Final Report

April 1981

UMTA WORKING GROUP

PREFACE

In the last twenty months, UMTA has been reviewed by the Office of the Secretary, the General Accounting Office, the General Services Administration, Booz-Allen & Hamilton, the Triton Corporation and the Heritage Foundation. This Report represents an assessment of UMTA by the people who should know the organization best--UMTA employees.

Commissioned by Arthur E. Teele, Jr., the UMTA Working Group was charged with the task of reviewing UMTA and developing a management plan to address UMTA's needs. The Working Group was co-chaired by Robert H. McManus, Associate Administrator for Planning, Management and Demonstrations, and Raymond J. Sander, Director of Management Planning, Office of the Secretary, who served as full-time Working Group leader. The full-time members of the Working Group were: Milton L. Brooks, Patricia M. Colbert, Richard H. Doyle, Frank E. Enty, Ann C. Macaluso, and Henry A. Nejako, Jr. Ann Linnertz and Gwendolyn Daniel were part-time members who, in addition to their regular participation, recorded the major points of the Working Group sessions.

Special acknowledgement is accorded to Dr. Robert L. Fairman, Acting Assistant Secretary for Administration, for his support and his willingness to provide the services of Mr. Sander and other staff support.

The Working Group members collectively represent 46 years of UMTA experience. This Report results from over 3,200 work-hours by the members of the Working Group during a ten-week period--an investment of about $80,000 in salaries and benefits. This is a savings of at least $200,000 over the cost of a comparable study by an outside consultant. Sixty-seven different people, representing a cross-section of current and former UMTA Executive Staff, current and former UMTA professional employees, UMTA middle managers, support personnel, regional employees, and OST staffers participated in various Working Group sessions.

EXECUTIVE SUMMARY

Mass transportation in the United States is at a critical juncture--re-examining the assumptions and operations of the past and assessing the impact of a new Federal role. The Urban Mass Transportation Administration (UMTA) is in a parallel situation. After a decade of program expansion and rapidly increasing budgets, the UMTA mission, management processes and organization face their severest challenge--to rethink, redirect and perhaps reorganize for a new Federal policy which deemphasizes capital and formula grants and emphasizes innovation and management improvements in the transit industry.

This Report is based on the most comprehensive review of UMTA to date. During this ten-week review, one in ten UMTA employees were involved. The Working Group has sought the answers to three categories of questions:

Establishing Direction

What is the Organization's basic purpose?

What do we believe about our work?

What is our specific plan and in what order and time period must we meet our goals?

Implementing Systems

What tasks must be performed to accomplish our mission and reach our goals?

Who is responsible for each task?

What resources are necessary to accomplish our tasks and how should they be allocated?

What organization structure should we adopt?

Developing Relationships

How well do we relate to one another as co-workers?

How can positive working relationships be established so that we can work together to accomplish our goals?

In any effort which attempts to identify problems, there can be a tendency to do just that--find only problems. During the course of its review the Working Group has identified significant UMTA accomplishments and believes that UMTA employees at every level have demonstrated dedication and ability. These past successes and the corps of talented staff can serve as the foundation for the program, processes and organizational reforms which are needed to make UMTA effective in the next decade.

Several possible reactions to this Report can be anticipated. Some will be disappointed because of the heightened expectations from an UMTA assessment by UMTA employees. This study effort may have generated some unrealistic expectations similar to others that are evident within UMTA--such as, "If only we could keep an Administrator for more than 18 months...," or, "If we only had an Executive Director...." No one person or Report, in and of itself, will improve UMTA. Rather, it will take the combined talents of UMTA's management and staff, working hard over a period of several months, to translate the Report into specific actions needed to bring about change.

Some will feel that most of the problems identified in this Report are not new. Indeed, most of the problems have been elicited directly or indirectly during the Working Group's interviews. Several of the recommendations are also derived from ideas presented during the Working Group's sessions with UMTA employees. The usefulness of this assessment does not lie in surprise; its value lies instead in putting things in balance and perspective.

Others will resist change because they feel the problems are not sufficiently serious or that the solutions are too dramatic. Many of UMTA's employees believe that UMTA's problems can be solved by marginal change--fine-tuning of responsibilities, roles and human resource allocations. Based on its extensive review, the Working Group believes the point has been reached at which UMTA must fundamentally change its characteristics, behavior and structure.

Finally, there will be some who will be tempted to deal with the immediate symptoms, not the diagnosed causes. They will argue that there is insufficient time to deal with the root problems. If this view prevails, some future group of UMTA employees will again be charged with developing solutions to the very same problems.

The Working Group's analysis and recommendations are centered around six major areas:

Mission - Although broad purposes are outlined in the Urban Mass Transportation Act of 1964, as amended, there is an absence of a clear, definitive statement of UMTA's mission. *Extrinsic* social welfare goals, such as mobility for the transportation disadvantaged, economic development, community revitalization, air quality improvements and energy conservation, have been used to define and justify UMTA's programs. This lack of *intrinsic* transit development and financing goals has contributed to the perception that UMTA can be all things to all people. Without a defined mission, "getting out the bucks" has become the primary UMTA activity. Yet, outside of saving the transit industry from certain default and modernizing rolling stock and facilities, it is difficult to determine what has been achieved after some 15 years and over $20 billion invested in the Nation's public transportation systems. The emphasis on capital and formula assistance has undervalued service innovation and transit management improvements.

Additionally, the lack of a mission has discouraged a spirit of cooperation, commonality of purpose and willingness to sacrifice some individual turf for the benefit of the organization as a whole. A mission statement is more than high-sounding words. It can be an integrating force for UMTA's activities. Therefore, the Working Group recommends the development of an UMTA Mission Statement which defines UMTA's role, establishes overall strategy and emphasizes the outreach activities of service innovation and transportation management improvements. The Mission Statement should be periodically evaluated to ensure that the agency's mission, policies, and program guidance are consistent.

Organizational Environment and Human Resource Management - UMTA employees perceive the agency as lacking an open and creative professional work environment. There are two general root causes for low morale: (1) a *lack of fairness* in the agency's hiring, promotion, selection, recognition, award and evaluation processes; and (2) a *lack of job satisfaction* due to a continuous crisis atmosphere, absence of policy direction or common goals, frequency of turf wars, poor communication and a failure to appreciate the value of work. Supervisors, on up to the senior staff level, fail to delegate much of their work. A pattern of favoritism seems to exist, so that a few people get the better assignments and therefore, the recognition and awards. This "star system" results in resentment and the underutilization of capable UMTA staff.

The Executive Staff may not share this negative perception of UMTA. They believe that UMTA's problems are no greater than those of any other agency or are explainable by UMTA's relative youth as an organization or its small size or the discretionary nature of its program.

The Working Group believes that the philosophy and values of an organization have far more to do with achievement than do resources, structure or management processes. Further, the Working Group believes that middle managers, with the support of Associate Administrators, should be the focal point of improving the organizational environment.

The Working Group recommends the issuance of a *Statement of UMTA Values* which articulates the accepted norms of work behavior for management and employees. It is also recommended that the Administrator prioritize his own time and the staff work which he needs so that responsibility can be clearly understood and the crisis atmosphere reduced. A human resource management strategy--including a policy on recruitment, training, promotion and awards--should be developed. Middle managers must alter their current practice of waiting for senior management to solve problems and reverse their preoccupation with program issues to the detriment of their supervisory responsibilities. Finally, UMTA's headquarters organization should be streamlined by reducing the number of office directors from 22 to 13, and a possible reduction in the number of Associate Administrators. With more employees and broader responsibilities, office directors would be required to devote increasing effort to the management of people and be less tempted to do the work themselves.

Executive Direction and the Front Office - External demands do not allow UMTA's political leadership sufficient time to provide the necessary level of executive direction and day-to-day management. While this problem is acute during the frequent change of Administrators, many feel that management receives inadequate attention even when both the Administrator and Deputy are present. UMTA's "way of doing business" lacks organizational and procedural discipline and elevates issues for senior staff attention prematurely, or in many cases, inappropriately. The demands by the Front Office seem to lack a sense of realism or priority so that "fire drill" is the standard modus operandi.

The Working Group recommends that the Office of the Administrator become a role model for the rest of the agency--in attitudes, in human resource management and in fostering a healthy organizational environment. In addition, the Executive Director should continue as a line official, responsible for the day-to-day management of UMTA. If this position is filled with a career SES member, the Administrator may wish to have the non-career SES officials report directly to the Administrator and the Deputy Administrator.

Finally, the Executive Secretariat should be enhanced and additional communications responsibility should be assigned to the Office of Public Affairs.

Policy and Budget Processes - UMTA has many policies, but no *Policy*. There is no institutionalized process for setting a policy development agenda, establishing policies or monitoring and evaluating implementation. Budget formulation and execution also lack strong processes. While UMTA's program offices have their own policy and budget capabilities, there is no central core with an UMTA-wide perspective responsible for analysis and managing the policy and budget processes. There is an overwhelming need for these processes if UMTA's multi-billion dollar program is to be managed soundly.

The Working Group recommends that the policy and budget staffs be strengthened and that comprehensive processes be developed. The Working Group also recommends that the budget and policy functions be separated and that accounting be joined with budget to form an independent Financial Management Office. This Office should report to a separate Associate Administrator or directly to the Administrator.

Program Management and Delivery - UMTA lacks a clear delineation of program management responsibilities among the headquarters offices and between headquarters and the field. The shift of workload to the field since decentralization is not fully reflected in the continuing size and responsibilities of headquarters staff. The emphasis on "getting out the bucks" reduces the priority of "selling ideas and innovation." There is a lack of program guidance, goals and criteria to guide decisions. Both headquarters and regional offices show little appreciation for one another's roles and responsibilities. Effective coordination is severely hampered by staff attitudes--financial assistance staffs see the research programs as "hobby shops" that lack real-world application, while the research staffs see

the assistance programs as indifferent to innovation and undervaluing research results.

The Working Group recommends: more explicit formal coordination of programs, the development of mechanisms and opportunities for better communication and interaction among the program staffs, and the development of more program guidance for the field. The Working Group also recommends combining responsibilities for capital and formula assistance with planning assistance in a new Associate Administrator for Program Management and placing the outreach functions of the Office of Planning, Management and Demonstrations (UPM) in one of three places: (1) with the other research functions in the Office of Technology Development and Deployment, (2) with the combined assistance functions of the new Associate Administrator or (3) retained as a separate outreach office. The Working Group believes that headquarters-field relationships should be clarified in one of two ways: (1) having all delegations flow to the Associate Administrator for Progam Management and then to the field, or (2) have the field delegations flow directly from the Administrator (through the Executive Director), putting all the Headquarters offices in a support role similar to the Federal Highway Administration.

Administrative Support - UMTA's staff complains about unresponsive and ineffective administrative support. The Office of Administration (UAD) has a tradition of emphasizing "control" rather than "service." UMTA managers' needs are often frustrated by the constraints of a "system" they do not understand or appreciate and feel they cannot influence. UMTA's management and accounting information system is unreliable, unresponsive and difficult to use. UMTA's procurement process is protracted and cumbersome. Its personnel processes serve neither the organization nor individual needs adequately. The administrative staff suffers from absence of effective linkages with the rest of the agency, leading to conflicts with program managers and lack of recognition and rewards even when warranted. The administrative staff's physical isolation from those it must serve impedes communication and team-building within UAD as well as with the rest of the organization. UMTA's Administrative Expenses budget is insufficient to meet basic requirements and accountability for formulating and executing this critical budget account is not clearly assigned. The root causes for these problems are that UMTA's administrative support functions lack underlying systems and the requisite staff and skills.

