TESTIMONY OF DANIEL G. MINTZ
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BEFORE THE
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

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Chairman Carper, Ranking Member Coburn and other Members of the

Subcommittee, thank you for the opportunity to appear before you today to discuss issues

relating to the Department of Transportation's (DOT) Information Technology (IT)

programs, specifically those that are included on the Office of Management and Budget

(OMB) Management Watch List, the OMB High Risk List and the Government

Accountability Office (GAO) High Risk Series.

My name is Dan Mintz; I have been the Chief Information Officer (CIO) for the

DOT since May 1, 2006. In that capacity, my responsibilities include serving as the Vice

Chair of the DOT Investment Review Board, which oversees all major IT investments for

the Department.

I came to the Government from Sun Microsystems. During my years at Sun, I

managed IT programs similar in magnitude to those being discussed here today and

understand the need for senior management review and oversight to ensure that all risks

are properly mitigated. Many of the lessons learned during my time at Sun have helped

me to more fully appreciate the issues facing DOT IT program managers and what we as

a Department need to accomplish.

My testimony will address three IT investments (that are included on the Watch List and High Risk Lists) and some general information concerning one of our projects designated by GAO as High Risk. I also will share with you progress made regarding IT governance activities. Throughout these examples I will point out what I have found has worked well and not as well in improving IT performance at the Department.

OMB's Management Watch List

Let me first start with a success story for the Department. As you are aware, every year after reviewing each agency's portfolio, OMB evaluates the business cases for each major investment. Some become grouped as those OMB considers as "Well Planned and Managed" and the remaining ones are placed on their "Management Watch List". In September 2006, we forwarded 47 business cases associated with our major programs to OMB for the Budget Year 2008 submission, and of those, 38 were placed on the Management Watch List. OMB's concerns related to specific aspects of the individual investments, including Project Management, Acquisition Strategy, Security and Privacy, Risk Management, Alternatives Analysis, Enterprise Architecture, and/or Cost and Schedule Performance. Remediation plans were developed for each business case and efforts were undertaken to address the concerns. Senior managers within each Operating Administration were made aware of the concerns, and became personally involved in the resolution of all issues. The Department made steady progress in remediation efforts and by March 2007, 90 percent of those programs were remediated.

As of today, one program remains on the Management Watch List, our Combined IT Infrastructure, with program oversight residing within my immediate organization. This program is designed to help DOT accomplish economies of scale by better

understanding the department-wide commitments to IT infrastructure, including the investments specific to Operating Administration field offices located throughout the country. This investment is a consolidation of 42 other smaller investments. Currently for this program to be removed from the Management Watch List, security reporting needs to be further refined. I and my staff continue to focus on developing acceptable business solutions to more effectively manage this investment.

OMB High Risk List

The Department currently has 22 IT projects on the OMB High Risk List, including 16 mission related programs and six electronic Government (eGov) investments. The current list is the result of negotiations with OMB with the exception of the Combined Infrastructure and Consolidated Grants investments which were added due to the delay in remediation efforts for Budget Year 2008. These programs are regularly briefed to DOT senior managers to address variances. Also, the Department gathers detailed information on these programs, and when determined necessary, programs are forwarded to the Departmental Investment Review Board for review. My office continues to monitor each of these programs on a monthly basis and submits quarterly reports to OMB.

I would like to highlight a number of the programs currently on the OMB High Risk List to give you an idea of the issues at hand, as well as the management attention being given. We at the Department consider these programs to be a high priority as well as high risk. I will address the following programs: the Federal Aviation Administration's (FAA) Telecommunications Infrastructure, Consolidated Grants and FAA's Traffic Flow Management.

FAA Telecommunications Infrastructure (FTI)

FTI is the primary means through which the FAA will obtain the telecommunications services it requires through the year 2017. Under this program, the FAA is replacing eight separate legacy networks with a single, integrated network. FTI enables the FAA to reduce the operating costs for its telecommunications enterprise. The public will benefit from the FTI program through lower operating costs and support of modernization initiatives that will increase the capacity of the U.S. civilian air traffic control system and reduce delays.

This program has had its challenges over the past years; however, I am pleased to report that after more involvement at the Departmental level, and continued commitment of the program management team, the program is back on track. Through many discussions between OMB and senior Departmental staff, this program has been restructured. Generally, over the past year this program has seen remarkable improvement in meeting cost and schedule goals. There are two major challenges facing the FTI program at this point in time: (1) Coordinating the timely disconnect of legacy services used by the Department of Defense (DoD); and (2) Designing solutions for unique FAA interfaces so that the services can be transitioned to FTI.

