

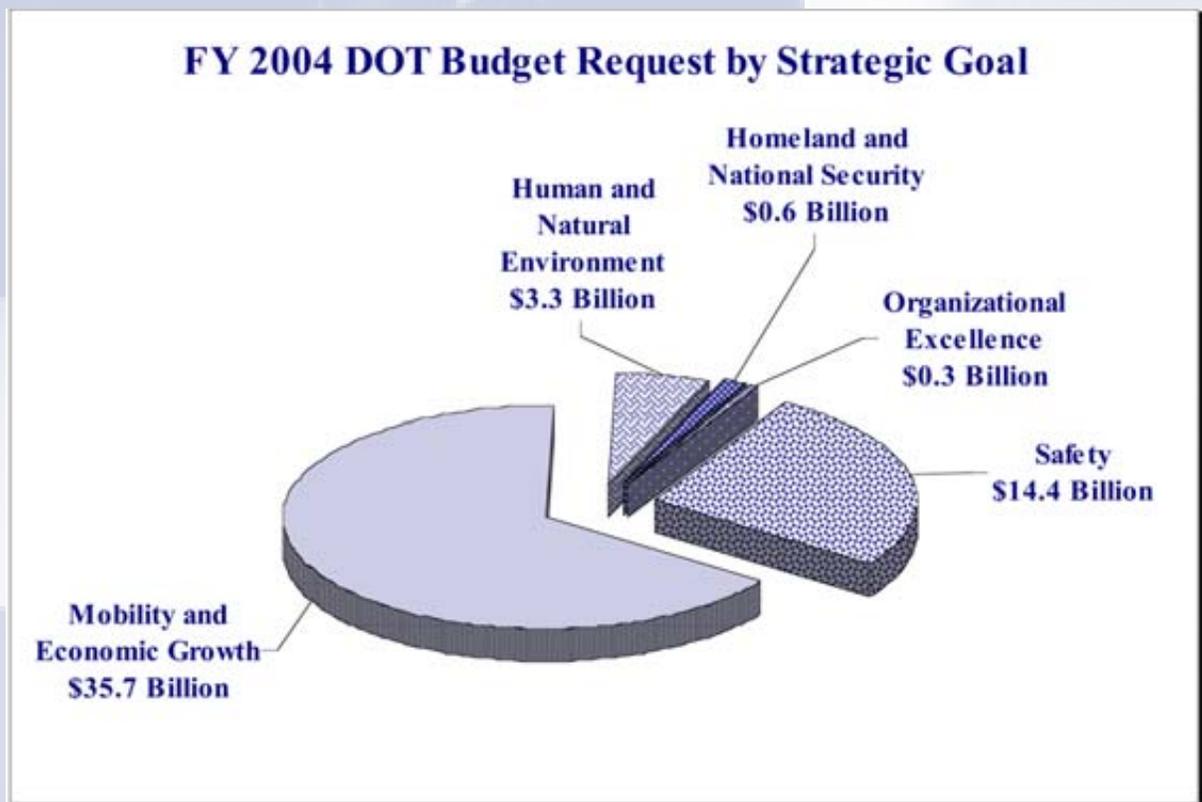
## Overview

### Introduction

The American people deserve the safest, most secure, and most efficient transportation system possible. The quality of our lives, the shape of our communities, and the productivity of our Nation's economy depend on the U.S. Department of Transportation's (DOT) success in meeting these goals. Established in 1967, DOT sets Federal transportation policy and works with state, local, and private sector partners to promote a safe, secure, efficient, and interconnected national transportation system of roads, railways, pipelines, airways, and seaways. DOT's goal of creating a safer, simpler, and smarter transportation program is important for us to keep in mind as we move forward to achieve our goals.

On November 25, 2002, President Bush signed the Homeland Security Act of 2002 (Public Law 107-296), which among other things transferred the U.S. Coast Guard and the Transportation Security Administration (TSA) to the newly established Department of Homeland Security. The President's budget proposals for FY 2004 concerning these two organizations are now included in the Department of Homeland Security's budget. For comparison purposes, therefore, the funds requested by the President for the U.S. Coast Guard and TSA have been excluded from the DOT totals.

The Department's FY 2004 budget request totals \$54.3 billion in mandatory and discretionary funding. This represents an overall increase of \$2.9 billion or 6 percent when compared to the President's FY 2003 request. The Department's five key performance goals - improve safety, increase mobility in support of the Nation's economy, protect the human and natural environment, achieve organizational excellence, and support homeland and national security - form the basis for the FY 2004 budget request. The contribution of the DOT operating administrations to each of these goals is discussed below.



