⁵See www.tsa.gov.

public, including people who believe their concerns have not been dealt with fairly or fully through normal channels.²⁶ Ombudsmen may recommend ways to resolve individual complaints or more systematic problems, and may help to informally resolve disagreements between the agency and the public.

In addition, TSA is tracking performance on its customer service. For example, TSA's primary performance measure for customer satisfaction is the average wait time and percentage of passenger complaints per 1,000 passengers.²⁷ Other measures to gauge customer satisfaction include the percentage of flights delayed due to security issues, the percentage of incidents/interventions per 1,000 passengers, the number of weapons seized per 1,000 passengers, and the number of seats delayed due to security issues, among others.

As part of its ongoing challenge to balance security against customer service, TSA is reviewing existing security procedures in order to eliminate those that do not enhance security or customer service. For example, the Under Secretary testified that TSA has recently eliminated two procedures to reduce customers' "hassle factor" at airports. In August 2002, TSA allowed passengers to carry beverages in paper or foam polystyrene containers through walk-through metal detectors and prohibited screeners from asking passengers to drink or eat from any containers of food or liquid as a security clearance procedure. TSA also eliminated the requirement for the airlines to ask a series of security-related questions to customers at check-in. In addition, TSA recently lifted the existing rule that prohibits parking within 300 feet of airport terminals. TSA has replaced this rule with parking security measures specific to each airport and linked to the national threat level.

Lastly, TSA is also planning to create a customer satisfaction index (CSI) for aviation operations, which includes collecting customer information from national polls, passenger surveys at airports, the TSA call center, and customer feedback at airports. TSA intends to use data from the CSI to

²⁶U.S. General Accounting Office, *Environmental Protection: Issues for Consideration in the Reorganization of EPA's Ombudsman Function*, [GAO-02-859T](#) (Washington, D.C.: June 25, 2002).

²⁷TSA reports that, at airports where data are available, it met DOT's performance goal that 95 percent of passengers wait less than 10 minutes to pass through airport checkpoints through October 2002.

improve performance. As a first step, TSA conducted 12 focus groups with air travelers to help it understand the aspects of customer experiences that influence satisfaction with and confidence in aviation security. TSA learned from the focus groups that:

- the federalization of aviation security significantly increased the confidence of passengers;
- key attributes that drive increased satisfaction and confidence include attentiveness of screeners, thoroughness of the screening process, professionalism of the workforce, and consistency of the process across airports;
- wait time was not a significant driver of satisfaction, and participants said they would be willing to wait longer if they thought it would make them more secure;
- the lack of checked baggage screening reduces confidence; and
- secondary screening processes are a significant driver of reduced satisfaction.

The results of the focus groups will help TSA develop the passenger surveys to be used to collect data for the CSI. TSA intends to implement the CSI for aviation operations in 2003 and to expand the CSI to include other stakeholders, such as airport operators, air carriers, and customers of other modes of transportation.

Recommended Next Steps

Fill the ombudsman position to facilitate responsiveness of TSA to the public. To ensure TSA is as responsive to the public as possible and is able to identify and resolve individual complaints and systematic problems, TSA should fill its ombudsman position as soon as high quality candidates can be identified.

Continue to develop and implement mechanisms, such as the CSI, to gauge customer satisfaction and improve customer service. TSA has identified customer satisfaction as one of its three annual performance goals. By combining data on its service delivery from a number of sources, such as the CSI, TSA will be able obtain a robust picture of customer satisfaction, which can be used to improve performance. TSA should complete the planning and developing of the CSI and begin its implementation.

Concluding Observations

Never has a results-oriented focus been more critical than today, when the security of America's citizens depends so directly and immediately on the results of many federal programs. TSA has faced immense challenges in its first year of existence to build the infrastructure of a large organization and meet mandated deadlines to federalize aviation security. As TSA begins to take responsibility for security in the maritime and surface modes of transportation, its current and future challenge is to build, sustain, and institutionalize the organizational capacity to help it achieve its current and future goals. As TSA moves into the newly created DHS, TSA has an opportunity to continue to foster a results-oriented culture. In this regard, TSA has started to put in place the foundation of this results-oriented culture through

- leadership commitment to creating a high-performing organization,
- strategic planning to establish results-oriented goals and measures,
- performance management to promote accountability for results,
- collaboration and communication to achieve national outcomes, and
- public reporting and customer service to build citizen confidence.

This foundation can serve TSA well in DHS and help TSA to focus on and achieve its mission to protect the nation's transportation systems to ensure freedom of movement for people and commerce.