The Working Group recommends strengthening internal management of UAD, upgrading UAD staff capabilities, attitudes and responsiveness; improving UAD's communications with its clients; and developing and implementing effective support systems, including the assignment of the Administrative Expense budget to UAD.

Many participants in discussions with the Working Group felt strongly that UMTA is seriously understaffed. This finding also appears in some of the prior studies of UMTA management. The Working Group concluded that the question of whether UMTA's staffing level is too low to permit it to discharge all of it responsibilities properly must remain unanswered for now. UMTA's performance currently suffers from a lack of systematic processes, underutilization of existing staff, unclear delineation of responsibilities and duplication of functions. Remedying these problems might, in itself, enable UMTA to accomplish its mission within currently authorized personnel ceilings.

In light of the President's direction to reduce Federal employment levels, it may be counterproductive to base plans for improving UMTA's effectiveness on near-term availability of additional staff. Once the management improvements recommended in this report are fully implemented, UMTA will have a sound basis for evaluating whether and where additional positions may be needed to meet its management responsibilities.

It is the Working Group's assessment that UMTA does possess the wherewithal to solve most of its problems. Although UMTA can be improved in many ways--attracting new people, developing new strategies, and reorganizing--in the final analysis, the persistent challenge is to make better use of human resources already in UMTA.

Finally, the Working Group has developed a Management Plan which summarizes the major recommendations and assigns accountability and a timeframe for completion of action.

MISSION

PROBLEM

Absence of a clear, definitive statement of UMTA's mission from UMTA's political leadership in successive Administrations has resulted in confusion and ambiguity in UMTA's perceived goals and objectives. This has led, in turn, to organizational conflict because program managers share no common understanding of the agency's raison d'etre. The absence of mission-oriented goals has permitted the strong emphasis on "getting out the bucks" to overwhelm UMTA's potential contribution to promoting needed innovation and management improvement in the transit industry.

BACKGROUND

Although the broad purposes of the UMTA program were set forth by Congress in Section 2(b) of the Urban Mass Transportation Act of 1964, the words of the Act have not been articulated in clear statements of goals and objectives. In the absence of such articulation, UMTA's operations have been characterized by vacillation in policy making; conflicting, rapidly changing program direction; delayed decisionmaking; and internal confusion. From the very outset, UMTA has lacked a readily identifiable program thrust, and, therefore, programmatic decisions have reflected the political trends and fads of the moment. Although UMTA has been viewed by the transit industry as a bank teller, UMTA itself has not been comfortable in that role. It has used social and economic issues, such as mobility for the transportation disadvantaged, economic development, community revitalization, air quality improvement, and energy conservation, to give more substantive meaning to its programs. It has thus accumulated a variety of missions over the years, none of which has ever been discarded. These have all played a role in broadening UMTA's scope and winning larger appropriations from Congress. However, these goals represent justification of UMTA's programs on the basis of broader, extrinsic social-welfare goals rather than intrinsic transit development and financing goals.

Given the size and politically sensitive nature of its large discretionary grant program, the lack of a clearly stated mission is an open invitation for UMTA clients, transportation interest groups, and members of Congress to seek preferential treatment of pet projects or programs. These actions have generally contributed to the perception that UMTA can be all things to all people, provided the appropriate political officials can be so persuaded.

ANALYSIS

A mission statement is more than a piece of paper with high sounding words. A clearly defined mission can provide an integrating force for the activities of an organization. It can also establish an overall direction and emphasis areas in which to allocate scarce financial and human resources. In addition, a mission can furnish the benchmark against which evaluation of individual and organizational performance can be made.

UMTA's lack of a defined mission has hindered development of a spirit of cooperation, any sense of common purpose, and a willingness to sacrifice some individual turf for the benefit of the organization as a whole. Without a unifying mission, UMTA employees have had a tendency to concentrate on protecting their own subunits or programs. As a consequence, UMTA's effectiveness has been marked by internal infighting that has wasted valuable resources.

Without a discernible mission to define accomplishment, it is difficult to ascertain what UMTA has achieved after some 15 years and over $20 billion invested in the nation's public transportation systems. Although it is agreed that the transit industry has been rescued (some say temporarily) from certain default, and rolling stock and physical facilities have been modernized, there have been only limited changes in service characteristics and basic operating practices. Fixed routes and the forty-foot bus remain industry norms for providing service. Even the tactic of last resort has not changed. Raising fares and cutting back service to combat escalating operating deficits, once associated with failing private carriers, are now being adopted by the publicly owned properties who acquired their assets with UMTA assistance.

Whether UMTA or the transit industry is responsible for these developments is an unanswered question. If UMTA is seen as an investment banker, then the agency should examine the prospective return on its investments in terms of expected benefits and costs of various choices and make grant decisions on the basis of established technical and financial criteria. This implies a strong stewardship role for UMTA. On the other hand, if UMTA's role is that of a bank teller, not the banker, its job is reduced to simply handing over funds to those who present the proper credentials. If stewardship is not part of the Federal role, emphasis on simply processing all available funds before the end of the fiscal year is perfectly appropriate.

It is the view of the Working Group that there has been a skewed distribution of Federal assistance--emphasizing cash infusion for the purpose of acquiring capital equipment and paying operating expenses but not sufficiently stressing service innovations and transit management improvements. Over time, these latter areas may do more to improve the quality of public transportation in a given area than cash alone. If UMTA's mission had been defined, and included a proper balance between cash infusion and productivity improvements, the transit industry today might be in better financial and operational condition.

Articulation of the UMTA mission would have both internal and external benefits. It would provide a broader perspective for determining where programs and people fit. Employees would have an understanding of how their work contributes to "building the cathedral" not just "carrying the bricks." A new sense of mission might lead to better resource allocation and improved employee morale. It is also reasonable to expect that other Government officials and clients might better understand and appreciate UMTA if it had a mission for all to see.

RECOMMENDATIONS

It is strongly recommended that the Administrator direct the development of an UMTA Mission Statement. This effort might be viewed as symbolic, but given the strong correlation between mission and organization performance, there are specific, tangible benefits to be achieved. The Working Group recognizes that the development and coordination of a Mission Statement could become a protracted, fruitless effort if total consensus is required. Therefore, this project should not be allowed more than 30 work days. Specifically, the Associate Administrator for Policy, Budget and Program Development, with the involvement of the UMTA Executive Staff, should be tasked to develop the UMTA Mission Statement.

The Working Group strongly recommends that the UMTA mission encompass an outreach function, responsible for promoting innovations and transit management improvements. This function is currently undervalued and needs to assume a more substantive role in the mission of the agency.

The Mission Statement should be expected to do the following:

Specifiy the broad objectives intended to be served through UMTA's programs and other activities, and their relative priorities;

Outline the range of activities that may be employed to further the objectives;

Identify overall strategies for relating programs and other activities to these objectives and to each other; and

Define the appropriate Federal role, specifying desired constraints on the level of involvement in local choices and the extent of monitoring and oversight that will be employed in UMTA's programs and activities.

Following development of the Mission Statement, the Associate Administrator for Policy, Budget and Program Development, with the involvement of the UMTA Executive Staff, should develop a goals-oriented action agenda designed to carry out the mission of the agency. In addition, the Associate Administrator for Policy, Budget and Program Development should establish a process by which UMTA's Mission Statement can be periodically evaluated to ensure that the agency's mission, policies and program guidance are consistent.

Once a Mission Statement is approved, each UMTA manager should be tasked to review his or her programs and projects in the light of UMTA's mission to resolve any inconsistencies.

ORGANIZATIONAL ENVIRONMENT AND HUMAN RESOURCE MANAGEMENT

PROBLEM

Employees of UMTA perceive the agency as lacking an open, creative, professional work environment. The agency is characterized by poor management, underutilized staff, undervalued work, personal and organizational infighting, low cooperation, and inadequate communications. According to the staff, there is ineffective human resource management in UMTA resulting from not using people to the best of their abilities, not encouraging opportunities and performance feedback necessary for personal growth and advancement, not establishing an effective system for recognizing and rewarding achievement, and not ensuring equity in most personnel matters.

BACKGROUND

In meetings with a wide cross-section of the UMTA staff, the Working Group found that although some people have job satisfaction, most employees dislike the present working environment of the agency. Many look back favorably to the "good old days" of UMTA (pre-1974) when the agency was relatively small, the staff worked closely together, and personal advancement was rapid. Although high "esprit de corps" seems to have existed in the past, it is not widely found today among the UMTA workforce. In fact, morale has been low for a long while and is continuing to decline.

In an attempt to assess the morale of the UMTA staff, the Working Group met with representatives of the Office of Civil Rights, the Office of Personnel, and the local union official. The Working Group also met with groups of professionals and secretaries, including some who had been with the agency for many years. Several former UMTA employees were also invited to discuss UMTA and its problems from their perspective in a new agency.

From these discussions, the Working Group identified two different streams of thought. Those in the first stream feel that morale is low because of UMTA's hiring, promotion, selection, recognition, award and evaluation processes. UMTA employees feel there is randomness and lack of fairness in the agency's routine personnel processes. Those officials presently responsible for equal opportunity and affirmative action goals believe that minorities and women are most affected by the lack of equity in such actions, as measured by their positions and grades compared with those of non-minorities in the agency.

The second stream of thought, expressed mostly by professionals, generally agrees with the first but focuses on broader concerns. They see feelings of job satisfaction lacking because of a continuous crisis atmosphere, absence of policy direction or common goals, frequency of turf wars among offices, poor communication with other headquarters offices and with the regions, and failure to appreciate the value of work. Additionally, a common complaint is that UMTA management does not make effective use of its staff. Many people

seek added responsibility but find that their supervisors, on up to the senior staff level, fail to delegate much of their work. Just as important, a pattern of favoritism seems to exist under some supervisors, with a few people always getting the best assignments. This "star system" leads to repeated recognition and awards for the same few people but a loss of opportunities to achieve recognition for all the others. It is also common knowledge that some persons in the agency are clearly overworked while some other people are not producing. Yet, supervision is so ineffective that such situations are allowed to go on year after year.

The Working Group found a wide variety of views among the UMTA staff on how well specific levels of the organization work together. The staff seems to get along, the office directors do not, while the degree of cooperation among the Associate Administrators is left open to question. In any case, UMTA's turf wars are legendary, especially since decentralization. For many employees, there seems to be no identification with UMTA as a whole, no common sense of goals, and no common interest in working together.

Although many of UMTA's present problems have been identified in previous organization studies, the Working Group found that there has been a continuing tendency throughout the UMTA staff to look to top leadership for a resolution of UMTA's day-to-day problems. Everybody seems to be waiting for an Administrator to impose a solution from the top down. The Working Group also found that the Executive Staff may not share the perceptions and concerns of the rest of the UMTA staff. At the senior level, there is a tendency to believe that UMTA's problems are no greater than those of any other agency or are explainable by UMTA's relative youth as an organization, its small size, or the discretionary nature of its major program.

