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*Office of Inspector General*  
***Audit Report***

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**DOT ESTABLISHED TIMELY CONTROLS FOR  
THE TIGER DISCRETIONARY GRANTS  
PROGRAM, BUT OPPORTUNITIES EXIST TO  
STRENGTHEN OVERSIGHT**

*Department of Transportation*

*Report Number: MH-2012-188*

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# Memorandum


U.S. Department of  
Transportation

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **ACTION:** DOT Established Timely Controls for  
the TIGER Discretionary Grants Program, But  
Opportunities Exist To Strengthen Oversight  
Department of Transportation  
Report No. MH-2012-188

Date: September 20, 2012

From:

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Reply to  
Attn. of: JA-40

To: Under Secretary of Transportation for Policy

The Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grants Program provides funding for capital investments to improve the Nation's highway, bridge, public transportation, rail, and port infrastructure. The TIGER program is unlike the Department of Transportation's (DOT) traditional, formula-based grants because it uses competitive discretionary grants to fund infrastructure projects. Congress initially appropriated \$1.5 billion through the American Recovery and Reinvestment Act (ARRA) of 2009<sup>1</sup> and charged DOT with implementing the new program within 1 year. Since its establishment, the TIGER program has grown to over \$3.1 billion through additional appropriations. The Office of the Secretary of Transportation (OST) administers the program and relies on four Operating Administrations (OA)—the Federal Highway Administration (FHWA), the Federal Railroad Administration (FRA), the Federal Transit Administration (FTA), and the Maritime Administration (MARAD)—for project-level oversight.

Our objective was to assess OST's and the OAs' efforts to provide oversight of TIGER projects with a focus on the ARRA-funded portion of the program. Specifically, we evaluated the effectiveness of (1) OST's management and oversight of the TIGER program, including the performance measures for determining economic and transportation-related impacts and (2) the OAs' policies and practices established for overseeing their respective TIGER projects.

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<sup>1</sup> Pub. L. No. 111-5 (2009).

To conduct our audit work, we interviewed OST and OA Headquarters and regional personnel; reviewed policies, procedures, and practices; and analyzed program documentation. We statistically sampled 14 of 51 projects across the OAs with TIGER grant responsibilities and conducted an in-depth review of them. We also made site visits to review projects under construction and met with grantee and contractor personnel to gain their perspectives on the TIGER program. We conducted this audit in accordance with generally accepted Government auditing standards. Exhibit A details our scope and methodology and exhibit B lists the projects in our sample.

## **RESULTS IN BRIEF**

Shortly after ARRA's passage, OST developed TIGER program policies that generally adhered to best practices for grant management. However, we identified vulnerabilities in four areas: (1) reviewing and finalizing grant agreements between the Department and grantees, (2) monitoring OAs' oversight of individual projects, (3) assessing OAs' oversight risks, and (4) measuring performance. For example, nearly one-third of the grant agreements for the 14 projects in our sample had unclear project milestones and scopes of work, which hinder OST's ability to hold grantees accountable for meeting milestones and achieving expected results. Also, while OST established reporting and oversight mechanisms for the OAs and grantees, OST lacks a formal process for documenting decisions and ensuring follow up on corrective actions by OAs. Further, OST's TIGER program risk assessments focused on OST activities, resources, and policies for administering the program, but did not fully recognize risks within the OAs, which bear most of the burden of day-to-day oversight of TIGER projects. Finally, while OST required grantees to set performance measures for TIGER projects, it has not fully established a process for evaluating program performance based on project outcomes. For example, 42 of 53 performance measures in the grant agreements for our sample of 14 projects were not outcome-based, thereby limiting OST's ability to describe the extent to which projects achieved expected benefits. Since subsequent appropriations for TIGER have more than doubled the program's funding, it is important that OST take timely actions to make oversight improvements.

OAs differed in their approach, experience, and capability to oversee the TIGER grantees and projects. FHWA and FTA had fully developed grant management policies in place when they assumed oversight of TIGER projects. FRA and MARAD only recently established grant management policies. However, they are still working on implementing standard oversight practices, such as routine site visits and verification of grantee information. This is occurring even as ARRA-funded TIGER projects are under construction and OAs have additional oversight responsibilities for new TIGER projects. Further, we found that FHWA and FRA

did not fully coordinate to leverage FRA's experience and technical expertise on FHWA administered rail projects. Neither agency provided evidence of ongoing coordination on technical issues related to project design and construction monitoring. FRA's limited involvement increases the risk of grantees not complying with safety and other rail standards, potentially resulting in a need for costly and disruptive corrective actions. The TIGER program emphasized the selection of projects with intermodal benefits, which highlights the importance of ensuring effective coordination between OAs in future rounds of TIGER funding.

We are making a series of recommendations to strengthen OST's and the OAs' oversight of the continuing TIGER program.

## **BACKGROUND**

Congress established the TIGER Discretionary Grant Program by appropriating \$1.5 billion in ARRA funding for capital investments in surface transportation. OST's Under Secretary for Policy has overall responsibility for the program. The goals of the TIGER program are to create and preserve jobs, promote economic recovery, and invest in infrastructure that has long-term economic benefits. DOT received more than 1,400 applications in response to the initial availability of funds and selected 51 grantees. In accordance with ARRA, DOT obligated the TIGER funding to the grantees by September 30, 2011. Federal law governing discretionary grants requires that all TIGER funds be expended by September 30, 2016.

The Department's policy for administering the TIGER program requires OST to monitor the implementation of the program; assess the performance of each of the grants; and approve major decisions on funding, coordination, and reporting. The OAs are responsible for overseeing each grant at the project level, including reporting monthly performance and financial information to OST, and ensuring the close-out of completed projects. TIGER program policy also requires that grant recipients monitor award activities, maintain financial records, track project status information, submit quarterly progress reports to OST, and collect project performance measurement data. OST developed site visit guidance that requires OAs to perform a minimum of one site visit for each TIGER project, and OST to perform limited on-site monitoring based on risk-based selection criteria.

From fiscal year 2010 to fiscal year 2012, Congress appropriated funds for additional rounds of TIGER grants (the initial ARRA round is often referred to as TIGER I). In 2010, Congress provided \$528 million for 42 capital projects and 33 planning projects (TIGER II). In 2011, Congress provided \$527 million for 46 capital projects (TIGER III) and \$500 million in 2012 (TIGER IV).

## **OST ESTABLISHED THE TIGER PROGRAM AND POLICIES IN A TIMELY MANNER, BUT VULNERABILITIES EXIST IN PROGRAM OVERSIGHT PROCESSES**

While OST quickly established TIGER program policies and responsibilities, it does not have formal processes to ensure consistent, rigorous reviews of grant agreements before they are finalized and to track and follow up on OAs' corrective actions to address project concerns. OST also has not fully assessed risks related to the OAs' oversight of TIGER projects, as Office of Management and Budget (OMB) ARRA guidance requires, or fully established a process for measuring program performance, based on program outcomes.