Recommendations for Executive Action

We recommend that the Secretary of Transportation, in conjunction with the Under Secretary of Transportation for Security, continue TSA's leadership commitment to creating a high-performing organization that includes next steps to establish a performance agreement for the Under Secretary that articulates how bonuses will be tied to performance and to add expectations in performance agreements for top leadership to foster the culture of a high-performing organization.

We recommend that the Under Secretary of Transportation for Security take the next steps to continue to implement the following results-oriented practices.

- Strategic planning to establish results-oriented goals and measures that includes next steps to establish security performance goals and measures for all modes of transportation as part of a strategic planning process that involves stakeholders and to apply practices that have been shown to provide useful information in agency performance plans.
- Performance management to promote accountability for results that includes next steps to build on the current performance agreements to achieve additional benefits, to ensure the permanent performance management system makes meaningful distinctions in performance, and to involve employees in developing its performance management system.
- Collaboration and communication to achieve national outcomes that includes next steps to define more clearly the collaboration and communication roles and responsibilities of TSA's various offices and to formalize roles and responsibilities among governmental entities for transportation security.
- Public reporting and customer service to build citizen confidence that includes next steps to fill the ombudsman position to facilitate responsiveness of TSA to the public and to continue to develop and implement mechanisms, such as the CSI, to gauge customer satisfaction and improve customer service.

Agency Comments

We provided drafts of this report in December 2002 to officials from DOT, including TSA, for their review and comment. TSA's Director of Strategic Management and Analysis provided oral comments on behalf of DOT and TSA generally agreeing with the contents, findings, and recommendations of the draft report. TSA's Director of Strategic Management and Analysis provided minor technical clarifications and we made those changes where appropriate. In addition, she provided updated information on TSA's

progress in its strategic planning, collaboration and communication, and customer service since the completion of our audit work. We added that information where appropriate.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report for 30 days from the date of this letter. At that time, we will provide copies of this report to the Secretary of Transportation, the Under Secretary of Transportation for Security, the Director of the Office of Homeland Security, the Director of the Office of Personnel Management, and the Director of the Office of Management and Budget. We will also make copies available to others upon request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you have any questions concerning this report, please contact me or Lisa Shames on (202) 512-6806. Marti Tracy was a key contributor to this report.

A handwritten signature in black ink, reading "J. Christopher Mihm". The signature is written in a cursive style with a large, stylized initial "J".

J. Christopher Mihm
Director, Strategic Issues

Objective, Scope, and Methodology

The objective of our review was to describe the Transportation Security Administration's (TSA) actions and plans for implementing the results-oriented practices required in the Aviation and Transportation Security Act (ATSA) and recommend next steps for TSA to build a results-oriented organizational culture and to establish a positive control environment. To identify results-oriented practices and recommend next steps, we reviewed our models, guides, reports, and other products on strategic planning and performance measurement, strategic human capital management, transformation efforts, and other related areas. See related GAO products listed at the end of this report for a list of our products in these areas. We next analyzed ATSA in relation to our products to identify any results-oriented practices that were statutorily required in the legislation. In addition, we reviewed TSA and Department of Transportation missions, performance goals and measures, performance agreements, policies and procedures, and organizational charts and other relevant documentation. To describe TSA's status in implementing these results-oriented practices, we interviewed 25 officials from various TSA offices including strategic planning, human capital, training, budget, public affairs, and policy, among others. We also visited Baltimore-Washington International airport after it was transitioned to federal control to talk to front-line managers about their responsibilities and specifically their role in providing performance data to headquarters. We developed the recommended next steps by referring to our models, guides, reports, and other products on results-oriented practices and identifying additional practices that were associated with and would further complement or support current TSA efforts. We performed our work from May through September 2002 in accordance with generally accepted government auditing standards.

Related GAO Products

The following list provides information on recent GAO products related to the Transportation Security Administration (TSA), transportation security, and the results-oriented practices discussed in this report. These and other GAO products can be found at www.gao.gov.

TSA and Transportation Security

Mass Transit: Federal Action Could Help Transit Agencies Address Security Challenges. [GAO-03-263](#). Washington, D.C.: December 13, 2002.

Port Security: Nation Faces Formidable Challenges in Making New Initiatives Successful. [GAO-02-993T](#). Washington, D.C.: August 5, 2002.

Aviation Security: Transportation Security Administration Faces Immediate and Long-Term Challenges. [GAO-02-971T](#). Washington, D.C.: July 25, 2002.