In looking at UMTA's middle management level--primarily the office directors--the Working Group found the following:

> Many of UMTA's middle managers assumed their positions without adequate supervisory training and experience;
>
> Many of UMTA's middle managers continue to be actively involved in direct program management activities rather than delegating them to their staffs and concentrating on their supervisory responsibilities;
>
> The worst of the turf wars seem to take place at the middle management level; and
>
> Many middle managers may be "stale" in their present positions.

Given the scope of problems identified, it is not surprising that a new Administrator coming into UMTA might say, "This place is out of control!"

The Working Group believes that there is a correlation between UMTA's high attrition rate and many of the agency's current problems. Several of the agency's particularly talented people have left over the past 2-3 years, not

only because they saw no possibility of further career development for themselves, but also because of their outright frustration with management and the organizational environment. As might be expected, the actual output of the agency has also been affected. In an environment where there are poor communications and no accountability for either working together or following accepted norms of behavior, staff work is often incomplete or left entirely undone.

ANALYSIS

The basic philosophy, spirit, and values of an organization have far more to do with its achievement than do resources, organization structure or management processes. UMTA's organizational environment has an enormous impact on UMTA employees and their ability to serve the public.

After an extensive series of investigations, one of the noted contributors to organizational theory, Frederick Herzberg, reported that there are two categories of factors that impact job attitudes. Growth or motivator factors are intrinsic to the job, while dissatisfaction avoidance or hygiene factors are extrinsic to the job. These factors are outlined in the following chart:

Factors Leading to Job Dissatisfaction (Dissatisfaction Avoidance or Hygiene Factors)	Factors Leading to Job Satisfaction (Growth or Motivator Factors)
Company Policy & Administration	Achievement
Supervision	Recognition
Relationship with Supervisor	Work Itself
Work Conditions	Responsibility
Salary	Advancement
Relationship with Peers	Growth
Personal Life	
Relationship with Subordinates	
Status	
Security	

Source: Frederick Herzberg, "One More Time: How Do You Motivate Employees?", *Harvard Business Review*, January-February 1968.

In UMTA's case, staff dissatisfaction with both job content and job environment can be directly traced to the lack of middle management attention to both the hygiene and motivator factors.

In looking at the types of problems UMTA faces, the presence or direct involvement of the Administrator is not an essential factor for corrective action. Neither UMTA's youth, nor its the small size, nor the discretionary nature of its main program is an excuse to hold up action. In fact, there is no reason that many of UMTA's organizational environment and human resource management problems cannot be substantially resolved by UMTA's

middle managers themselves, with support from the Associate Administrators. They are the day-to-day supervisors of the UMTA workforce and the manner in which they go about their duties has a dramatic effect on both work environment and job content of the agency.

UMTA's work environment would be significantly improved if its middle managers become true managers and are held accountable for delegating work responsibilities and exercising their supervisory duties. Managers are, by definition, responsible for coordinating and using human resources to accomplish goals. Therefore, they must develop interpersonal skills to successfully perform their jobs. In particular, managers must realize that they are responsible for the hiring, training, developing, rewarding and sanctioning of the great majority of the agency's staff, with special responsibility for the implementation of EEO/affirmative action goals.

It is no longer tolerable for UMTA's middle managers to abdicate their responsibility as supervisors for day-to-day personnel actions by attributing responsibility to the Office of Personnel or the Office of Civil Rights. Rather, these support offices should establish sound procedures for managers to use, provide information and assistance, establish evaluation capabilities to ensure consistency throughout the agency, and provide regular feedback to managers and the Executive Staff.

The present problems call for action now. Departmental statistics reveal that the highest percentage of UMTA employees have served only 6-15 years with the Government and thus many are still young or mobile enough to have careers elsewhere. With a decrease in overall staffing now likely, it is important that the best of the staff be retained and the agency function at its most productive level.

It is the Working Group's assessment that UMTA does possess the wherewithal to solve most of its problems. Although UMTA can be improved in many ways--attracting new people, developing new strategies, and reorganizing--in the final analysis, the persistent challenge is to make better use of the human resources already in UMTA. The first step in this process is to improve UMTA's organizational environment and human resource management.

RECOMMENDATIONS/OPTIONS

The first action recommended is the issuance of a set of organizational *values*, approved by the Administrator and distributed to every UMTA employee. Articulation of the accepted norms of behavior is a method used in the private sector to develop a professional work environment. A proposed statement of UMTA values follows the recommendation section. It attempts to foster norms and values supportive of excellence, team work, honesty, service to the public, and pride in one's work. It would formalize, for the first time in UMTA, the commitments of management and the employees to each other and to the organization. Once articulated, these values should become the basis for recognition, rewards and sanctions by their incorporation into all UMTA performance evaluations.

The second organizational environment recommendation is for the **Administrator to prioritize both his own time and the staff work which he needs.** The demands from the Office of the Secretary, Congress, the White House, the Office of Management and Budget, and grantees, cannot all be handled by the same people, at the same time, and at the same level of "highest priority." Simply placing tougher demands on the UMTA organization is a short-term solution which will only exacerbate UMTA's morale and environmental problems. The strains of this approach are already evident after only 12 weeks. The Administrator should identify the issues and staff work which have the highest priority and clearly assign the responsibility to accomplish these tasks so that accountability is fully understood. If this is done, the balance of the UMTA workforce can be less involved in crisis management and start to become more anticipatory.

The third recommendation is that **UMTA adopt a human resource management strategy--including policy on recruitment, training, promotion, and awards. It is essential that human resource management become as much a part of UMTA's agenda as the yearly program plan and the Congressional Budget request.** Human resource management is too important to be left to one Associate Administrator or the personnel office.

The fourth recommendation is directed to UMTA's middle managers. Their influence and impact on UMTA's organizational environment are the most pervasive and continuous. Regardless of the presence of an Administrator, Deputy Administrator or Associate Administrator, the middle managers are the focal point in UMTA's organizational hierarchy. **Middle managers must alter their current mindset of waiting for senior management to solve problems and reverse their preoccupation with program issues to the detriment of their supervisory responsibilities.** There are several remedial steps which can begin to foster the essential managerial perspective in UMTA's middle managers:

> Current middle managers should be retrained in supervisory skills; new managers should receive supervisory training within the first 30-days of their selection.
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> Supervisory efforts to develop employees--coaching, counseling, on-the-job training--must be valued and be incorporated into the formal appraisal system.
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> UMTA's Office of Personnel and Office of Civil Rights must provide concrete guidance and support to middle managers' efforts to recruit, select, reward and sanction. The ultimate accountability for these responsibilities, however, must remain with each individual supervisor.
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> UMTA's professional and support staffs must be given the opportunity to demonstrate their capability to do more than their jobs currently require or allow. UMTA staff is not sufficiently involved in the mainstream of UMTA activities. Responsibilities should be properly defined and delegated to the lowest possible level.

Periodic rotation of middle managers into different UMTA offices could broaden their understanding of UMTA and increase their appreciation for the work done in other parts of the organization.

Beyond these four basic recommendations, at least one more substantial change should be made. **In an effort to streamline UMTA's headquarters organization and to more clearly establish the supervisory nature of middle manager positions, UMTA should reduce the number of office directors and possibly reduce the number of Associate Administrators.** While organizational staffing arrangements may vary for valid reasons, the chart below illustrates that UMTA has as many Associate Administrators and nearly as many office directors as much larger organizations. Whether UMTA is understaffed or not, it clearly has a very high ratio of supervisory to non-supervisory employees.

COMPARISON OF TOTAL HEADQUARTERS STAFF TO SENIOR AND MIDDLE MANAGEMENT LEVELS

	HEADQUARTERS STAFFING (AS OF 2/25/81)	ASSISTANT SECRETARIES OR ASSOCIATE ADMINISTRATORS		OFFICE DIRECTORS	
		Number	Ratio To Hdqtrs Staffing	Number	Ratio To Hdqtrs Staffing
OST	1062	5	1:212	30	1:35
FAA	2083	6	1:347	23	1:91
FHWA	1354	6	1:226	16	1:85
NHTSA	630	6	1:105	21	1:30
FRA	451	6	1: 75	21	1:21
UMTA	382	5	1: 76	22	1:17
RSPA	206	6	1: 69	16	1:13

Reducing the number of offices from 22 to 13 would decrease the ratio of office directors to employees to 1:29. This improved manager-to-worker ratio would increase the need for supervisory skills and could decrease the tendency of managers to "do it themselves." With more employees and broader responsibilities, middle managers would be required to devote increasing effort to the management of people and be less tempted to do the

staff work themselves. This attention to supervision, and the resulting development and increased involvement of UMTA employees, could significantly improve UMTA's organizational environment and human resource management.

In addition, the reduction in offices could enable the redirection of some of those spaces to the creation of Deputy Associate Administrators, who could assist in the overall management of the major organizational units. Coupled with a potential reduction of one Associate Administrator (see the section on *"Program Management and Delivery,"*) this would result in a streamlined headquarters operation which would be consistent with the Administration's overall Executive Branch goals and the current direction of the UMTA program. Finally, such a reconfiguration of senior and middle management could increase the chances of securing Senior Executive Service positions for the office directors and the new Deputy Associate Administrators.

PROPOSED STATEMENT OF UMTA VALUES

To maintain a productive working environment where employees can deliver high quality work products while developing their individual capabilities, UMTA's management and employees commit themselves to the following principles:

LEADERSHIP

UMTA's leaders can enhance their effectiveness by cultivating staff capabilities and drawing upon them regularly.

Leaders derive their authority not only from their positions but also from the confidence of those they lead. In addition to directing and making assignments, each UMTA leader should serve as a coach and a resource who provides encouragement and education.

UMTA managers are responsible for exercising leadership and integrating the efforts of individuals and organizational units.

Assignments should be delegated to the lowest possible level.

RESPONSIBILITY AND SELF-DISCIPLINE

Each UMTA employee has the responsibility to "think for UMTA," that is, to view problems and solutions from an UMTA-wide perspective, not just from that of a particular office or program.

To enable the agency to meet its obligations, each individual must be prepared to make work commitments and fulfill them dependably.

Any employee aware of a serious problem, a promising solution or a way to improve UMTA's effectiveness as an organization is responsible for bringing it to management's attention. UMTA's management, in turn, must establish the climate and channels of communication to encourage employees to share their ideas and concerns and give them serious consideration.

DECISIONMAKING

Decisionmaking should include, by their participation in staff work and their presence at decisionmaking meetings, the people most closely involved or affected.

Autocratic approaches to decisionmaking that stifle initiative and result in staff frustration and alienation must be avoided.

Group participation, when appropriate, leads not only to better decisions but also to better acceptance and job satisfaction. The need for well-considered decisions must be balanced against the need to take timely action.

During policy formulation and analysis, a diversity of professional views is healthy and should be encouraged. Once a decision has been made, however, it should be supported and implemented.

WORKING TOGETHER

UMTA should be action-oriented--ideas are to be encouraged and should be tried promptly, not analyzed to death.