(1) The first challenge is important because the FAA's ability to decommission legacy networks is contingent upon the DoD taking action in a timely manner to disconnect legacy circuits after the operational service has been cutover to FTI. The FAA is proactively engaging high-ranking DoD officials to obtain their commitment to support this effort. A Memorandum of Understanding (MOU) will be established between the FAA and DoD to formally document roles and responsibilities.

(2) The second challenge is important because the FAA's ability to decommission FAA-owned components of legacy networks is dependent upon the transition of all services, including those with unique interfaces that are carried on FAA-owned legacy networks. As part of the mitigation of this risk, the FTI program has a test bed facility at the FAA's William J. Hughes Technical Center to perform integration testing between FTI solutions and the end user systems. In addition, the FTI program has proceeded with the transition of leased legacy telecommunications services that support the unique interfaces so that the cost savings objectives of the program continue to be met while an FTI solution is developed to replace the FAA-owned portion of the legacy service.

Consolidated Grants

The Department annually awards approximately $70 billion in grants to promote fast, safe, efficient, and convenient transportation for the American people. These grants are managed using established processes and procedures which are supported by dedicated information systems throughout many of our Operating Administrations. The goal of the Consolidated Grants effort is to move DOT towards a more unified approach to grants management by integrating and consolidating current systems and processes. This program is currently on the OMB High Risk List due to fact that for Fiscal Year 2007 we were unable to complete all necessary remediation efforts by June 2007.

The primary challenge facing the Grants Consolidation effort is balancing the benefits from integration and consolidation with the ultimate requirement to successfully deliver and manage grants. There are unique challenges associated with the significant systems integration and business process re-design, especially since any delay will impact the grantees and the associated appropriated funds. Grants management systems are

unique since they cross numerous functional boundaries including financial management, grant program management, appropriations and mission oriented functions. Within DOT, the effort is further complicated by a multitude of links to systems from States, localities, and other Federal systems.

The Department is working with OMB to determine the most effective and efficient way to process Departmental grants, keeping in mind the recipient constituencies and the reimbursable and non-competitive nature of our grant programs. In response to this guidance, DOT will be performing a "fit/gap" analysis of the three major DOT grants management systems, FAA's System of Airports Reporting (SOAR), the Federal Highway Administration's Fiscal Management Information System (FMIS), and Federal Transit Administration's Transportation Electronic Award Management (TEAM) system relative to the Grants Management Lines of Business Consortium Leads and will continue with any associated migration planning.

FAA Traffic Flow Management (TFM)

The Traffic Flow Management system is the Nation's single source for capturing and distributing detailed air traffic information to the aviation community for coordinating air traffic. When severe weather, congestion and/or outages impact the National Airspace System (NAS), TFM provides timely flight data to all stakeholders and traffic management specialists to revise flight schedules and minimize system delays. Currently this program is within the acceptable 10 percent variance for both cost and schedule.

The greatest challenge confronting this program is maintaining requirement stability. Currently, requirement stability will be maintained by freezing the current

legacy system, monitoring programmatic risks with monthly status meetings, and conducting monthly meetings between the modernization personnel and the enhancements team.

GAO High Risk Series

Transitioning to the GAO High Risk programs, I will address FAA Air Traffic Control Modernization which has been designated by the GAO as a high risk program since 1995. This modernization effort, which includes the acquisition of new systems and facilities, has been and will continue to be a major effort for the Department. The FAA is committed to improving processes resulting in better decision making, cost savings and achieving results. GAO is tracking FAA's progress in the following six key areas: Acquisition Management, Cost Accounting and Estimation, Enterprise Architecture, Investment Management, Human Capital and Deployment. While some of the individual projects that make Air Traffic Control Modernization have experienced cost overruns, schedule slippages and performance shortfalls in the past, we have seen improvements over the last several years, which have been acknowledged by the GAO.

These improvements have occurred in part due to senior management's focused attention on the modernization effort. Some of the accomplishments to date include: the formation of an Executive Management Team and supporting Project Team, development of a Project Plan and Measurement scorecard for reporting status and problems, inclusion in the FAA Flight Plan, and an objective review of accomplishments and deliverables to verify implementation. Risk mitigation efforts continue and we are working to ensure that lessons learned are systematically addressed in Agency processes and requirements. We will continue to strive for further significant measurable improvements.