Aviation Security: Information Concerning the Arming of Commercial Pilots. [GAO-02-822R](#). Washington, D.C.: June 28, 2002.

Aviation Security: Deployment and Capabilities of Explosive Detection Equipment. [GAO-02-713C](#). Washington, D.C.: June 20, 2002. (CLASSIFIED)

Leadership Commitment to Creating a High-Performing Organization

Highlights of a GAO Forum: Mergers and Transformation: Lessons Learned for a Department of Homeland Security and Other Federal Agencies. [GAO-03-293SP](#). Washington, D.C.: November 14, 2002.

Highlights of a GAO Roundtable: The Chief Operating Officer Concept: A Potential Strategy to Address Federal Governance Challenges. [GAO-03-192SP](#). Washington, D.C.: October 4, 2002.

Managing for Results: Using Strategic Human Capital Management to Drive Transformational Change. [GAO-02-940T](#). Washington, D.C.: July 15, 2002.

Managing for Results: Federal Managers' Views Show Need for Ensuring Top Leadership Skills. [GAO-01-127](#). Washington, D.C.: October 20, 2000.

Management Reform: Elements of Successful Improvement Initiatives. [GAO/T-GGD-00-26](#). Washington, D.C.: October 15, 1999.

Strategic Planning to Establish Results-Oriented Goals and Measures

Performance Reporting: Few Agencies Reported on the Completeness and Reliability of Performance Data. [GAO-02-372](#). Washington, D.C.: April 26, 2002.

Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decisionmakers. [GAO/GGD/AIMD-99-69](#). Washington, D.C.: February 26, 1999.

Agencies' Annual Performance Plans Under the Results Act: An Assessment Guide to Facilitate Congressional Decisionmaking. [GAO/GGD/AIMD-10.1.18](#). Washington, D.C.: February 1998.

Managing For Results: Enhancing the Usefulness of GPRA Consultations Between the Executive Branch and Congress. [GAO/T-GGD-97-56](#). Washington, D.C.: March 10, 1997.

Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review. [GAO/GGD-10.1.16](#). Washington, D.C.: May 1997.

Executive Guide: Effectively Implementing the Government Performance and Results Act. [GAO/GGD-96-118](#). Washington, D.C.: June 1996.

Performance Management to Promote Accountability for Results

Results-Oriented Cultures: Using Balanced Expectations to Manage Senior Executive Performance. [GAO-02-966](#). Washington, D.C.: September 27, 2002.

Results-Oriented Cultures: Insights for U.S. Agencies from Other Countries' Performance Management Initiatives. [GAO-02-862](#). Washington, D.C.: August 2, 2002.

A Model of Strategic Human Capital Management. [GAO-02-373SP](#). Washington, D.C.: March 15, 2002.

Human Capital: Practices That Empowered and Involved Employees. [GAO-01-1070](#). Washington, D.C.: September 14, 2001.

Managing for Results: Emerging Benefits From Selected Agencies' Use of Performance Agreements. [GAO-01-115](#). Washington, D.C.: October 30, 2000.

Human Capital: Using Incentives to Motivate and Reward High Performance. [GAO/T-GGD-00-118](#). Washington, D.C.: May 2, 2000.

Collaboration and
Communication to Achieve
National Outcomes

Homeland Security: Effective Intergovernmental Coordination Is Key to Success. [GAO-02-1011T](#). Washington, D.C.: August 20, 2002.

Homeland Security: Intergovernmental Coordination and Partnership Will Be Critical to Success. [GAO-02-900T](#). Washington, D.C.: July 2, 2002.

Managing for Results: Barriers to Interagency Coordination. [GAO/GGD-00-106](#). Washington, D.C.: March 29, 2000.

Managing For Results: Using the Results Act to Address Mission Fragmentation and Program Overlap. [GAO/AIMD-97-146](#). Washington, D.C.: August 29, 1997.

Public Reporting and
Customer Service to Build
Citizen Confidence

Managing for Results: Using GPRA to Assist Oversight and Decisionmaking. [GAO-01-872T](#). Washington, D.C.: June 19, 2001.

Human Capital: The Role of Ombudsmen in Dispute Resolution. [GAO-01-466](#). Washington, D.C.: April 13, 2001.

Managing for Results: The Statutory Framework for Performance-Based Management and Accountability. [GAO/GGD/AIMD-98-52](#). Washington, D.C.: January 28, 1998.

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