For UMTA employees to work together cooperatively and productively, they must value one another's work.

Conflict among offices and employees is counterproductive; organizational "turf wars" cannot be tolerated.

Honest, open communications are essential to getting UMTA's work done efficiently and successfully. Individuals should be encouraged to share their ideas and insights; professional differences must be expressed and resolved in a professional manner.

When readily available resources are insufficient to get an important job done, assistance should be freely sought--from anywhere in the organization--and enthusiastically given.

INDIVIDUAL GROWTH

Each employee deserves the opportunity to participate in as many different functions and tasks as individual desires and abilities permit.

Each employee should be encouraged to exercise initiative and responsibility within orderly and fair constraints.

Racial and gender equality are essential prerequisites to a high-quality work environment.

EXECUTIVE DIRECTION AND THE FRONT OFFICE

PROBLEM

External demands do not allow UMTA's political leadership sufficient time to provide the necessary level of executive direction and day-to-day management. UMTA's established "way of doing business" lacks organizational and procedural discipline and elevates issues for senior staff attention prematurely or, in many cases, inappropriately. Since staffing of issues is erratic and there is insufficient coordination, decisionmaking is slow, uncertain, and overly dependent on top-down guidance.

BACKGROUND

The lack of continuous leadership was cited in several recent management reviews of UMTA and by discussion participants at all levels, from Associate Administrators to support staff. The problem of executive direction in UMTA goes beyond the short tenure of its political leadership. Many feel that day-to-day operations receive inadequate attention even when both the Administrator and Deputy are present.

UMTA's programs and constituencies place more demands on its top leadership than perhaps any other operating administration in the Department of Transportation. When faced with an overwhelming array of competing political and program decisions, UMTA's previous Administrators have chosen to accord management and organizational issues lower priority.

The very nature of UMTA's programs dictates immediate and continuous program involvement by UMTA's political leadership. Although UMTA's staff is one of DOT's smallest, its 4 billion dollar program is one of DOT's largest. In addition, there are very few established criteria for distributing UMTA's Section 3 discretionary funds. Because of the significance of UMTA's discretionary program, its constituencies' demands are so great that the effects of unpopular UMTA decisions can be felt even in the White House. Consequently, Section 3 decisions seem to require the personal attention of UMTA's senior political leadership.

Since UMTA's grant programs are primarily directed to urban areas, each UMTA dollar has great public visibility. In addition, UMTA has a large, disparate and vocal constituency. Whereas FHWA, for example, primarily relates to 50 State DOT's or highway departments, UMTA's leadership interacts not only with mayors of every large and small city but with their respective transit authorities and planning agencies as well. Demand for UMTA's funds greatly exceeds UMTA's ability to assist. These intense demands from urban officials to obtain Federal assistance subject UMTA's leadership to a constant stream of grant requests and lobbying efforts. In a time of resource scarcity, as more areas compete for fewer dollars, there is every reason to believe that such demands will continue and will probably increase.

The sensitive political nature of UMTA's programs is acknowledged and accepted by the staff. There is, however, widespread feeling that the agency's leadership does not pay enough attention to internal management to assure the development of sound management practices which would enable the agency to operate responsively. Many feel that the Office of the Administrator should take the lead in reflecting positive attitudes and role models for the rest of the agency to follow--from valuing and rewarding people to assuring that policies and priorities are articulated and implemented. There is also a feeling that demands by the Front Office lack a necessary sense of realism or priority, which results in nearly everything being deemed "urgent."

Top-down hysteria is endemic to UMTA decisionmaking. Management by crisis not only "burns out" the staff attempting to respond to unreasonable or unnecessary deadlines, but also prevents proper staffing and coordination of the products. Premature involvement of the Administrator and the senior staff in issues which have not been analyzed often puts them in the position of attempting to perform basic staff work themselves in real-time. Frequently, meetings are called on short notice, without identified subjects and without the presence of substantive staff. These meetings become a combination of information-sharing and quasi-decisionmaking, with neither being done very effectively. Those present are frequently not sure what has transpired; those not invited are just as sure that they have been unjustifiably excluded from an important session.

The Working Group found that there is a wide range of specific expectations regarding the function of the Executive Director. This individual is perceived to be a "policy neutral" person responsible for day-to-day agency management, to act as a facilitator, to handle field/headquarters relationships, to pinpoint responsibilities within the agency, and to assure that these responsibilities are carried out. Continuity from Administrator to Administrator is also viewed as desirable, but the realities of SES constrain the possibility of achieving this. Most UMTA employees see the Executive Director position as a major improvement, although the position did not function long enough to judge whether all of these expectations could be fulfilled. Additionally, the Executive Director was at times drawn into external demands since there was no clear delineation of responsibilities between the Deputy and the Executive Director.

There are also expectations concerning the Executive Secretariat. It should: expedite paperwork and information flow; assure adequate staff work and proper coordination; control agendas to assure prior completion of staff work, proper participation and sufficient advance notification; and maintain an institutional memory. There are clear indications that these functions are either inadequately performed or not being performed at all. Both professionals and support staff frequently complain of lost material, the inability to determine the proper procedures for typing or forwarding material, and the indiscriminate use of controls.

There is confusion over the proper role and functions of the Office of Public Affairs, particularly in the area of briefing papers. Questions have arisen

over the appropriateness of the role of the Office of Public Affairs in the grant release and Freedom of Information Act processes. There have also been complaints of a lack of anticipation of information needs on the part of Public Affairs staff and an inability to move projects through the grant release process quickly due to lack of clout.

ANALYSIS

Given the numerous pressures on UMTA's political leaders, it is understandable that they devote their attention and energy to the highly visible activities that relate primarily to external demands. This can lead to a situation where the Administrator is not a conductor of an orchestra, but rather a puppet with literally scores of people pulling the strings and forcing his actions. These pressures have already been manifest during the early weeks of the new Administration, despite the management orientation of the new Administrator.

UMTA's Front Office has three crucial functions: serving as a role model for agency managers to follow; managing headquarters and the field; and assuring effective functioning of agency-wide management processes. Each of these areas presents a different set of requirements. However, it appears to be inevitable that the senior political leadership will be drawn into the political aspects of program decisions. This tradition is as true today as it has been over the last decade.

With the need to concentrate on policy and external demands, the political leadership finds less and less time to devote to internal management--especially the creation of effective management processes and enforcement of necessary norms of organizational behavior. The position of Executive Director represents a potential means of providing a continuous Front Office focus on internal management and process development, cue-giving, reinforcement and sanctions. This position should not be viewed as a super-Associate Administrator for Administration or Policy, managing support functions or performing basic staff work. Nor should it function as a policeman or work-reviewer. The Executive Director can, however, relieve the administrative and managerial burden on the Administrator and Deputy by assuring that policies and programs are well-communicated and implemented throughout the organization. The Executive Director can, moreover, serve to alert the UMTA staff that management and accountability are going to receive a high priority. This will allow the political leadership to concentrate on external demands and give requisite attention to goal-setting, policy control, and particular matters of its own choosing.

During its brief existence, the Executive Director position appears to have had its greatest impact in relationships with field offices. Regional Administrators finally had someone responsible for listening to them and willing to respond to their needs.

The Executive Director requires the expertise of a strengthened Executive Secretariat. The Executive Secretariat should consist of staff at a higher grade and skill level than at present, supplemented by rotating professionals

assigned as part of a career development process. These professionals should be capable of handling "quick response" demands to assemble, package and obtain concurrence in briefing papers. Clear procedures covering correspondence control, filing, scheduling, and communication are essential. Both areas--the Executive Director and the Executive Secretariat--must be policy-neutral in order to maintain the credibility essential to the managerial side of Front Office operations. This is not to say that policy issues never cross their desks, because they will, only that neither can afford to become advocates for a particular position.

The role of the Office of Public Affairs is clearly that of managing information flow to the "outside world"--particularly to the transit industry, grantees, and the general public. While cooperation between the Office of Public Affairs and the Executive Secretariat is essential, their functions are sufficiently distinct that they should continue as separate offices. The Office of Public Affairs staff must be knowledgeable about the agency, its components and constituents, and able to handle external demands in a timely, responsive manner.

OPTIONS

For improved management of UMTA

There must be someone in the Office of the Administrator sufficiently insulated from external pressures to concentrate on the organization itself and its management and to act as a buffer between everyday operational concerns and political pressures. The Working Group identified three different "models" for the formal functioning of an Executive Director within the Front Office:

1. In the "Special Assistant" model, the Executive Director could serve as an off-line management specialist with limited authority, performing whatever functions or special assignments the Administrator chose.

2. In the "Black Box" model, the Administrator, Deputy Administrator, and the Executive Director all share the same organizational box. An explicit division of labor between the Deputy and the Executive Director could be spelled out or could be left unspecified. This approach offers the benefit of maximum flexibility but at the price of at least the outward appearance of unclear delineations of authority and responsibility. Unless carefully monitored, this approach could result in all three people becoming enmeshed in external necessities rather than increasing the amount of attention to internal management.

3. In the "Line Executive Director" model, all day-to-day operating responsibilities would rest with the Executive Director. The extent of direct involvement in resolving policy matters would be determined by the Administrator. This

approach clearly delineates reporting responsibilities and functions and maximizes use of an enhanced Executive Secretariat.

If the Executive Director is given explicit responsibility for management, especially under the "line" model, it would be appropriate to institutionalize an Executive Office consisting of the Executive Director, an assistant or Executive Officer, and the enhanced Executive Secretariat.

A Role Model for Agency Managers

The Office of the Administrator must act as a role model for the rest of the agency--in attitudes, human resource management, and fostering a healthy organizational environment. This includes reflecting a positive attitude towards what the agency can accomplish, valuing people, using rewards and sanctions, and beginning to define and reinforce some norms of organizational behavior. In this role, the Front Office should advocate reliance on as many staff capabilities as possible rather than allowing continuance of a "star system" relying on only a few individuals. (A more detailed description of this issue is contained in the section on *"Organizational Environment and Human Resource Management"*).

Another essential element in the Front Office's role model is the performance of its own supervisory responsibilities--particularly establishing and monitoring job performance objectives for the senior staff who report to the Administrator. Here is a point where the Administrator's managerial and programmatic expectations should be defined and reinforced at the senior staff level. These cues can then guide the rest of the organization's performance objectives.

Management of Headquarters and the Field

The UMTA Front Office will need to resolve uncertainties concerning headquarters roles and responsibilities, assure that decisions are implemented, and monitor performance. These are all legitimate functions for an Executive Director. However, in the absence of an Executive Director, there are two other options for discharging these responsibilities. The Administrator and/or Deputy Administrator could assume this role in addition to their current external focus. Another option is to task the Associate Administrator for Policy, Budget and Program Development with this responsibility. While an Executive Director could devote full time to these duties, it is doubtful that the agency's political leadership would have sufficient time available to perform these important organization and management duties.