### **OST Developed Policies for the Administration and Oversight of the TIGER Program in a Timely Manner**

Within 1 year of ARRA's passage, OST created the TIGER program, selected grantees, and developed a program policy that generally adhered to best practices in grant management. The policy included a program structure that defined the roles and responsibilities of OST and the OAs, established methods to collect and report performance information, and created a plan to oversee and monitor the program and each grant. OST coordinated with FHWA, FRA, FTA, and MARAD to evaluate applications and subsequently selected 51 projects to receive \$1.5 billion in TIGER funds. Creating the TIGER program was a challenge for OST because it had never managed a grant program of this magnitude.

### **OST Lacks a Consistent Process for Reviewing and Finalizing TIGER Grant Agreements**

While agreements for 10 of the 14 projects in our sample had sufficient scope and detail, 4 lacked key elements to hold grantees accountable for achieving promised benefits and complying with agreed-to budgets and schedules. This is due in part to the lack of a formal OST review process with tools, such as a standard checklist and a method to document OST's review and approval of agreements. Such a process would better detect and prevent inconsistencies and missing information in the grant agreements. Problems we found included conflicting milestone dates within the same agreement, a lack of clear milestones to track project progress, and imprecise information on how TIGER funds would be used in relation to other sources of project funding. For example:

- The grant agreements for the Port of Gulfport Rail Improvement project in Gulfport, Mississippi; the Indianapolis Bicycle and Pedestrian Network in Indianapolis, Indiana; and Quonset Wind Energy and Surface Transportation, in North Kingston, Rhode Island, included conflicting schedules and dates. In one instance, the project schedule (which identifies an activity timeline) in the

Quonset grant agreement has the start of construction for one pier occurring 4 months later than the date in the agreement's milestone schedule (which identifies key deliverables).

- The project and milestone schedules in the Port of Gulfport Rail Improvement grant provided only an estimate for completing the entire project. Unlike other TIGER grant agreements, it did not provide intermediate milestones to assess progress in ensuring timely completion of the project, such as the completion dates for each construction phase—design, bid, and construction.
- The grant agreement for the Bella Vista project in Arkansas and Missouri did not specify items that TIGER funds will pay for, even though TIGER program policy requires that grantees outline the sources and uses of all project funds.<sup>2</sup>

In addition, OST did not ensure that OAs added project performance measures to grant agreements for 6 of the 14 TIGER projects in our sample within the required timeframe. OST's policy requires that grantees add performance measures to each grant agreement within 60 days of their signing. According to OST and OA program officials, performance measures had been added for all but 2 of the 51 TIGER projects by April 2012.

Agreements with inconsistent or missing information do not adhere to best practices and grant principles developed by Federal, State, and local audit organizations—all of which call for grant agreements that include clear terms, conditions, and provisions to hold grantees accountable for achieving results.<sup>3</sup> Similarly, OMB Circular A-102 requires that grantees outline their approach for achieving results, including a schedule of accomplishments and expected completion dates.<sup>4</sup> Without a systematic OST process for reviewing grant agreements that adheres to best practices and OMB requirements, there is greater potential that future TIGER grant agreements will lack key elements necessary to ensure effective oversight and promote grantee accountability for results.

### **OST Does Not Have a Formal Process To Document and Monitor the Operating Administrations' Oversight of TIGER Projects**

OST has not formalized a process to follow up on major decisions related to funding and project performance, corrective actions, overall program

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<sup>2</sup> DOT's Notice of Funding Availability for Supplemental Discretionary Grants for Capital Investments in Surface Transportation Infrastructure Under the American Recovery and Reinvestment Act, 74 FR 28755, June 17, 2009, requires grantees to provide the sources and uses of all TIGER project funds.

<sup>3</sup> "Guide to Opportunities for Improving Accountability," Grant Accountability Project, October 2005; U.S. Department of Transportation's Financial Assistance Guidance Manual; OMB, "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009," April 3, 2009; and TIGER policies and procedures.

<sup>4</sup> OMB Circular A-102, "Grant and Cooperative Agreements with State and Local Governments."

expenditures, and project information from grantees. OST receives program and project performance information from the OAs and grantees through biweekly meetings with the OAs, monthly management reports from OAs describing issues associated with individual projects, quarterly reports from grantees, and site visits. Yet, OST does not have a systematic process to document key decisions it and the OAs make on how to address project issues or to ensure effective follow up on corrective actions that OAs have taken or plan to take. Instead, OST stated that it tracks the status of corrective actions through more informal discussions and emails with OAs and grantee officials, but OST was unable to provide copies of requested emails for the 14 projects in our sample. GAO guidance stipulates that key internal controls include the communication and documentation of relevant and reliable information, and effective, ongoing monitoring of agency activities as a basis to hold those responsible for administration of the program accountable for results.<sup>5</sup>

Further, while the TIGER program office tracks expenditures on individual projects, it does not have overall expenditure targets for the program or a plan to assess the overall progress of the TIGER program in spending Federal dollars as quickly as possible. As of February 2012, the program had expended more than 32 percent of the first round of TIGER funding. OST has until September 2016,<sup>6</sup> to fully expend ARRA funds, but has not demonstrated that it has a process to promptly identify and mitigate issues that could delay the timely expenditure of funds.

The ability to monitor and keep projects on track is important given the challenging priorities for timely project completion set forth in ARRA and the delays that have developed in some projects underway. ARRA specified that TIGER projects scheduled for completion by February 2012 be given priority, although OST officials stated that other ARRA priorities, such as ensuring that projects have a significant impact, did not lend themselves to quick implementation. The difficulty with meeting ARRA's quick implementation priority is illustrated by the fact that only 11 of the 51 grant agreements contained project schedules that would meet the February 2012 priority goal. Most of the remaining 39 projects are scheduled to be completed by 2014 and one is due for completion in February 2016—7 months ahead of the September 30, 2016, deadline for spending the first round of TIGER funding.

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<sup>5</sup> According to GAO's "Internal Control and Management Tool," key transactions should be recorded promptly to maintain their relevance and value to management in controlling operations and making decisions. GAO-01-1008G, August 2001.

<sup>6</sup> 31 U.S.C. 1552 requires that all discretionary grant funds be spent before September 30 of the fifth fiscal year after the period of availability for obligation of a fixed appropriation account ends. In the case of TIGER grants, this date is September 30, 2016. On September 15, 2011, OMB issued a memorandum that directed Federal agencies to complete ARRA projects by September 30, 2013, with certain exceptions. Currently, OST is discussing with OMB whether this memorandum applies to the TIGER program and whether OST needs to apply for a waiver.

As of March 2012, grantees had not closed out any of the TIGER projects and only seven had fully expended their funding. In addition, the latest data we received from OST shows that 8 of 51 TIGER projects face actual or potential schedule delays.<sup>7</sup> OST officials stated that they could address scheduling issues as needed by making inquiries to the OAs. However, they had no formal process in place to track how the OAs and grantees were addressing delays across all projects. Given that the projects will be underway for several years and staff turnover may occur within that timeframe, the lack of a formal systematic process increases the risk that grantees will not be held accountable for meeting agreed-to schedules.