## Safety

Transportation safety continues to be the Department's top priority. The FY 2004 budget request proposes overall transportation safety funding of \$14.4 billion. Because the human toll and economic cost of transportation accidents are massive, promoting public health and transportation safety is the first objective of all DOT agencies. To support this effort, the budget request provides funding increases in FY 2004 for the Federal Motor Carrier Safety Administration (FMCSA) and the National Highway Traffic Safety Administration (NHTSA) whose primary mission is safety. In addition, the Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and the Federal Highway Administration (FHWA) will increase their focus on safety goals.

### *Surface Transportation Safety*

In 2001, 42,116 lives were lost in fatal traffic accidents. The economic cost of motor vehicle crashes is estimated to be more than \$230 billion annually. Within DOT, FHWA supports highway safety through its infrastructure programs, although FMCSA and NHTSA are the two primary operating administrations focused on regulating highway safety.

- Highway Safety. The FHWA budget includes efforts to improve infrastructure safety through improvements in roadway design and features, as well as through research focused on reducing fatalities from vehicles that leave the roadway, crashes at or near intersections, and collisions involving pedestrians. In addition, FHWA proposes increased flexibility in safety grants to allow states to target resources to address their unique problems.
- Motor Carrier Safety. Motor carriers represent about 4 percent of registered vehicles; however, they account for 7 percent of vehicle-miles traveled on our Nation's highways and are involved in 12 percent of all crashes resulting in a fatality. FMCSA is committed to reducing the large truck-related fatality rate from 2.8 per 100 million truck-miles in 1996 to 1.65 in 2008. FMCSA has increased its enforcement presence at the roadside and at the carrier's place of business—gaining ground in the face of a growing industry and increasing truck-miles traveled. FMCSA will concentrate on increasing the number of inspections at roadsides and other locations, improving the Commercial Driver's License program, and implementing a hazardous materials (HAZMAT) security program.

The Department will also continue to concentrate on truck safety at the southern border as the Nation fulfills its commitment under the North American Free Trade Agreement to allow Mexican trucks to travel on U. S. highways. In addition, the Department will begin to implement a "New Entrant" Program, in which every new commercial motor carrier company - Canadian, Mexican, or U.S. - that applies to operate within the United States will be subject to a safety audit in the first 18 months of operation before it receives a permanent safety decal. For motor carrier safety, the budget request calls for a total of \$447 million, 22 percent above the FY 2003 request. In FY 2004, \$223 million is requested to increase aggressive state enforcement of interstate commercial truck and bus regulations, and \$224 million will support oversight of HAZMAT transportation, Federal safety enforcement programs, and border safety inspections.

- Motor Vehicle Safety. In 2001, the fatality rate per 100 million vehicle-miles traveled reached a historic low of 1.51; however, that same year over 6.3 million police-reported motor vehicle crashes occurred on our Nation's highways – one every five seconds. To help reduce highway fatalities and injuries, NHTSA is striving to increase safety belt usage from 69 percent in 1997 to 79 percent in 2004, and to lower the alcohol-related highway fatality rate from .65 per 100 million vehicle-miles traveled in 1997 to .53 per 100 million vehicle-miles traveled in 2004. In support of these goals, the budget request provides \$218 million for NHTSA's safety operations and research programs, including \$10 million for a crash causation study. It provides another \$447 million for grants to states for targeted highway safety programs to counter drugged and drunk driving and to enforce safety belt use. Most of NHTSA's increase of \$240 million, from the FY 2003 request, is attributed to the transfer of the safety belt use and impaired-driving law incentive programs from FHWA to NHTSA (\$222 million).
- Rail Safety. FRA focuses on safety and security of the national rail system, primarily through inspectors who check the condition of the rail infrastructure. Accidents have declined nearly 70 percent since the late 1970s, and over the last three years, the Nation has had the lowest number of rail-related deaths and employee fatalities on record. Despite more than 2 million movements of HAZMAT cars, last year marked the lowest number of train accidents involving a HAZMAT release in five years. Intercity and commuter rail service has also had a remarkable safety record. Intercity and commuter trains moved more than 2.3 billion passengers during the past five years with only two fatalities resulting from derailments. FRA's 2004 budget request includes \$131 million, an 11 percent increase over the FY 2003 request, to continue and improve the strong railroad safety record. Specifically, these funds support FRA's goals of reducing rail accidents and incidents, reducing grade crossing accidents, and contributing to the avoidance of serious HAZMAT incidents in transportation. New initiatives for FY 2004 include funding for a new track geometry vehicle that will allow FRA to inspect an additional 30,000 track miles each year; funding for new safety inspectors to respond to the rapidly increasing number of spent nuclear fuel and high-level nuclear waste shipments over rail; and funds for additional expertise in the areas of bridge safety and engineering.
- Transit Safety. FTA shares the Administration's emphasis on safety and security as the top priority of the Nation's transportation system. Due in part to FTA's commitment to safety, public transportation is the safest mode of surface transportation. According to the National Safety Council, riding a bus is 47 times safer than car travel. The FY 2004 budget requests almost \$12 million for safety oversight and research projects and associated administrative costs. These funds will contribute to reducing the rate of transit-related fatalities, injuries and incidents.
- Pipeline Safety. Currently, a network of two million miles of pipelines transports natural gas to nearly 60 million residential and commercial customers in the United States. The Research and Special Programs Administration (RSPA) oversees the Department's national regulatory program to assure the safe transportation of natural gas, petroleum, and other hazardous materials by pipeline. RSPA's total request of \$132 million in FY 2004 will focus on reducing the amount of oil or other hazardous liquids spilled from pipelines; reducing hazardous incidents; coordinating and advancing transportation research technology and education