With respect to the field, the UMTA Front Office must resolve the issues and options concerning field responsibilities and field/headquarters relationships, assuring that Regional Administrators' concerns are adequately addressed and that proper controls are in place for policy determinations. The responsibility for this management/liaison activity has three options. It could be vested in: (1) the Deputy Administrator (in addition to the current

external and political responsibilities of that person); (2) the Executive Director; or (3) an Associate Administrator for Program Management. (See the section on *"Program Management and Delivery."*)

Assuring Effective Management Processes

Finally, if the Front Office is ever going to manage UMTA, it will have to ensure that effective management processes are developed. Most organizations have in place a number of basic processes which provide control mechanisms for exercising executive direction--they identify and prepare issues for executive attention, force decisions, and monitor implementation. Either UMTA lacks these processes entirely or they do not function properly. The absence of a policy process, serious deficiencies in the budget process, and other major process problems are discussed more fully in two other sections of this report, *"Policy and Budget Processes"* and *"Administrative Support."*

Development of sound processes will require close and continuous monitoring by the Front Office of senior staff members, who should be tasked to develop the processes and cooperate in their implementation. This could be accomplished by assigning the Executive Director responsibility for coordinating the efforts of the appropriate Associate Administrators.

RECOMMENDATIONS

The Working Group recommends that the Office of the Administrator act as a role model for the rest of UMTA. Valuing, establishing and monitoring job performance, work and people, using rewards and sanctions, requiring proper staffing and coordination of products, and re-affirming proper norms of organizational behavior are all means to improve human resources management and the organizational environment. Such cues must begin in UMTA's Front Office.

The Working Group recommends that the Executive Director continue as a line official. Rather than adding management duties to either the Deputy Administrator or the Associate Administrator for Policy, Budget and Program Development, the Executive Director should be the focal point for management. Since the political officers already have full agendas, they will find it difficult to add UMTA management to their political and policy responsibilities regardless of their personal abilities and energies. While the ultimate value of the Executive Director has yet to be determined, the Working Group believes that the probability of successfully managing UMTA is increased by the presence of an Executive Director to manage day-to-day operations and to ensure that effective management processes are in place.

There was unanimity in the Working Group that the Executive Director should be a "line" official, with all day-to-day operating responsibilities. The Working Group felt that this individual could be either a career or non-career SES official. However, if the Administrator does not want non-career SES officials reporting to a career Executive Director, such officials could report directly to the Administrator and Deputy Administrator.

The Working Group further recommends that the Regional Administrators either continue to report to the Executive Director or report to a new Associate Administator for Program Management, as discussed in the section on *"Program Management and Delivery."* With their important external and political responsibilities, neither the Administrator nor the Deputy have sufficient time to perform this important management liaison activity.

Additional Recommendations

As a necessary first step, the Executive Secretariat should develop and issue an UMTA correspondence manual which prescribes proper coordination and clearance procedures. Enhancements must be made to the administrative side of the Office of the Administrator. The Executive Secretariat should consist of a higher-graded Executive Assistant, additional analysts with strong knowledge of agency policies and programs, and a support staff capable of maintaining the institutional memory, assuring the accuracy of information that is issued, and properly controlling and tracking coordinated material.

A "quick response" team should be established within the Executive Secretariat to assure that the agency can rapidly respond to short-fuse demands without unnecessary meetings or general hysteria. Knowledgeable staff members could collect the needed information, package it, and obtain necessary concurrences as the need arises. This would enable the senior staff and UMTA workforce to concentrate on their other assigned priorities.

The Office of the Administrator should emphasize the communications role of the Front Office. The Executive Secretariat should be responsible for internal correspondence and information management. The Office of Public Affairs should be responsible for external communications as well as an informative in-house publication to keep agency personnel aware of current events impacting the UMTA program.

POLICY AND BUDGET PROCESSES

PROBLEM

UMTA has many policies, but no *Policy*. Roles and responsibilities for policy development are not defined and accepted. There is no orderly process for setting a policy development agenda, establishing policies, or monitoring and evaluating implementation. In the absence of a policy process, budget formulation often forces policy decisions, although it lacks a comprehensive focus and is primarily reactive. Although UMTA's program offices have their own policy and budget capabilities, there is no strong central core with an UMTA-wide perspective capable of providing analysis and managing the policy and budget processes. Systematic monitoring and progress reporting on budget execution is also lacking.

BACKGROUND

Policy is expressed in a variety of forms (ranging from statutory language, to regulations, published guidelines and oral advice provided prospective grantees) and can best be thought of as forming a hierarchy of specificity (ranging from broad statements of goals, objectives or mission; to general guidelines on program priorities, eligibility conditions, etc.; and detailed guidance on standards, specifications, criteria, etc.).

In UMTA there are great gaps in this hierarchy. Particularly distressing to field officials is the lack of policy guidance just below the level of statute and regulation. Because of this gap, interpretations are sometimes made by UMTA staff based on their own knowledge and personal preferences. Often "legality" becomes a substitute for policy.

Although each program office has its own policy and budget capability, there is no central policy or budget function bringing strong analytical capabilities to bear from an UMTA-wide perspective. The Office of Policy, Budget and Program Development (UPP) is charged with this responsibility, but it lacks the knowledge and skills to perform this function and its role is not necessarily accepted by the rest of the agency.

UMTA has no policy process which would formalize a systematic and orderly mechanism for producing policy. There is no central policy review of program offices' operations and policies. Neither is there adequate recognition of the need for such central policy review. In addition, there is little anticipation of future requirements, relevant information is not available to the policy office, and underlying policy issues may remain unresolved for long periods of time.

ANALYSIS

Absence of strong central policy and budget functions in a multi-billion dollar agency such as UMTA weakens its ability to respond to its political executives and destroys its credibility with the Office of the Secretary, the Office of Management and Budget, Congress, and the General Accounting Office. The UMTA program of the future will be quite different from that of the past: fewer dollars and people rather than an expanding program. The agency's success will depend on how clearly its policies are articulated and how responsibly it plans, budgets, and controls its resources.

An effective policy process would: anticipate or identify the need for policy; produce assignments for performance of pre-policy analysis or the drafting of proposed policy guidelines; assure appropriate participation in the work; subject products to analytic review from an agency-wide perspective; identify and summarize issues for executive decision; assist in issue resolution and assure timely decisions; assign implementation responsibilities; and monitor and evaluate implementation. While not all of the work activity implied by this process would need to be performed by a single policy office, it could provide the central analytical capability and manage the overall process. As long as there are offices responsible for program management, they should continue to have responsibility for identifying policy guidance needs and initiating guidelines within the framework of the overall policy process, including review by the central analytic resource.

UMTA's budget process satisfies normal expectations and requirements only in the most superficial sense--products get stapled together and submitted more or less on time. Budget formulation is done without any analysis from an UMTA-wide perspective, and budget execution is left by default to the program managers without any systematic monitoring or requirements for progress reporting. If an adequate policy process were functioning, the formal budget process would be expected to ensure that resources are allocated and programs implemented only in accordance with priorities and objectives determined by the policy process. It would not have to bear the burden of producing such policy guidance.

For both the policy and the budget processes to become instruments for improved management in UMTA, it will be necessary to clearly assign responsibilities and define the various roles of the respective participants. The right mixture of system development and analytic skills will need to be brought together to develop the required processes and make them work effectively.

OPTIONS

The options presented below range from fine-tuning of UPP's existing organization to reorganization. All the options produce sounder policy and budget processes, but they differ as to the institutional setting in which the processes function.

Reinforce Existing Organization and Responsibilities

Reinforce the role of UPP as the focal point for development of policy guidance, budget formulation and execution, and program evaluation. Recognize the need for UMTA program offices to provide information and input into policy formulation and to nominate items for inclusion in the policy agenda. Assign UPP responsibility for development and implementation of comprehensive policy and budget processes and require it to initiate the development of policy guidance (including goals and objectives) and monitoring of implementation.

These actions may require the use of individuals or task forces under the direction of the Associate Administrator for Policy, Budget and Program Development. Upgrading of staff capability already in UPP is required, as is the development of improved coordination with program offices.

These actions are least disruptive to current organization structure although they represent substantial changes in attitudes and acceptance of unaccustomed roles. Many UMTA employees do not feel that reorganization is required and will more readily accept this approach. A major disadvantage is that other units within UMTA may seek continuation of existing relationships as a way of preserving their current predominance. Improved cooperation is an essential ingredient to the success of these actions.

Reorganize responsibilities within UPP

Reorganize the existing Office of Policy, Budget, and Program Development in one of two ways:

1. Reorganize UPP into two units: one for policy and one for budget.

This option has the advantage of placing in one unit the budget formulation functions which are currently divided between two units within the office. It has the disadvantage of continuing the isolation of the current policy and budget functions from the rest of UMTA.

2. Reorganize UPP into three or four units which mirror the existing program offices within UMTA and provide for internal coordination.

Under this option, all policy, program and budget review, analysis, monitoring, and evaluation would be carried out in each of the units for their assigned program areas. This integrates policy and budget for each major program area, allowing staff to develop continuing relationships and expertise in their assigned programs. However, it has the disadvantage of requiring a mechanism to integrate across all the programs (a parallel "coordination" office, or a separate staff at a higher organizational level) and runs the risk that budget duties may drive out the more analytical, long-term perspective.

Separate Organization for Budget and Financial Management

This option involves a major organizational change to better accomplish the policy and budget functions that are now the responsibility of the Associate Administrator for Policy, Budget and Program Development. A separate Associate Administrator for Policy would be established to carry out the policy development, program evaluation, and policy research functions. A separate Associate Administrator (or independent Office) for Budget and Financial Management would be established by combining the Office of Budget and the budget development functions in the Office of Policy Development (both currently in UPP) with the Office of Accounting (currently in UAD). This option has the clear advantage of upgrading both the policy and budget functions of the agency and assigning clear responsibility for their execution. One function would no longer dominate the other.

A separate Associate Administrator for Policy could focus primarily on the important strategic planning and policy anticipation, development, analysis and evaluation needs of UMTA. This is especially important now since there is little existing written policy guidance to direct the agency's activities. With fewer resources projected for the future, there is a critical need to define the mission and emphasis areas of the agency and to ensure that corresponding policies and procedures are in place to carry them out. (See section on *"Mission"*).

The Office of Budget and Financial Management would focus on budget formulation and execution. A separate office at the Executive Staff level would provide the status required to deal effectively with outside participants in the budget process (i.e., Office of the Secretary, OMB and Congress). It also would establish a senior official to devote full attention to ensuring that budget justifications are adequately prepared and budget execution is properly performed. Including the accounting function in this office enhances the possibility of developing true financial management capabilities within UMTA.

Finally, with strengthened policy and budget offices, the program offices would not need to do as much of their own policy and budget work. Staff resources may be freed up for deployment to other areas or to the new Policy and Budget offices.

There are two disadvantages that must also be considered in assessing this option. A reorganization of this magnitude may be disruptive to morale and established working relationships. More importantly, close coordination between the new policy and budget offices is required to ensure that budget formulation and execution are performed within the parameters set by UMTA's mission and policies. The budget process must reflect the policies of the agency. Well-defined policies should facilitate and direct development of the budget.

RECOMMENDATIONS

The Working Group recommends that sound policy and budget processes be established in UMTA.

The Working Group further recommends that the analytical capabilities of the policy and budget staffs be strengthened. This can be accomplished through training and rotational assignments in the program offices. Another potential mechanism is to transfer individuals with budget and policy capabilities from other UMTA offices into UPP.