Initially, OST's delayed initiation of the Paperwork Reduction Act (PRA) process hindered its ability to receive timely and relevant information from grantees—a challenge the program will continue to face with additional rounds of TIGER funding in different legislation. PRA requires OST to get approval from OMB to receive quarterly reports and performance information directly from grantees—a process that can take over a year to complete. OST did not initiate the process to obtain OMB approval until February 2011, approximately 1 year after the Secretary selected projects for the TIGER program. OMB approved OST's request for this information in July 2011, well after construction had begun on 40 of the 51 TIGER projects. Because TIGER depends on annual congressional appropriations, OST officials will face the challenge of obtaining PRA approval with each new appropriation of TIGER funding.

### **OST's Analysis of Program Risk Did Not Adequately Assess OAs' Oversight Capabilities**

While OST completed risk assessments of the TIGER program in 2009 and 2011, it did not address risks specific to each OA's ability to effectively oversee TIGER projects in addition to their existing responsibilities. OMB requires agencies to identify, prioritize, and mitigate agency and program risks of new programs receiving ARRA funding.<sup>8</sup> OST's ARRA risk assessment focused on OST activities, resources, and policies for administering the program, but did not fully recognize risks within the OAs, which bear most of the burden of day-to-day oversight of TIGER projects.

Likewise, the OAs did not fully assess their own risks related to the TIGER program because they considered TIGER projects, which are generally smaller than their other projects, to be less risky. For example, FHWA and FTA officials stated that their agencies manage large grant programs, and the dollar value of the TIGER projects were not significant enough for them to address in their ARRA

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<sup>7</sup> The project performance data are current as of January 30, 2012. We requested, but did not receive more current information from OST.

<sup>8</sup> OMB "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009," April 3, 2009.



risk assessments. Similarly, oversight risks at FRA and MARAD have not been fully assessed. OST's 2009 risk assessment did not address the lack of grant management policies at FRA and MARAD when the TIGER program began. Although OST's 2009 risk assessment recognized the OAs' need for TIGER dedicated resources, it did not specifically address the significant impact of the program's demands on FRA's staffing. In addition to the TIGER program, FRA has the responsibility to manage the new, largely ARRA-funded multibillion dollar High-Speed Intercity Passenger Rail Program. FRA's 2009 risk assessment did not focus on TIGER program risks, but instead addressed the risks of the high speed rail program. According to FRA, its resources to manage TIGER grants are strained and would be insufficient to perform oversight if additional TIGER projects were assigned to the agency, which is now the case. FRA now has the responsibility to administer an additional 13 projects from the second and third rounds of TIGER.<sup>9</sup> MARAD's risk assessment process was similarly insufficient. For example, its risk mitigation plan was modeled after a FHWA plan and references to nonapplicable FHWA programs remained in the document, indicating a lack of attention to risks specific to MARAD's capability to manage the TIGER program.

Without robust risk assessments, OST does not have an effective mechanism to identify OA risks that could impede the efficient and effective implementation of the TIGER program and to guide the OAs in mitigating those risks. TIGER-specific risk assessments at the OA level have become more critical as Congress continues to fund subsequent rounds of TIGER projects and as OAs' oversight responsibilities increase.

### **OST Proactively Established Performance Measures for TIGER Projects, But Is Not Positioned To Fully Assess Overall Program Performance**

ARRA did not require performance measures, but OST took the initiative to require each TIGER grantee to develop performance plans that describe the projected outcomes for each project. However, OST has not instituted a process to effectively follow through on its plan to assess the program's overall performance. Specifically, OST has not ensured that all projects set outcome-based performance measures and related targets necessary to make meaningful comparisons between projects. To assess the program's overall outcomes, OST is faced with the challenge of aggregating performance data across the 51 diverse projects that received ARRA funding. The absence of a more systematic process for developing performance measures will continue to hinder OST's ability to assess the outcomes of the subsequent TIGER projects funded through non-ARRA legislation.

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<sup>9</sup> TIGER II assigned an additional seven projects to FRA, and TIGER III assigned an additional six.

Despite OST's emphasis on assessing performance and the availability of considerable guidance on best practices,<sup>10</sup> our review of grant agreements for our sample of 14 projects found that most measures were not outcome based. Only 11 of 53 measures in the grant agreements for the 14 projects in our sample were long-term outcome measures, such as improvement of bridge and road conditions.<sup>11</sup> The remaining 42 measures focused on project outputs. Outcome measures compare the results of a program activity to its intended purpose; whereas output measures record the quantity and quality of an activity or effort. The lack of outcome measures hinders OST's ability to use performance information to describe the extent to which projects achieve the expected benefits. For example, MARAD's Quonset Wind Energy and Surface Transportation project in Rhode Island established measures that count volumes of container traffic, cargo throughput at the port, and improvements in revenue. The project's measures do not clearly link to expected program outcomes listed in the project's grant application, such as state of good repair or sustainability. According to OST, it will eventually use the output information grantees collect to report on each project's outcomes. However, OST is still developing the methodology needed to translate the output measures into long-term outcomes.

Moreover, OST does not have performance targets to assess the impacts of the TIGER projects on the Nation's transportation system. None of the performance measurement plans for the 14 projects in our sample included performance targets or goals necessary to gauge project success. For example, the performance measurement plan for FRA's New Bedford, Massachusetts, project includes a measure of the number of rail cars passing over three bridges. The bridges were constructed over 100 years ago and due to structural deficiencies could allow trains to cross at a maximum speed of only 5 miles per hour. However, the performance management plan does not specify targets for the number of rail cars and the speed at which trains are expected to pass over the reconstructed bridges.

Finally, TIGER program policy states that OST will complete an analysis of the long-term benefits of the TIGER program, but OST has not yet determined how it will do so. Although it plans to aggregate performance information from a diverse set of projects designed to achieve a variety of outcomes, OST has not developed the specific methodology necessary to carry out this task. OST prepared a table showing the types of measures that it would aggregate into one of four classifications—usage, operations, safety, and state of good repair (see exhibit C); but it is still developing the process for combining these disparate measures. In addition, OST acknowledged that it might be years before the benefits of the

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<sup>10</sup> "Guide to Opportunities for Improving Accountability," Grant Accountability Project, October 2005; and "Reporting Performance Information: Suggested Criteria for Effective Communication," Governmental Accounting Standards Board, October 2003.

<sup>11</sup> Of the remaining 42 measures, 38 were output measures, such as passenger boarding or traffic counts, and 4 did not fit the definition of either type of measure.

projects can be quantified and reported, even as subsequent rounds of TIGER grants were funded.