I have been participating in quarterly review meetings with FAA and the GAO and can tell you first hand that this effort is making progress and senior mangers will continue to track the efforts needed to reduce risks associated with air traffic control modernization. The GAO has acknowledged that the FAA has a comprehensive, corrective action plan in place, which meets their expectations for improvement. We understand that the GAO will be looking for full implementation of all planned activities and that planned "initiatives have been monitored by the FAA and validated as being effective and sustainable". We appreciate the GAO's efforts with regard to air traffic control modernization and welcome its continued assessment of the FAA's progress.

Governance Activities

Since I started at the Department, I have more fully involved the Operating Administration CIOs in all programmatic areas. I want to share another success story that relates to the re-shaping of our IT governance processes within the Department where we refocused attention on the further development of the CIO Council. The CIO Council is comprised of CIOs from all of the Operating Administrations and my staff. The Council meets monthly and periodically reviews a number of cross-cutting and other proposed IT investments. An enhanced prioritization process was recently introduced so that proposed cross-cutting IT investments are reviewed more closely based on the mission needs. As a result of these recent changes, high priority IT initiatives will have greater focus throughout the Departmental review cycle. Recommendations from the CIO Council that involve major investments are forwarded to the DOT Investment Review Board for final decisions. We are also seeing evidence of more meaningful

governance processes being put into place in the Operating Administrations. While we have more work to do relating to full implementation, we are on the correct path.

Over the next few years, the Department will undertake a number of initiatives that we strongly believe will both improve ongoing program management and the way we are more effectively meeting mission needs overall.

First, we are in the process of establishing a Department-wide program management organization. The organization will establish systematic processes and requirements for a consistent approach to program management throughout the Department. I have begun activities to establish a Business and Infrastructure Transformation team which will focus on internal process improvement, project management improvement, and the initiation, oversight, and execution of internal Departmental projects.

Second, we will continue to ensure that those programs identified as High Risk and High Priority are reviewed by senior managers as well as the Investment Review Board when cost and schedule variances exceed given thresholds (i.e., 10 percent). I want to closely track the programs by focusing on trends so that issues can be addressed long before thresholds are exceeded.

Third, I am implementing a plan to effectively address both technical and functional performance. We will be creating performance milestones developed with more precise indicators tracking program success. In addition, programs will be evaluated on a continual basis to assess whether they are routinely meeting their mission goals. Part of our plan is to assist program managers in developing these milestones and performance indicators.

Fourth, we are addressing the issue of Earned Value Management. This early warning mechanism will further assist program managers in addressing risks. We need time to implement fully and successfully Earned Value Management techniques and are experiencing some challenges. We find ourselves in a similar situation as most other civilian agencies in that we are unable to fully address all of the thirty-two criteria for a certified Earned Value Management System. Currently we are trying to adequately address the surveillance and financial criteria. At this time, the Department is participating in a civilian agency and industry working group to develop a better working relationship with our service providers and to ensure that we are all working towards the same program management goals.

Finally, this year we developed an improved ranking of investments across the Department to better determine the "health of our investments" and we plan to update the results on a quarterly basis. Over time we plan to ensure our ranking process takes into account a more complete portfolio and we plan to better prepare our executives to understand the value of each investment and ensure they can make informed decisions based on business priorities. This insight will improve the investment management process overall.

Summary

In conclusion, significant progress has been made, and is continuing to be made to fully leverage information technology to meet the Department's mission. I am convinced we are making a difference. Significant challenges remain, including the need to continue to improve our program management skills, manage project risks and continuously monitor program performance so that management can quickly and

effectively mitigate issues before they become troubled investments. We must continue to extend our partnerships with industries to ensure that our transportation programs deliver quality products and services to the general public at all times and help ensure that we are adopting the proven program management practices found within both the public and private sector today.

Our experience is that when we develop transparent processes, collaborate with senior business owners and budget officials, and follow a consistent and robust project approach, we are able to keep most of the IT investments off the Management Watch List or have them quickly removed. When we do not accomplish one or more of those goals, the results are far less positive.

Because of the importance of transportation to the Nation's economic well being, we receive attention from many sources of oversight, not only including those listed here, but the DOT Inspector General's Office, as well as our own Departmental and Operating Administration management. Over the years we have learned to maximize the value of their input however challenging their opinion may be. Again, I thank you for the opportunity to appear before you and I look forward to answering any questions that you may have.