There is near unanimity among the Working Group that policy and budget functions should be the responsibility of separate senior executives--an Associate Administrator for Policy and an Associate Administrator (or Director) for Budget and Financial Management. The Working Group is concerned that if the two streams remain under one executive, UMTA's crucial policy needs may drive out necessary attention to the budget formulation and execution process. A multi-billion dollar budget requires the primary attention of a senior financial management official.

PROGRAM MANAGEMENT AND DELIVERY

PROBLEM

UMTA's "programs" can be defined by what we offer our clients--money, information, ideas and training. "Program management" is how we organize and function to deliver these products. Program management in UMTA lacks clear delineation of responsibilities among the headquarters offices and between headquarters and the field; fails to deliver program guidance to assure consistency among regions; fails to look beyond day-to-day events; lacks goals and criteria to guide decisions; does a poor job of project oversight; and overvalues "getting out the bucks" while undervaluing "selling ideas and innovation."

BACKGROUND

Current Structure

UMTA is essentially organized around the statutory financial assistance and research and training activities authorized by Congress. These programs are grouped into three basic program offices. These "line" offices--Transit Assistance (UTA); Planning, Management and Demonstrations (UPM); and Technology Development and Deployment (UTD)--are responsible, with the regional offices, for delivering UMTA's product. They are supported by four "staff" offices--Chief Counsel, Civil Rights, Administration, and Policy, Budget and Program Development (although the policy and civil rights offices also have some program responsibility). The distribution of program responsibilities is shown in Table 1.

There are two distinct approaches to program management in UMTA--one for the three major assistance programs (Sections 3, 5 and 8), and one for the research and training programs (Sections 6, 10 and 11).

In the assistance programs, responsibility for each program is split between the headquarters program manager and the regional offices. The headquarters program manager (UTA,UPM) develops and defends budgets; makes fund allocations among competing sub-categories, regions and projects in the discretionary programs; issues program guidance to ensure consistency in program decisions among the regions; and provides technical assistance to the regional staffs in project delivery and project management. The regional offices anticipate and report local needs and realistic project proposals as candidates for current funding; process all applications, funding those for which funds are made available to them; and perform the day-to-day management and monitoring of projects once they are approved.

Table 1

Distribution of UMTA Program Responsibilities[1]

Office of Transit Assistance (UTA)

Capital Assistance (Sec. 3, Federal Aid to Urban Systems (FAUS), Interstate Transfer)
Formula Assistance (Sec. 5)

Office of Planning, Management and Demonstrations (UPM)

Planning Assistance (Sec. 8)
Planning Policy Research (Drawdown from Sec. 8)
Planning Methodology Research (Sub-program of Sec. 6)
Service and Methods Demonstrations (Sub-program of Sec. 6)
Management Techniques and Methods (Sub-program of Sec. 6)
Managerial Training (Sec. 10)

Office of Technology Development and Deployment (UTD)

Technology Development and Deployment (Sub-program of Sec. 6)

Office of Policy, Budget and Program Development (UPP)

Policy Research (Sub-program of Sec. 6)[2]
University Research and Training (Sec. 11)

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[1]Numbers in parentheses refer to sections of the Urban Mass Transportation Act of 1964, as amended.

[2]This sub-activity also supports Transit Assistance and Civil Rights research needs.

In the **research and training** programs, responsibility essentially rests with individual headquarters program managers. These managers must develop and defend budgets to accomplish whatever specific program objectives they propose and must execute the resulting program. Although some of the research program is executed through grants, which are similar to those under the assistance program, the programs are heavily dependent on the procurement process run by UAD. Project monitoring is a major effort in these programs, since UMTA's responsibility does not terminate with the disbursement of funds, but rather with the submission of a final product from a grantee or contractor.

Identified Problems

The Working Group examined relationships between headquarters and the field and various dimensions of program management. This included discussions with several Regional Administrators, regional staff, and headquarters program offices.

The following problems were identified in the course of the discussions:

> *Lines of authority among various headquarters offices and between headquarters and the regional offices do not allow clear assignment of responsibility for management and delivery of the assistance programs.*

Within headquarters, program authority is shared among the individual program offices, the Office of Civil Rights (UCR) and the Office of Chief Counsel (UCC). This diffused authority diminishes the Administrator's ability to hold any one person responsible or accountable for a program. When third-party contractors are involved in program delivery, the Office of Administration also becomes part of the program authority chain.

The Regional Administrators, while reporting formally to the Administrator, receive their program authority from five separate headquarters offices--UTA, UPM, UAD, UCR and UCC. The multiple sources of delegated authority from headquarters can result in potentially conflicting guidance and further complicate the responsibility/accountability problem. Can the headquarters program office be the program manager when authority is shared in headquarters and implementation is the responsibility of the Regional Administrator, who reports to the Administrator? If the program is finally delivered in the region, is the Regional Administrator the real program manager?

Both headquarters offices and regional offices show little appreciation for one another's roles and responsibilities. The regions are not given genuine opportunities for participation in decisionmaking; communications between headquarters and the field are random and inconsistent; and no effort is made to allow for (or overcome) slow and cumbersome channels of communication.

The regional offices feel that the information they receive from headquarters is incomplete and that requests for their participation in decisionmaking are insincere because they do not allow enough time to receive the material, perform their staff work, and transmit a response. Headquarters offices feel that they do not receive adequate timely information from the field to respond to questions concerning program plan implementation or project status.

The shift of workload from headquarters to the field resulting from decentralization has not been fully reflected in corresponding shifts in staff or in the reorientation of headquarters to performing its program guidance function.

There is general agreement that staffing constraints have forced the regional offices to make trade-offs between major work areas. The constant emphasis on "getting out the bucks" has resulted in a conscious decision to neglect continuing project management responsibilities and forego opportunities to provide substantive feedback on major elements of the local planning process (such as Transportation System Management or energy contingency and conservation planning). In addition, the headquarters program offices have not yet begun to develop the formal program guidance necessary to ensure consistency among regions. Such guidance would also assist the regional staffs in doing their job without having to keep clients waiting while they seek ad hoc responses to issues.

While the capital and formula assistance programs have been decentralized, the activities of the headquarters staff in UTA do not fully reflect their decentralization. There is considerable feeling that there are staff resources within UTA that unnecessarily duplicate the regional capacity to provide information on program plan implementation, project status, and current issues of local concern. Part of this redundancy is attributable to the failure of the formal accounting and information system, which results in regional and headquarters staff both maintaining accounting data.

UMTA's inherent emphasis on "getting out the bucks"--without articulating explicit long-term goals or establishing criteria or objectives to guide day-to-day activity--leaves its managers without a sense of purpose and without demonstrable benefits from its program.

Regional officials emphasized the lack of any overall objectives or long-term perspective to guide their activities and provide a means of assessing UMTA programs. This problem is discussed more fully in the section on *"Mission."*

Effective coordination among UMTA's programs is severely hampered by staff attitudes: financial assistance staffs see the research programs as "hobby shops" that lack real-world application, while the research staffs see the assistance programs as indifferent to innovation and undervaluing the implications of research results. The current organization structure may foster role conflicts.

There is a general perception in UTA that research programs are extraneous to UMTA's primary focus on providing financial assistance. There is also a similar attitude toward the planning program, which is seen as duplicating some UTA activities and not providing useful support for transit operators. Moreover, a lot of built-in conflict results from the fact that UTA considers itself the proprietary manager of the entire Section 3 resource, even though a number of special purpose planning and demonstration oriented assistance activities managed by other offices (UTD, UPM, UCR) must draw their funds from Section 3. The need for these managers to pursue their claims against this proprietary interest is frustrating to them and produces a sense of constant besiegement in UTA.

On the other hand, the research and planning staffs are caught between two conflicting feelings. They experience high job satisfaction from being able to perform challenging tasks without substantial outside interference and from dealing with matters of potentially significant future impact. At the same time, they are deeply frustrated because they see their potential role as "change agents" being ignored by the rest of the organization.

The financial assistance and research programs within UMTA have too little direct interaction on major projects in urban areas, where UMTA's total involvement should be integrated. The absence of formal coordination, the lack of mutual respect, and the undervaluing of one another's contributions create an atmosphere which wastes staff effort and discourages UMTA's clients. The Working Group believes that both sides have contributions to make to each other, and that some way to bridge these two program streams is essential to the future of public transportation.

ANALYSIS/OPTIONS

Despite widespread recognition of the problems identified above, most UMTA staff are comfortable with the current organization structure and prefer fine-tuning of roles, relationships and staffing levels rather than any more fundamental organizational restructuring. Since there is also a natural tendency to want to minimize change, the Working Group deliberately introduced a number of options for more sweeping organizational reform in its discussions with UMTA staff.

There is general agreement that decentralization has progressed successfully. Some earlier reluctance or foot-dragging by some headquarters offices has been largely overcome, although there may still be problems in the areas of civil rights and third-party contracting.

Many participants in discussions with the Working Group felt strongly that UMTA is seriously understaffed. This finding also appears in some of the prior studies of UMTA management. The Working Group concluded that the question of whether UMTA's staffing level is too low to permit it to discharge all of it responsibilities properly must remain unanswered for now. UMTA's performance currently suffers from a lack of systematic processes, underutilization of existing staff, unclear delineation of responsibilities and duplication of functions. Remedying these problems might, in itself, enable UMTA to accomplish its mission within currently authorized personnel ceilings.

In light of the President's direction to reduce Federal employment levels, it may be counterproductive to base plans for improving UMTA's effectiveness on near-term availability of additional staff. Once the management improvements recommended in this report are fully implemented, UMTA will have a sound basis for evaluating whether and where additional positions may be needed to meet its management responsibilities.

The Working Group identified two root causes for the problems described above.

> *The first root cause can be summarized as mission ambiguity, resulting in failure to coordinate programs effectively.*

UMTA's lack of articulated goals and objectives, coupled with ambiguity about the nature of its mission, has a direct effect on program management. It exacerbates the isolation and defensiveness of the various programs rather than integrating them and forcing closer coordination.

UMTA has an "identity problem" resulting from the fact that little of the political rhetoric about its social and economic purposes has ever been translated into operational activity, while the commitment to "getting out the bucks" is clearly taken as an end in itself. There is no systematic process for setting goal-oriented agendas. Lack of systematic program evaluation, which might identify program benefits and provide an underlying rationale for the program, contributes to this problem. Moreover, those elements of the research program which have potential for defining specific UMTA goals--those seeking to identify and stimulate the deployment of innovative services, methods and equipment--are undervalued by the rest of the organization and are certainly not viewed as providing input to UMTA's policy agenda or grant making activity.

There are no formal mechanisms forcing coordination between the various UMTA programs at appropriate stages--program design, budget formulation, program plan development, and project negotiations. This kind of coordination would normally be expected as part of the budget or policy review process, but does not occur in UMTA (see the section on *"Policy and Budget Processes"*).