## **LIMITATIONS EXIST IN THE OPERATING ADMINISTRATIONS' OVERSIGHT OF TIGER PROJECTS**

OAs differed in their approach, experience, and capability to oversee the TIGER grantees and projects. FRA and MARAD did not have grant management policies in place when they assumed oversight of TIGER projects. This was in contrast to FHWA and FTA, which had fully developed grant oversight policies and practices.<sup>12</sup> While FRA and MARAD have since established grant management policies, they are still implementing standard oversight practices for grants, even as ARRA-funded TIGER projects are under construction and these agencies are assuming oversight responsibilities for additional TIGER projects. In addition, FHWA and FRA did not fully coordinate to leverage FRA's technical experience and expertise during FHWA's implementation of rail projects.<sup>13</sup>

### **FRA and MARAD Have Not Fully Implemented Systematic Oversight Practices**

FRA and MARAD had not administered significant grant programs and consequently had to develop new policies to oversee TIGER grantees after final selection of individual projects. FRA and MARAD are still implementing their standard oversight practices. MARAD finalized its grant management policy in May 2011, and FRA issued its grant management policy in March 2012.<sup>14</sup> Both MARAD's and FRA's grant management policies were finalized well after the award of TIGER grants and after many projects had begun expending funds.<sup>15</sup>

FRA and MARAD have relied primarily on informal communications with grantees to provide oversight, such as phone calls and emails, as interim measures to verify grantee information on the status of projects while they formalize standard practices. As of February 2012, FRA had not conducted a TIGER project

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<sup>12</sup> FTA employs Project Management Oversight Contractors (PMOC) to oversee each TIGER project. The PMOCs make periodic site visits to projects, or may be located on-site for large projects. They prepare monthly reports and quarterly project reviews that alert regional offices of issues and propose corrective recommendations. FHWA performs process reviews to assess State DOT practices and uses national review team assessments to focus on individual TIGER projects. FHWA's Office of Federal Lands Highway oversees its projects directly.

<sup>13</sup> Given FRA's resource constraints and FHWA's experience with surface transportation projects, project oversight and delivery responsibilities were transferred to FHWA for 4 of the 6 TIGER rail projects. Therefore, on May 25, 2010, the National Gateway, Crescent Corridor, Colton Crossing, and Appalachian Short Line TIGER rail projects were transferred to FHWA.

<sup>14</sup> These policies include standard operating practices for grant management, including financial oversight, project monitoring and reporting, and the roles and responsibilities of its staff.

<sup>15</sup> MARAD's Discretionary Grants Administration Manual is dated May 25, 2011, and FRA's Office of Railroad Policy and Development Grant Management Manual is dated March 2012. The award of the TIGER grants was announced on February 16, 2010, and project status reports show expenditures occurring well before policy documents were finalized.

site visit. MARAD had conducted site visits to six of its seven TIGER projects, but in many cases MARAD's site visit reports did not contain all the elements outlined in its site visit report guidance.<sup>16</sup> For example, the September 27, 2011, site visit report for the Green Trade Corridor project did not document interviews, identify the materials reviewed, nor explain how MARAD assessed grantee compliance with the requirements detailed in its site visit checklist. Further, the report did not state whether the project was on schedule or whether funds were being spent appropriately, although these were identified as purposes of the site visit. Because FRA and MARAD have received oversight responsibility for additional TIGER grants through the TIGER II and III selection processes, the absence of systematic oversight practices increases the risk that future TIGER projects will not be constructed on time, within budget, and in accordance with grant terms.

FRA has struggled to balance its TIGER responsibilities with its separate mandate to create a new, multibillion dollar high speed rail program. Its limited staff and the increasing demand for oversight of large dollar, high speed rail grants creates a challenge for FRA to provide the resources necessary to oversee the TIGER grant projects. Specifically, FRA's Office of Passenger and Freight Programs, which manages FRA's TIGER projects, had a staff of only 4 grants managers charged with overseeing 8 different programs, including 315 active grants. During our field work, one grant manager stated that he was monitoring over 100 projects in the northeast region and that this heavy workload was the reason FRA had not visited any TIGER projects.

### **FHWA and FRA Coordination on Rail Projects Did Not Consistently Address Rail Standards**

While some initial coordination occurred between FHWA and FRA on rail projects, FHWA and FRA grant agreements contained different requirements related to track safety standards. As steward of the TIGER program—which emphasizes projects with intermodal benefits—OST has the key role in ensuring that coordination between the OAs takes place. OST's TIGER policy states that OST will coordinate the administration of the program among the relevant OAs, but it does not specify under what circumstances or how the OAs should coordinate with each other on multimodal projects. Without clear guidance on how the OAs should coordinate, FHWA's Federal Lands Highway Division—the lead agency on four TIGER rail projects—and FRA did not leverage FRA's technical experience and expertise on rail systems. FRA's insufficient involvement in design and construction monitoring creates a risk of noncompliance with safety and other

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<sup>16</sup> MARAD's guidance for a site visit report includes findings on administrative, programmatic, and technical issues, as well as recommendations and action items.

rail standards that could lead to cost increases and schedule delays if corrective actions are required later.

When OST transferred four of six rail projects from FRA to FHWA, the FHWA and FRA Administrators agreed on the importance of coordination. For example, one of these projects required modifications to existing railway infrastructure, bridges, and signal systems to separate an intersection of rail tracks operated by two companies. FRA support is particularly important in areas such as engineering design review; and FHWA and FRA coordination is critical to ensuring safe construction, because rail and highway construction projects adhere to different standards.<sup>17</sup>

We reviewed all six TIGER grant agreements for rail infrastructure and found discrepancies in the requirements that FHWA and FRA included, indicating a lack of an OST-led centralized process for ensuring that TIGER agreements contain all necessary requirements. Specifically, the FRA grant agreements include a requirement that grantees comply with track safety standards for 20 years after completion of a project. If a grantee does not comply with this requirement, in accordance with the agreement, it must return grant funds. In contrast, FHWA's grant agreements for similar rail projects did not include this key provision.

FHWA and FRA provided us copies of correspondence showing their coordination during the environmental review process, which occurs early in the design phase. However, neither agency provided evidence of their ongoing coordination on technical issues related to project design and construction. FHWA officials stated they have sufficient in-house expertise and that private railroad companies, which will benefit from these projects, could be relied upon to act in their own interest to ensure technical issues are resolved. For example, FHWA officials told us they were relying on a private freight rail company—a subrecipient of the TIGER funds—to specify and approve requirements related to the rail elements of the National Gateway project. By relying on the recipient of TIGER funds to oversee the technical aspects of the project, FHWA limits its ability to ensure the project complies with the rail standards FRA uses.

## **CONCLUSION**

As the TIGER program has grown to over \$3.1 billion since ARRA's passage, the importance of formalizing a systematic oversight process at the OST and OA levels has increased significantly. While OST and the OAs focused their prior efforts on establishing a new program and getting funds obligated to meet tight

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<sup>17</sup> FHWA applies standards of the American Association of State Highway and Transportation Officials during highway construction projects, while FRA applies standards of the American Railway Engineering and Maintenance of Way Association when assessing freight and passenger railroad infrastructure.

ARRA deadlines, the program has entered a new phase in which greater attention is needed to build oversight processes that will benefit future TIGER projects and to establish the framework for a lasting program. OST and the OAs have made strides in developing policies and practices, but improvements are needed in their oversight of the TIGER projects that are under construction and their efforts to monitor and assess the performance of grantees. Management attention on making such improvements will go a long way in meeting program goals as ARRA-funded TIGER projects are completed and as TIGER II, III, and IV projects get underway. By taking action now, the Department will help ensure that the TIGER program will stimulate the economy and make transportation improvements that have a significant impact on the Nation, a region, or a metropolitan area.