Programmatic actions for dealing with this problem include:

Develop a strategic planning capability to provide a framework and rationale for program activity and interrelationships;

Develop better staff analysis and more explicit formal coordination of programs at the critical junctures of: budget formulation; program plan development, review and approval; and evaluation;

Require coordination between headquarters offices responsible for research and training programs and the regional offices affected by their projects; and

Develop mechanisms and opportunities for informal communication and interaction among the program staffs to assure greater exposure to information and cross-fertilization of ideas.

Organizational options for increasing the integration of UMTA's different programs include:

a. Under a new Associate Administrator for Program Management, combine responsibility for planning assistance (now in UPM) with responsibility for capital and formula assistance (now in UTA). This change would ensure that a single official below the Administrator is responsible for resolving their persistent role conflicts, i.e., local TIP approval; conduct of alternatives analysis and preliminary engineering; and advice on the merits of individual project proposals for major new investments. There are, however, advantages of having two opinions--each solidly knowledgeable of the local situation, but each reflecting a different professional viewpoint and type of expertise--available at the senior staff level. An opportunity cost of consolidating the responsibilities in one Associate Administrator could be the loss of these two perspectives at the highest decision level.

   Under this option, the remaining functions of UPM (managerial research and innovative service and methods demonstrations) would remain under a separate Associate Administrator.

b. Combine responsibility for planning assistance and capital and formula assistance under one Associate Administrator for Program Management as outlined above. Further, combine responsibility for all research and training programs (the remaining balance in UPM and all of UTD) under a single Associate Administrator for Research. This would allow all "outreach" ativities to be coordinated and integrated. This would not resolve the need for interaction between financial assistance and the research programs, but it does bring

together all the innovation-oriented programs into a strong program stream.

c. Combine responsibility for planning assistance, managerial research and innovative service and methods demonstrations (currently in UPM) with responsibility for capital and formula assistance (currently in UTA). This would integrate non-technology outreach with assistance under a single Associate Administrator for Program Management. It could increase the possibility that innovations applicable to a particular local situation would be identified and "sold" to a potential recipient as part of the assistance process. The risk in this option is that the innovation-oriented programs could become "just another form of assistance" or that their organizational integration would not result in programmatic integration.

d. Combine responsibility for capital and formula assistance (currently in UTA), planning assistance, managerial research, innovative service and methods demonstrations (currently in UPM) and research activities (currently in UTD) under a single Associate Administrator for Program Management. The advantage of this combination is that it would give a single Associate Administrator responsibility for effective program integration and coordination. The disadvantage is that having virtually all of UMTA's headquarters program responsibility in a single office could create an extremely powerful organization where all the action would take place.

A second *root cause* for UMTA's program management problems is that

> *the respective roles and responsibilities of headquarters program offices and the regional offices are not clearly defined; the field role is undervalued.*

Despite the diffuse delegation of authorities necessary for final project approval, there has always been a headquarters Associate Administrator who has been considered accountable for ultimate delivery of each of the assistance programs. Although such accountability was a reasonable expectation when the program was delivered from headquarters, the realities of decentralization leave complete accountability open to question. In fact, it may not be necessary to have a designated "program manager," except possibly in the sense of someone to perform the allocation function for a discretionary program. For example, FHWA does not have any headquarters program managers for its assistance programs; its headquarters offices provide support and guidance to the field.

Clearly the headquarters program office for capital and formula assistance (UTA) needs to explore the redeployment of staff resources away from activities that could be performed more effectively by the field due to their proximity to UMTA's clients. UTA should instead focus on the development of program guidance. With UMTA's operation now being conducted in ten

regional offices, the headquarters control role is not through delivery but through policy and guidance. This is ultimately the most important element in the successful delivery of the UMTA program.

There are a number of ways that the range of questions concerning the respective roles and responsibilities of the headquarters and the regional offices could be resolved:

a. Retain the current pattern of delegations and lines of responsibility (from the Administrator and the Associate Administrators) even though it is diffuse and ambiguous and appears to be dependent on goodwill to keep functioning smoothly. The current pattern is workable. For example, one Regional Administrator feels that the only real problem in the field is lack of sufficient staff, and that the way to make an impressive improvement in UMTA's external performance would be through modest staff increases over currently authorized levels. Under this option, the current pattern would be retained, but the necessary adjustments in UTA staff levels and assignments would still need to be made to eliminate duplication of regional functions and begin the development of program guidance.

b. Vest all necessary authority in a new Associate Administrator for Program Management (see options above) who is clearly accountable for every step in program delivery, and have the Regional Administrators report to that official.

c. Abandon the notion that a headquarters program office with cradle-to-grave accountability is necessary. UMTA, as a whole, would be considered responsible for the program. The field would be accountable for program delivery and headquarters accountable for program support. Under this option, the Regional Administrators would be delegated all necessary authority directly from the Administrator, report to the Front Office, and receive guidance, support, and fund allocations from headquarters.

RECOMMENDATIONS

The Working Group recommends that a number of programmatic actions be implemented to increase program coordination: establish a strategic planning capability to assist in goal setting, implement policy and budget processes with upgraded analytic capability, and develop mechanisms and opportunities for better communication and interaction among program staffs. These actions would provide both formal and informal means for improved program coordination and interaction and should lead to improved integration of UMTA's financial assistance and research programs.

The Working Group recommends that the Associate Administrator for Transit Assistance deploy staff resources away from activities that could be performed more effectively in the field and increase the headquarters focus on program guidance. Given decentralization, program management and control must be effected through policy and program guidance rather than duplicating the delivery process.

There was general agreement in the Working Group that the responsibilities for capital and formula assistance (now in UTA) and for planning assistance (now in UPM) should be combined under one Associate Administrator for Program Management. There was not the same level of agreement in what to do with the rest of UPM (the managerial research and innovative service and methods demonstrations programs). If the choice is between combining these activities with UTA or with UTD, there was greater consensus on merging such activities with UTD. A minority view held that it was still worthwhile to keep a separate Associate Administrator for management and demonstration activities, with an upgraded outreach mission.

With respect to relationships between Headquarters and the field, there was agreement in the Working Group that the current diffused relationships should be changed. However, there was equal feeling in the Working Group that improved clarity could be accomplished in either of two ways. The Regional Administrators could receive their delegation from a new Associate Administrator for Program Management responsible for capital, formula and planning assistance (as discussed above) or directly from the Administrator through the Executive Director. This latter action could be taken on the premise that the Regional Administrators are responsible for program delivery and Headquarters is responsible for program support.

ADMINISTRATIVE SUPPORT

PROBLEM

UMTA's staff complains about unresponsive and ineffective administrative support. The administrative staff has a tradition of emphasizing "control" rather than "service." In addition, there are few formal or informal communication channels between the administrative staff and the rest of UMTA. As a result, UMTA managers' needs are often frustrated by the constraints of a "system" they do not understand or appreciate and feel they cannot influence. UMTA's management and accounting information system is unreliable, unresponsive and difficult to use. UMTA's procurement process is protracted and cumbersome. Its personnel processes serve neither the organization nor individual needs adequately. The administrative staff suffers from absence of effective linkages with the rest of the agency, leading to conflicts with program managers and lack of recognition and rewards even when warranted. The administrative staff's physical isolation from those it must serve impedes communication and team-building within the staff as well as with the rest of UMTA.

UMTA's Administrative Expenses budget is insufficient to meet basic requirements and accountability for formulating and executing this critical budget account is not clearly assigned.

BACKGROUND

UMTA's administrative support functions include management systems, information systems, accounting, procurement and third-party (i.e., grantee) contract review, personnel, and administrative services. They are the responsibility of the Associate Administrator for Administration (UAD).

The Working Group, based on its discussions with UMTA and OST staff, found serious problems in the management and performance of vital administrative support functions, corroborating similar findings of independent studies over the past few years. Inadequacy or inefficiency in providing administrative support hampers the performance of all parts of UMTA and contributes to UMTA's negative image among its clients.

Problems in each area of administrative support are identified below.

Management Systems

Few people in UMTA would turn to the Management Systems staff as an internal management consulting group providing assistance in resolving management problems. One of the staff's principal responsibilities, the Directives System does not function properly to produce the necessary internal and external guidance. Management appraisals are rarely performed. Work measurement programs to assist in budgeting and position allocation are ad hoc and ineffective.

Management Information System

The Management Accounting and Control System (MACS), UMTA's attempt to integrate management information and accounting data, is ineffective and unreliable. It consumes a disproportionate amount of staff time and costs over $1 million per year, yet it does not meet the needs of any of its intended users. Accounting has had to continue its manual system; program managers must keep their own duplicate records; project managers must input data but are not able to retrieve it in a usable form. Design flaws have hindered various attempts to correct some of MACS's deficiencies, but the peremptory attitude of the system managers toward system users continues to be a major problem. An ADP Steering Committee was recently created to assist in a required transition to new hardware and software, but because of time pressures and insensitivity, it appears that this opportunity for user input and design of a more responsive total information system may be lost.

Accounting

The failure of MACS to meet internal accounting needs creates the burden of maintaining a manual system. UMTA's accounting function suffers from work overload and lack of adequate process control (both in the form of performance criteria and in procedures to ensure completion of action when problems arise). Inaccurate fiscal transactions and inordinate processing delays on internal vouchers and grantee or contractor requisitions are common. The processes intended to ensure administrative control of funds (i.e., prevent over-obligation of appropriations) cannot do so.

Procurement and Third-Party Contracts

Concurrence in third-party contracts is slow and inadquately controlled. Moreover, UMTA has been unable to implement the 1979 revisions to the Office of Management and Budget requirements for deregulation of State and local procurement under Federal grant assistance. This delay has been caused in part by failure to agree on what requirements, if any, UMTA will impose beyond those specified by OMB, and in part by inadequate staff to review and certify the adequacy of individual grantees' procurement systems. UMTA's direct procurement process, relied upon particularly for R&D contracting, is seen as unnecessarily time-consuming, unwieldy and unresponsive to managers' needs in comparison with the ability of other agencies to act more quickly.

Personnel

The personnel function was criticized by nearly every UMTA employee who spoke with the Working Group. The lack of understanding and respect on the part of UMTA employees and the personnel staff for each other's needs exacerbates this situation. UMTA's managers and personnel specialists are often cast in roles of adversaries, rather than partners working together to solve problems and build an increasingly capable staff.

The Office of Personnel particularly suffers from a lack of process controls and performance standards for accomplishing its work and assuring timely completion or feedback to the initiator. The simple issuance of UMTA orders documenting requirements, does not, in and of itself, constitute an adequate system to assure consistent and equitable development of UMTA's personnel.

Administrative Services

Although UMTA's ability to handle such important matters as space and location is constrained, the procedures for obtaining these services are not generally known. Consequently, the distribution of such services is often seen as based on favoritism or "whoever shouts loudest."

Budget and Control Process for Administrative Expenses

Responsibility for UMTA's Administrative Expenses appropriation is diffused, resulting in insufficient resources and ineffective management of these funds. The various UAD offices which are managerially responsible for major elements of this budget--training, awards, supplies, equipment, and other forms of support--are not held accountable for developing budget requests. They do not have sufficient information from the accounting system or their own records to do so meaningfully. The Office of Budget (in UPP), as overall manager of the Administrative Expenses budget, is therefore forced to formulate and allocate it based on "guesstimates." Control of budget execution is more clearly the responsibility of the various UAD offices, but again they do not have adequate accounting information or mechanisms to manage actual obligations effectively.