## **RECOMMENDATIONS**

To improve the continuing TIGER program, we recommend that the Under Secretary of Transportation for Policy:

1. Establish and implement a formal process to ensure all grant agreements include clear schedules, scopes, milestones, and outcome-based performance measures that will allow OST to assess a project's progress towards the long-term goals of the program.
2. Establish and implement a systematic process for documenting significant management decisions involving the program and individual TIGER projects, including follow-up actions resulting from meetings with the OAs.
3. Update OST's risk assessments to include an evaluation of the OAs' capabilities to manage the TIGER program.
4. Establish a methodology to identify program outcomes from grantee performance data for each TIGER project.
5. Establish a comprehensive methodology to aggregate performance measures to assess the overall impact of the TIGER program.
6. Require the OAs to fully implement their grant management policies, as appropriate.
7. Clarify the TIGER program guidance and grant agreements to indicate under what circumstances and by what manner OAs and grantees must collaborate on multimodal projects.

## **AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

We provided OST our draft report on June 19, 2012, and received its response on August 22, 2012. OST's response is included in its entirety as an appendix to this report. OST concurred with recommendations 1, 2, and 6, and we consider OST's actions taken or planned responsive to our recommendations. Accordingly, we consider these recommendations resolved but open pending receipt of appropriate documentation supporting the actions taken.

For recommendation 3, OST partially concurred, stating its revised monitoring actions in response to recommendation 2 are sufficient. We agree that these actions would be responsive and consider recommendation 3 resolved but open pending receipt of documentation supporting OST's revised monitoring activities.

Regarding recommendations 4 and 5, OST partially concurred, but does not anticipate modifying its performance measures at this "late point in the program." OST stated that it will complete the already established performance measure methodology and report the aggregate results of the individual projects by July 31, 2013. We recognize the complexity of assessing performance across the diverse range of TIGER projects. However, OST has yet to demonstrate how the TIGER projects meet the program's long-term goals and will deliver the anticipated benefits that were the basis for each project's selection. OST's promised report on the program's outcomes provides an opportunity to assess the impact of the TIGER projects and the effectiveness of the performance measures. Given OST's desire to have the TIGER I performance measurement system provide useful information to inform future investment decision making, we agree with its proposed approach. Accordingly, we consider recommendations 4 and 5 resolved but open pending receipt of the methodology used to determine project results and OST's July 2013 report on project outcomes.

For recommendation 7, OST partially concurred, but questioned the need for creating formal collaboration requirements between the OAs, even though OST designed TIGER to fund intermodal, multijurisdictional projects. OST's response did not specifically discuss the implications of our finding that some FHWA grant agreements on rail projects did not include the requirements that the grantee comply with track safety standards for 20 years, a provision included in the FRA agreements we reviewed. We maintain that when engineering or safety standards are key elements of project design or construction, more formal collaboration guidance is warranted to ensure that projects benefit from the expertise of all relevant OAs. These benefits could come through the revision of OST's TIGER program guidance to address how agencies should collaborate on projects with significant intermodal issues, such as the documentation of each OA's review at

key project milestones. Accordingly, we consider recommendation 7 open and unresolved until OST provides additional details on what circumstances and by what manner OAs and grantees must collaborate on multimodal projects, specifically on those issues with safety-related implications.

## **ACTIONS REQUIRED**

In accordance with follow-up provisions in Department of Transportation Order 8000.1C, we will close recommendations 1, 2, 3, 4, 5, and 6 after we receive acceptable documentation of OST's completed actions. For recommendation 7, in order to fully assess the adequacy of the OST response, we request additional information within 60 days detailing any safety implications related to our finding that some FHWA grant agreements on rail projects did not include the requirement that grantees comply with track safety standards for 20 years and any specific actions planned to address intermodal collaboration issues.

We appreciate the courtesies and cooperation of the Office of the Secretary of Transportation, Federal Highway Administration, Federal Railroad Administration, Federal Transit Administration, and the Maritime Administration during this audit. If you have any questions concerning this report, please call me at (202) 366-5630 or Gary Middleton, Program Director, at (202) 366-0625.

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cc: Federal Highway Administrator  
Federal Railroad Administrator  
Federal Transit Administrator  
Maritime Administrator  
DOT Audit Liaison, M-1



## **EXHIBIT A. SCOPE AND METHODOLOGY**

To address our audit objectives we assessed Office of the Secretary of Transportation (OST) and Operating Administrations' (OA) policies, procedures, and practices for administering the Transportation Investment Generating Economic Recovery (TIGER) Discretionary Grant Program. Our assessment evaluated the effectiveness of OST's management of the TIGER program, including the performance measures for determining economic and transportation-related impacts. We also assessed the OAs' policies and practices established for the oversight of their respective TIGER projects.

We interviewed OST officials and officials from FHWA, FRA, FTA, and MARAD; examined TIGER program policies and procedures; evaluated projects; and conducted site visits to five TIGER projects from our sample. We conducted interviews to determine how key officials in the management and oversight of the TIGER program are meeting their responsibilities. We obtained documentation to verify that these efforts are occurring. In addition, we determined how OST assigned performance measures to each of the grants; how OST obtained data to report on these measures; and inquired as to how OST plans to use the performance data.

In addition to ongoing contact with OST, we assessed whether the OAs were coordinating effectively with senior Department officials and developed effective methods for tracking and reporting on TIGER program results and their effect on the Nation's infrastructure and economy. We determined whether the OAs implemented appropriate strategies to oversee the TIGER grant projects, while following relevant OA and DOT policies and procedures. We also reviewed information the OAs collected and analyzed in support of OST's evaluation of the program. We also examined policies, procedures, and practices for other discretionary grant programs and identified best practices.

In coordination with the OIG statistician, we selected a statistical sample of 14 of 51 TIGER projects for in-depth review during the verification phase of the audit. Our sample included at least one project in each of the OAs (FHWA, FRA, FTA, and MARAD) that are providing grant oversight. For each of these projects, we verified that the OAs were conducting oversight activities in accordance with the TIGER program policies and procedures. We collected relevant documentation on each project and conducted interviews in person, via telephone, or teleconference with OA staff at DOT Headquarters, applicable regional offices, and grantees. We also consulted with OIG engineering and economist staff on technical issues, and with an OIG legal counsel on the legal sufficiency of TIGER grant agreements and related issues.

We conducted site visits to projects within our sample and administered by each OA and FHWA's Federal Lands Highways Division. The locations for our site visits were based on project activity as determined by the level of expenditures and we did not make projections to each OA based on site visits. We assessed the OAs' oversight of these projects by examining specific project elements, such as whether the project is on schedule and within budget. We determined whether schedule and budget modifications were adequately justified, as well as whether performance measures were applicable to the project and accurately reported. We did not examine grantee compliance with other Federal programs that might be providing funding to a project we selected.

We conducted our work from November 2010 through June 2012 in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**EXHIBIT B. TIGER I PROJECTS REVIEWED**

<b>Mode</b>	<b>Project Name</b>	<b>Amount Obligated</b>	<b>State</b>	<b>Site Visits</b>
FHWA	National Gateway Freight Rail Corridor	\$98,000,000.00	OH	Yes
FHWA	Indianapolis Bicycle & Pedestrian Network	\$20,500,000.00	IN	No
FHWA	Alameda Corridor East: Colton Crossing	\$33,800,000.00	CA	No
FHWA	Bella Vista Bypass	\$10,000,000.00	AR	No
FHWA	Appalachian Regional Short Line Rail Project	\$17,551,028.00	KY- TN- WV	No
FHWA	Black River Bridge Replacement	\$30,000,000.00	MI	No
FHWA	Beartooth Highway Reconstruction Project	\$6,000,000.00	WY	No
FTA	Kansas City Transit Corridors & Green Impact Zone Project	\$50,000,000.00	KS- MO	No
FTA	Downtown Dallas Streetcar	\$23,000,000.00	TX	No
FTA	Fitchburg Commuter Rail Extension & Wachusett Station	\$55,500,000.00	MA	Yes
MARAD	Quonset Wind Energy & Surface Transportation Project	\$22,300,000.00	RI	Yes
MARAD	Port of Gulfport Rail Improvements	\$20,000,000.00	MS	No
FRA	Fast Track New Bedford	\$20,000,000.00	MA	Yes
FRA	Moynihan Station, Phase 1	\$83,000,000.00	NY	No

Source: Information provided by OST and the OAs and traced to individual TIGER grant agreements.

Note: We also conducted a site visit to FHWA's Otay Mesa Port of Entry I-805/SR-905 Interchange project, in California, which was awarded \$20,200,000 of TIGER I funds.

### EXHIBIT C. TIGER PROJECT PERFORMANCE MEASURES

Category	Measures	Reporting Frequency and Timing
Usage	Before/after annual average tons handle/day	Average daily value for the year before the project and then quarterly for 3 years starting 1 year after project completion.
	Before/after annual average daily gross ton-miles (GTM)	
	Before/after annual average container lifts per day (TEUs)	
	Before/after inbound & outbound container mode split	Annual TEUs for the year before the project and then quarterly for 3 years starting 1 year after project completion.
	Before/after annual average annual containers transported on lines (TEUs)	
	Before/after transit passenger miles and hours of travel	Daily counts for a typical weekday (while schools are in session), Saturday and Sunday 1 year before the project and then again 2 years after the project opens for revenue operations.
	Before/after transit passenger & non-passenger counts	
	Before/after transit facility passenger & non-passenger counts	
	Before/after transit rider characteristics	Representative of typical weekday while school is in session 1 year before project and then again 2 years after project opens for revenue operations.
	Before/after average monthly bike and/or pedestrian users at key locations	Average monthly count (using minimum 3 day time periods) collected before the project and then yearly for 3 years starting 1 year after project completion.
	Before/after annual average daily traffic (ADT) and average daily truck traffic (ADTT) counts	ADT and ADTT for the year before the project and then quarterly for 5 years after the project opens for operation under normal conditions.

<b>Category</b>	<b>Measures</b>	<b>Reporting Frequency and Timing</b>
Operations	Before/after annual average daily total train delay (minutes)	Average daily minutes for the year before the project and then quarterly for 3 years after the project opens for operation under normal conditions.
	Before/after annual average daily total (all vehicles) vehicle delay at crossings	
	Before/after transit service level	Data for one typical weekday (while school is in session), Saturday and Sunday 1 year before the project and then again 2 years after the project opens for operations under normal conditions.
	Before/after facility service level	
	Before/after annual average hourly (or peak & off-peak) vehicle travel time	Average hourly (or peak & off-peak) values for the year before the project and then quarterly for 3 years after the project opens for operations under normal conditions.
	Before/after annual average hourly (or peak & off-peak) buffer index	
Safety	Before/after annual crash rates by type/severity	Annual rates for 5 years prior to the project and then quarterly for 5 years after the project opens for operation under normal conditions.
	Before/after annual non-vehicle (bike or pedestrian) crash rates by type/severity	
State of Good Repair	Before/after average monthly slow order miles and annual average daily delay minutes due to slow orders	Monthly slow orders and average daily delay minutes for the year before the project and then quarterly for 3 years starting 1 year after project completion.
	Before/after bridge condition (Sufficiency Rating)	Condition rating for the year before the project and then yearly for 5 years after the bridge project opens for operation under normal conditions.
	Before/after annual road closure/lost capacity time (lane-hours)	Annual lane-hours for the year before the project opens for operation under normal conditions.

Source: OST's TIGER Performance Measurement Plan, June 28, 2010.

Note: These measures represent a menu of industry standard metrics. Modal Administrators and grant recipients may choose to use these metrics or negotiate measures more appropriate for specific projects.

### **Exhibit C. TIGER Project Performance Measures**

**EXHIBIT D. MAJOR CONTRIBUTORS TO THIS REPORT**

<b><u>Name</u></b>	<b><u>Title</u></b>
Gary Middleton	Program Director
Jay Swartzbaugh	Project Manager
P. David McBride	Senior Analyst
Shirell Butcher	Auditor
Jamila Mammadova	Analyst
Harriet E. Lambert	Writer-Editor
Anne-Marie Joseph	Engineer
Petra Swartzlander	Senior Statistician
Fritz Swartzbaugh	Associate Counsel
Kang Cao	Economist

## APPENDIX. AGENCY COMMENTS



**U.S. Department of  
Transportation**


Office of the Secretary  
of Transportation

**Acting Under Secretary for Policy**

1200 New Jersey Ave., SE  
Washington, DC 20590

August 22, 2012

**MEMORANDUM TO:** Joseph W. Comé  
Assistant Inspector General for  
Highway and Transit Audits

**FROM:** Polly Trottenberg   
Acting Under Secretary for Policy

**SUBJECT:** Management Response to OIG Draft Report on TIGER  
Discretionary Grant Program

In February 2009, Congress enacted the American Recovery and Reinvestment Act (Recovery Act) as an immediate measure to address the Nation's economic crisis. The Recovery Act included \$1.5 billion for the Office of the Secretary (OST) to make multimodal discretionary grants to surface transportation projects of national and regional significance. The Recovery Act included specific deadlines that required the Department to create this new discretionary grant program, run a nationwide competition, award grants, and obligate the funds within relatively short time frames.

The Department responded by expeditiously creating the Transportation Investment Generating Economic Recovery (TIGER) program, which included outcome-driven, transparent, objective processes for selecting meritorious projects that would foster job creation, achieve the Department's strategic goals, leverage non-Federal dollars, and boost partnerships and innovation, all while reinvesting in America's transportation infrastructure. The TIGER program built an interdisciplinary and multimodal framework for collaboration drawing upon the expertise of OST, the operating administrations (OAs), other Federal agencies, state transportation departments, transit agencies, and local governments.