ANALYSIS

Cutting across all the problems identified in the various administrative support specialties are two root causes:

> *First, nearly all of UMTA's administrative support functions lack underlying systems.* Effective systems would: ensure communication and appreciation of legal or administrative constraints; promote effective use of the authority toward desired ends; enforce consistency and equity on an agency-wide basis; and monitor both system effectiveness and management performance in using it. Internal control processes are also lacking.
>
> *Second, nearly all of UMTA's administrative support functions lack essential skills and capabilities among their staff and managers or lack sufficient staff to handle normal workload, develop needed systems, and forge cooperative and responsive attitudes with their organizational clients.*

Several factors may account for the lack of systems. Lack of sufficient staff and necessary staff skills are two obvious reasons. UMTA's Office of Personnel, for example, was established as an off-shoot of the OST Office of

Personnel to carry out regular operational responsibilities; until recently (for Merit Pay) it has never isolated staff resources to perform system development. MACS was developed by an outside contractor and delivered without adequate documentation. UMTA has never had enough staff to do more than makeshift attempts to overcome some of the system problems. Another factor may be management's acceptance of issuing directives as a substitute for developing, implementing, and monitoring systems.

The Working Group discovered a deep, mutual antagonism between most of the administrative support staffs and the rest of UMTA's staff and managers that goes far beyond the normal level of conflict over administrative support functions.

Many administrative support functions are governed by legal and administrative requirements of agencies such as OMB, the Office of Personnel Management (OPM) and the General Accounting Office (GAO). Because of their fiscal implications, complexity, high visibility or susceptibility to abuse, some of these functions are closely monitored by the OST staff or the Inspector General. Because UAD is responsible for assuring that administrative actions do not violate these laws and regulations, its staff frequently must say "no" to efforts by UMTA managers to accomplish their objectives. If managers are not well informed about the rules and constraints and do not sense a willingness in the support staff to seek appropriate means of accomplishing the objective, their sense of frustration leads to charges of "obstructionism." These attitudes then may reinforce the support staff's possible perception that the manager wanted to break the rules, producing a "siege mentality" which resolves to hold fast no matter what.

While sanctions for violating administrative or legal requirements are clear and severe, those for "letting down" one's fellow UMTA employees are vague and perhaps non-existent. UMTA's administrative support staffs tend to look outside UMTA for approval or disapproval of their work and to discount the views of their fellow managers in UMTA's programmatic functions.

While success in achieving UMTA's program objectives does not particularly benefit the UAD staff, UAD's failure to render responsive administrative support can frustrate the agency's ability to attain its program goals. Because neither UMTA's mission and goals nor the contribution UAD might make toward attaining them is clearly articulated, UAD seems to perceive no relationship between the quality of its support and UMTA's overall success.

The administrative support functions--individually and collectively--lack systematic user and client input. Such input could assist in identifying needs, setting priorities, monitoring progress, and evaluating staff performance. The process of providing input could produce a positive, problem-solving interaction which could create a sense of participation, enhance mutual respect, and facilitate communication and appreciation of constraints and limitations.

Physical dispersal of administrative support functions throughout the headquarters building and their isolation from the rest of UMTA exacerbates the problems discussed above.

OPTIONS/RECOMMENDATIONS

Overcoming the underlying problems in UMTA's administrative support functions will require a comprehensive, constructive approach to develop both an upgraded UAD staff--which views its primary mission as supporting the other members of the UMTA team--and the managerial systems and tools needed to provide responsive support.

This challenge will require intensive managerial action by the Associate Administrator for Administration in developing priorities for dealing with neglected or inadequately served functions; defining standards of adequate performance; assigning specific responsibilities; upgrading staff through training or recruitment of qualified professionals; evaluating results and appraising performance of UAD supervisors and their employees.

The need for improved systems for management and accounting information, recruitment, training, recognition and awards, and the Administrative Expenses budget affects virtually all parts of UMTA. UAD should not hesitate, therefore, to identify and draw talent from throughout UMTA (and elsewhere in the Department) to assist in developing solutions to these critical management problems.

The following specific actions are recommended for immediate implementation.

Strengthen internal management of UAD by--

creating a Deputy Associate Administrator to share the executive workload and allow increased supervisory guidance to UAD's office directors in taking corrective action;

requiring each administrative support function to *develop control systems* to assure orderly work processing and *incorporate service performance standards* as measures of satisfactory peformance;

re-examining internal procedures to identify opportunities for concurrent action, reducing steps, or shortening processing times;

making maximum use of Critical Job Elements and Merit Pay to *ensure effective and responsive performance* by UAD managers and staff; and

consolidating physical location of the various UAD staffs.

Upgrade UAD staff capabilities, attitudes and responsiveness by--

team-building through joint problem-solving with managerial clients;

intensive *training or other developmental activities* to increase perspective and sensitivity to agency mission;

job enlargement, where feasible, to broaden experience and perspective; and

developing and providing of appropriate *recognition and awards* and responsiveness and cooperative job performance.

Improve UAD's communications with its clients by--

establishing an Administrative Management Council, with representatives of each Associate Administrator, to serve as a communication and interaction mechanism for the Associate Administrator for Administration;

providing appropriate *training for line managers* on UAD functions, systems and constraints; and

providing for user input and feedback in planning and evaluating administrative support functions and the performance of its staff and managers. UAD can accomplish this by:

inviting Executive Staff input when establishing unit objectives and making performance appraisals;

making good communications and responsiveness critical job elements for all supervisors and staff;

establishing user panels or steering committees, as has been done for ADP; and

obtaining more systematic feedback from rank and file staff and outside clients.

Develop and implement effective support systems by--

designing and implementing an effective management information and accounting system, based on meaningful consideration of all user needs (high priority should be placed on this requirement in the Associate Administrator's SES objectives; without diluting any accountability for performance, provide UAD with sufficient resources from the rest of the organization to accomplish this task);

assigning UAD responsibility for implementing effective Administrative Expenses budget development and expenditure control processes, based on realistic measures of support needs and user input;

initiating a continuous work measurement program to provide an informed basis for management planning, staff allocation, and position management;

correcting the accounting system and improving the level of staff performance; and

developing appropriate systems for creative UMTA-wide application of personnel functions such as development, training and awards.

MANAGEMENT PLAN

The following action agenda is derived from the recommendations in each section of this report. The Administrator should appoint a senior UMTA executive to oversee and manage the implementation process. This function could be assigned to the Deputy Administrator, the Executive Director, or one of the Associate Administrators.

The official assigned lead responsibility for taking action or implementing each recommendation is listed first in parentheses, followed by others whose participation is required and a suggested deadline for completion. To assure proper attention to implementation, each recommended action should be incorporated into the unit objectives and performance requirements of the individual assigned lead or supporting responsibility.

1. MISSION

1.1 Develop an UMTA Mission Statement which defines UMTA's role and establishes overall stategy. (UPP-1, within 30 days).

1.2 Encompass within UMTA's Mission Statement an outreach function promoting innovations and transit management improvements. (UPP-1, within 30 days).

1.3 Establish a process for setting goals and objectives to carry out UMTA's mission and for periodic evaluation to assure that its mission, policies and program guidance are consistent. (UPP-1, within 90 days).

1.4 Once the Mission Statement is approved, review programs and projects in light of UMTA's mission and resolve any inconsistencies. (Each UMTA manager, UPP-1 to monitor).

2. ORGANIZATIONAL ENVIRONMENT AND HUMAN RESOURCE MANAGEMENT

2.1 Adopt and issue a set of organizational values for UMTA. (Administrator, within 30 days).

2.2 Set priorities for own time and UMTA staff work. (Administrator, immediately).

2.3 Adopt a strategy for UMTA human resource management including a policy on recruitment, training, promoting and awards. (UAD-1, with Executive Staff, within 30 days).

2.4 Exercise more self-reliance rather than wait for senior management to solve problems; emphasize supervisory responsibilities rather than program issues. (All UMTA managers, immediately).

2.5 Upgrade middle management performance through retraining, emphasis on supervision, and delegation. (Executive Staff and middle managers, within 30 days).

2.6 Reduce the number of office directors in UMTA by consolidation and consider reducing the number of Associate Administrators. (Administrator, with UAD and Executive Staff, within 90 days).

3. EXECUTIVE DIRECTION AND THE FRONT OFFICE

3.1 Begin serving as deliberate role model for the rest of UMTA in attitudes, human resource management and organizational environment. (Administrator, immediately).

3.2 Continue the position of Executive Director as a line official responsible for day-to-day management of UMTA. (Administrator, within 30 days).

3.3 Enhance and upgrade staff and performance of the Executive Secretariat, including a "quick response" capability. (Administrator and Front Office staff, within 90 days).

3.4 Emphasize communications roles of Executive Secretariat and Office of Public Affairs. (Administrator, UOA-10, UPA-1, immediately).

4. POLICY AND BUDGET PROCESSES

4.1 Develop and implement comprehensive policy and budget processes. (UPP-1, within 90 days).

4.2 Strengthen the analytical capability of both policy and budget functions. (UPP-1 with UAD-1, within 90 days).

4.3 Establish two separate senior executive positions, one responsible for policy and one for budget and financial management. (Administrator, with UPP-1 and UAD-1, within 90 days).

5. PROGRAM MANAGEMENT AND DELIVERY

5.1 Establish a strategic planning capability for UMTA, develop better staff analysis and more explicit formal coordination of programs, and develop better communications and interaction among program staffs. (UPP-1 with Executive Staff, within 90 days).

5.2 Redeploy staff in UTA to ensure development of an adequate level of program guidance. (UTA-1, within 90 days).

5.3 Reorganize UMTA to combine capital and formula assistance with planning assistance under an Associate Administrator for Program

Management. Consider combining the remaining "outreach" functions in UPM (service and methods demonstrations and transit management) with the research activities in UTD, under an Associate Administrator for Research. (Administrator with Executive Staff, within 90 days).

5.4 End the current diffused relationships between Headquarters and the field, by having the Regional Administrators receive their delegation from the new Associate Administrator for Program Management or directly from the Administrator through the Executive Director. (Administrator with Executive Staff, within 90 days).

6. ADMINISTRATIVE SUPPORT

6.1 Strengthen internal management of UAD by creating a Deputy Associate Administrator, developing control systems and service performance standards, re-examining internal procedures and collocating UAD offices. (UAD-1, within 90 days).

6.2 Upgrade UAD staff capabilities, attitudes and responsiveness by team-building, training and development activities, job enlargement, and appropriate recognition and awards for responsiveness and cooperation. (UAD-1, within 90 days).

6.3 Improve UAD's communications with its clients by establishing an Administrative Management Council, training line managers on UAD functions and constraints, and providing for user input and feedback. (UAD-1, within 90 days).

6.4 Develop and implement effective administrative support systems by designing and implementing an effective management information and accounting system, assigning UAD responsibiilty for implementing effective Administrative Expenses budget development and expenditure controls, initiating a continuous work measurement program, correcting the accounting system and developing appropriate systems for UMTA personnel functions such as individual development, training and awards. (UAD-1, within 90 days).

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