The TIGER Discretionary Grant program was developed and implemented with remarkable speed and accountability in accordance with all statutory requirements and deadlines. It has proven tremendously successful in selecting and funding important transportation projects, including some beyond the reach of existing funding mechanisms, such as major multi-state freight networks across the nation. Congress recognized and endorsed the merits of our approach by providing funding for three subsequent rounds of TIGER – for a total of \$3.1 billion.

Creating an innovative multimodal transportation grant program on a very tight timeline was an extraordinary challenge that at times required simultaneous program design and implementation. The Department built the TIGER program using the best current grant competition, evaluation, and oversight practices, including extensive use of benefit-cost analysis. The short timeframes included in the Recovery Act catalyzed the Department's use of this innovative approach to program design in contrast to traditional sequential methods of planning, design, implementation, monitoring, and oversight. To meet these challenges, the Department established a critical path of first designing those elements necessary early in the process, implementing them, and subsequently designing those aspects needed later.

We are pleased with the OIG draft report's recognition that the TIGER program generally adhered to best practices in grant management. The Department is continually refining its approach and is intent on improving the program, as it has demonstrated in subsequent rounds of program implementation. We intend to make good use of the information in the OIG report as we continue to administer the TIGER program.

### **TIGER Program Focused on Innovative Projects**

The TIGER program is particularly innovative from a functional perspective—what it does—and from an operational perspective—how it works. TIGER is a competitive discretionary grant program that enables the Department to address important transportation issues including existing programmatic gaps created by traditional formula based appropriation funding silos, which are driven by mode. Furthermore, while most Federal transportation funding flows to State DOTs and major transit agencies, TIGER is one of the only transportation programs where localities can apply directly for, and be direct recipients of, Federal funding for projects often with local and regional priorities.

### **TIGER Uses Existing Expertise and Processes**

The TIGER program drew personnel and expertise from existing programs within the Department and made use of established grant management and oversight mechanisms. As a result, once selected, TIGER projects are administered and overseen by OAs without the need to create new layers of bureaucracy. OST's role is one of monitoring the OAs and not one of adding additional layers of oversight on top of the OA oversight.

The Congress clearly anticipated lean and efficient program operation when it afforded the TIGER program only 1/10<sup>th</sup> of 1 percent of overall program funding for conducting oversight. OST fulfilled those expectations by creating a cost-efficient, transparent and multimodal program that made the best use of existing programmatic expertise and processes without creating duplicate processes or unnecessary overhead.

While OST is actively engaged in monitoring the administration of the TIGER grants, DOT is driven by economy and prudence to make the best use of existing agency resources through a strong partnership between OST and the OAs for program implementation. This partnership utilizes OST's expertise in evaluating projects across all transportation modes and leverages the OAs' experience in managing grants.

During the grant administration phase, OST carefully monitors OA projects through bi-weekly meetings, monthly project status reports from the OAs, quarterly and annual reporting by the grantees, and a defined chain of command for elevating any issues that may arise. This combination of partnership and monitoring makes the best use of expertise in each organization, minimizes overhead costs, and maintains a thorough and effective flow of information.



The OIG draft report approaches OST's role from the perspective of traditional government operations: devote more staff to create new oversight systems in OST to check the work of the people in the OAs who are overseeing work in the field. While OST is carefully monitoring the OAs' progress, it has no budgetary authority or intention to add more staff to duplicate the work that the OAs have a long-standing record of demonstrated effectiveness in accomplishing. Instead, OST has been judicious in limiting monitoring to complement the OAs' activities. Furthermore, OST already has longstanding policies for overseeing OA activities, including OA administration of billions of dollars of grants through existing programs.

### **Operating Administrations Managing TIGER Projects Effectively**

The vast majority of Recovery Act TIGER grants are being administered by organizations in the Department with extensive experience in grants management. More than 80 percent of the projects are being administered by FTA and FHWA, which have proven systems and processes for providing effective grant management along with decades of experience.

Both FTA and FHWA have carefully considered the programmatic risks posed by TIGER projects, and have fine-tuned their oversight accordingly. FTA recognized the risks of a new, discretionary grant program with rapid grant awards and expedited implementation milestones by implementing additional oversight. For example, FTA mitigated project risk by making Project Management Oversight Contractor (PMOC) resources available to every TIGER I project it administered regardless of the dollar value or risk assessment associated with each project. Even though TIGER projects were typically smaller than those FTA would typically utilize its PMOC resources for, FTA implemented proactive measures to help ensure the grantees followed sound project management practices in developing and implementing the projects.

Similarly, FHWA recognized the benefit of supplemental oversight for TIGER projects, and included them within the scope of its National Review Team (NRT) efforts. The NRT used an independent, multi-disciplinary team of experts to enhance Recovery Act project risk management and oversight efforts in a corporate and strategic manner. By conducting on-site reviews of quality assurance, financial controls, and data quality and integrity, the NRT enhanced FHWA's stewardship and oversight on TIGER and other Recovery Act funded projects. FHWA incorporated TIGER as a specific focus area in its Recovery Act Risk Management Plan and continues to carefully track the results of the NRT reviews. As of July 3, 2012, the NRT finalized 48 TIGER site visits consisting of 61 reviewed risk areas.

While FRA and MARAD have comparatively less experience in grants management, each has made strong progress in building the processes and expertise necessary for effective grant management. As detailed in the Department's response to another OIG report in the process of issuance,<sup>1</sup> similar to the TIGER program, the Department's High Speed Intercity Passenger Rail Grant program had to be built as it was hurtling down the tracks at high speed. FRA has already demonstrated its capability to effectively manage risks and continues to refine its grants management practices. Similarly, MARAD has been refining its processes and is conducting effective grants management activities. It has also demonstrated its capability to effectively monitor and oversee the completion of its TIGER program projects.

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<sup>1</sup> The OIG report, "Completing a Grants Management Framework Can Enhance FRA's Administration of the HSIPR Program," will incorporate a detailed management response describing the progress of FRA's Grant Processes for High Speed Rail.

TIGER's unique, multimodal evaluation and oversight arrangement also provided an environment conducive to knowledge sharing among the OAs. For example, MARAD made use of best practices learned from FHWA's grant oversight structure and avoided the need to reinvent similar processes. MARAD has continued to refine these practices as appropriate for its projects, and as recently as June 15, 2012, issued an updated Grant Administration Manual.

### **OST Uses Feedback and Stakeholder Input to Strengthen Program**

Since the Recovery Act TIGER program, which serves as the focus for this OIG draft report, the Department has implemented three additional rounds of TIGER and has worked hard to continuously improve the program's design, implementation, execution and monitoring. TIGER has made use of lessons learned to implement useful improvements, including:

- **Decision Tracking** – the TIGER program now has a system for tracking all material decisions made by the Under Secretary regarding TIGER grants and TIGER funds. This system, which was put in place after the third round of TIGER, will create a searchable electronic record of all material decisions made for the program.
- **Document Review and Approval Tracking** – all OAs participating in the TIGER program are now using a SharePoint system for document review and tracking to ensure that each grant agreement developed under the TIGER program is processed expeditiously and completely by all necessary organizations.
- **Collaborative Work Groups** – OST created collaborative working groups to enhance OST and modal coordination in key areas. For example, a working group that includes Counsel from OST, FHWA, FRA, FTA, and MARAD is currently analyzing best practices across the modal administrations for managing the purchase and disposition of equipment using grant funds. These groups will continue to work collaboratively on cross-cutting issues.

The OIG work pursuant to this draft report has also provided useful input for refining TIGER grant processes. For example, OST is conducting risk-based site visits to validate information provided by the OAs and grantees. OST will continue to make the best use of all available information to further refine the TIGER program throughout each phase of implementation.

### **TIGER Performance Measures Will Inform Future Investment Decision making**

The TIGER program investment framework incorporates multiple innovative, performance-driven policies. These efforts focus on aligning investments with key national objectives, encouraging grantees to produce robust economic analyses demonstrating that their projects are expected to produce net benefits, and implementing a performance measurement program by which grantees collect data and report on the performance of their projects. This focus on performance is unprecedented for a multimodal DOT program and reflects DOT's determination to introduce reforms through TIGER that can positively impact DOT's broader investment practices.

Working with experts in the field of transportation economics and performance, DOT has developed sets of measures to better capture project benefits that avoid placing undue burdens on grantees, many of whom lack the resources and technical expertise to engage in sophisticated analytics. DOT also decided not to compel grantees to achieve pre-determined targets, but rather to focus on collecting data that could inform future investment decision-making processes.

The TIGER program emphasizes managing infrastructure investments during construction and tracking performance once the project opens for use. Each grantee collaborates with DOT to develop a project-specific performance measurement plan, and report on achieving the benefits identified in the application.

TIGER projects can be found in every corner of the country, from the densest urban environments to the most rural tribal areas, and include multi-state freight rail networks that cost hundreds of millions of dollars to build, transit systems and streetcars, highway and bridge improvements, port infrastructure and bicycle/pedestrian networks. As such, OST is focused on individual projects achieving their stated outcomes, which include safety, economic competitiveness, state of good repair, livability, and environmental sustainability. OST does not believe it is feasible to create a consolidated project performance evaluation system that can adequately convey outcome information spanning this diverse set of projects within the existing data-gathering and analytic capabilities of typical TIGER grantees.

## **RECOMMENDATIONS AND RESPONSES**

**Recommendation 1:** Establish and implement a formal process to ensure all grant agreements include clear schedules, scopes, milestones, and outcome-based performance measures that will allow OST to assess a project's progress towards the long-term goals of the program.

**Response:** Concur. We agree that grant agreements should include clear schedules, scopes, and milestones, and have devoted considerable effort, along with the OAs, to achieve this objective. As described above, the Department has implemented refined processes for moving grant agreements through review to ensure complete and consistent documentation. While we will continue to monitor the efficacy of this system and make improvements as needed, we consider the actions taken responsive to the recommendation and ask that it be closed.

**Recommendation 2:** Establish and implement a systematic process for documenting significant management decisions involving the program and individual TIGER projects, including follow-up actions resulting from meetings with the OAs.

**Response:** Concur. As described above, the Department has implemented refined processes for documenting significant management decisions. While we will continue to monitor the efficacy of this system and make improvements as needed, we consider the actions taken responsive to the recommendation and ask that it be closed.

**Recommendation 3:** Update OST's risk assessments to include an evaluation of the OAs' capabilities to manage the TIGER program.

**Response:** Concur in part. Through its regular monitoring activities and interactions with the OAs, OST is fully apprised of the status of OA capabilities to manage grants. More than 80 percent of TIGER I projects were within organizations with mature, fully developed, world class grant management systems in place. Processes were augmented with additional oversight resources in FTA, and added to the National Review Teams in FHWA. The remaining 20 percent are within organizations that have rapidly developed their grant management capabilities based on best practices and have issued recent updates to their processes over the last several months. While OST will continue to monitor, and work with all the grant management agencies participating in the TIGER program, we see no further benefit to be gained by conducting a formal risk management exercise and request that this recommendation be closed.

**Recommendation 4:** Establish a methodology to identify program outcomes from grantee performance data for each TIGER project.

**Response:** Concur in part. As discussed earlier in this response, the primary purpose of DOT's performance measurement program is to ensure that grantees are collecting and reporting information about the performance of their projects. As recognized in the OIG draft report, consolidating the results from a diverse set of 51 projects would, at best, be challenging. The TIGER I performance measurement program is intended to provide useful information and help inform future investment decision-making processes. Overall, TIGER has established a program to collect useful programmatic information that exceeds the requirements and expectations of the Recovery Act while not unduly burdening grantees. The Department will ensure that the established methodology is fully implemented and completed as planned, but does not anticipate modifying the scope or nature of the measures at this late point in the program, and requests that this recommendation be closed.

**Recommendation 5:** Establish a comprehensive methodology to aggregate performance measures to assess the overall impact of the TIGER program.

**Response:** Concur in part. As discussed earlier in this response, the Department established programmatic measures that exceed the expectations and requirements of the Recovery Act and will provide useful information about the utility of our actions and inform future decision making. At this late juncture, the Department does not intend to modify its programmatic metrics, though it does intend to make full and best use of the data it derives from program implementation, both with regard to the effectiveness of program implementation and to inform future decision making. Once the vast majority of Recovery Act TIGER projects are complete, the Department intends to consolidate the results of the individual projects, and report those results by July 31, 2013.

**Recommendation 6:** Require the OAs to fully implement their grant management policies, as appropriate.

**Response:** Concur. Grant management policies are established for the purpose of guiding processes by establishing clear expectations. The TIGER Program Policies and Procedures make it clear that each OA is responsible for assuring that it has all of the necessary policies, systems, and controls in place to administer the TIGER discretionary grants for which they are responsible. We consider the existing requirements, policies and expectations to be sufficient. OST will continue to monitor actions by the OAs and ensure that they are following our Policies and Procedures that require the implementation of their grant management policies to TIGER Grants. No further action is planned with specific regard to this recommendation and we request that it be closed.

**Recommendation 7:** Clarify the TIGER program guidance and grant agreements to indicate under what circumstances and by what manner OAs and grantees must collaborate on multimodal projects.

**Response:** Concur in part. The Department will continue to actively monitor OA performance and convene forums for multimodal collaboration and information sharing. However, the utility for creating formal collaboration requirements is not apparent. OST oversees the implementation of all TIGER grants, identifies projects that need collaboration, and calls the modes to work together with OST as needed. Because of the varied and innovative nature of the projects funded, it is not possible to identify in advance all of the circumstances that would require OA partnership. In fact, sometimes the need for collaboration comes on single mode projects where best practices in other modes can improve outcomes. OST will use its oversight role to follow all grants that require OAs to work together and improve collaboration. While we will continue to monitor the efficacy of this system, and make improvements as needed, we consider the actions taken responsive to the recommendation and ask that it be closed.