activities to promote innovative transportation solutions; managing the Department's transportation-related emergency response and recovery responsibilities; and promoting the development of a safe hydrogen fuel infrastructure.

### *Aviation Safety*

The proposed budget includes \$8.7 billion for FAA to keep American aviation safe. The Nation's airspace system includes over 15,000 air traffic controllers, more than 3,000 significant airports, and over 300 air traffic control facilities. The FY 2004 budget request supports FAA's efforts to provide the safest possible system through additional investments in personnel and airspace safety technology, including systems to prevent runway incursions. The budget request provides funding for inspecting aircraft, certifying new equipment, and ensuring the safety of flight procedures and the competence of airmen and women. A total of \$17 million in discretionary increases is requested in FY 2004 to hire an additional 302 air traffic controllers in anticipation of a surge in retirements, to expand selected safety programs, such as Safer Skies, and to hire an additional 20 aviation safety staff to monitor safety performance of the airlines. The President also requests funds to cover the operation and maintenance of new air traffic control equipment and to develop a replacement air traffic data and telecommunications system. In addition, the President's budget requests that the funding for HAZMAT program, a safety program, be transferred back to the FAA; in the FY 2003 budget, funding for the HAZMAT program was transferred to the Transportation Security Administration (TSA).

### **Mobility**

Transportation is essential to America's security, economic prosperity, and quality of life. In light of today's global economy, it is more important than ever to have seamless transitions between modes of transportation, so that people and cargo can move effectively and efficiently.

The search for new technological and innovative solutions to our mobility challenges is well supported in the FY 2004 budget request, with investment in technology, research, and development proposed at \$1 billion. Development and increased use of technologies, such as Intelligent Transportation Systems (ITS), are proposed in the FY 2004 budget. A total of \$121 million is requested for ITS research, operational tests, and deployment to further increase the number of integrated ITS locations.

Over the last 20 years, congestion has increased for all modes of transportation. To address this problem, as well as enhance infrastructure conditions, the Department is focusing on smart technology and system improvements. Initiatives supported by the FY 2004 budget request include expanding "intelligent" highway system technology and modernization of the airspace control system. The 2004 budget requests \$35.7 billion to improve transportation mobility and economic growth.

### *Surface Mobility*

- Highway Mobility. Improving the condition of highways and bridges is critical to transportation mobility. The federally supported National Highway System (NHS) comprises the most important national routes for trade and commerce. The system includes all Interstates and over 84 percent of other principal arterials. While the NHS accounts for only 4.1 percent of total road mileage in the United States, it handles 44.3 percent of total vehicle-miles traveled. Consequently, the condition of the NHS significantly impacts congestion, wear-and-tear on vehicles, and fuel consumption. In the past decade, highway and bridge conditions have steadily

improved. Of all vehicle-miles traveled on the NHS, 91.6 percent in 2002 were on pavements with acceptable ride quality.

The President's FY 2004 budget request reflects the first year of the Administration's proposal for the reauthorization of the Transportation Equity Act for the 21<sup>st</sup> Century (TEA-21). The reauthorization builds on the successes of TEA-21, and links highway spending to incoming receipts into the Highway Trust Fund. The highway reauthorization proposal maintains the core programs under TEA-21 and proposes to streamline the delivery of the Federal-Aid Highways program, as well as furthering state flexibility. Also, the proposal directs all revenue from gasohol taxes to be deposited into the Highway Trust Fund, increasing available receipts by over \$600 million per year.

The FY 2004 budget request includes an obligation limitation of \$29.3 billion for the Federal-Aid Highways Program, an increase of \$1 billion above estimated incoming receipts. This additional \$1 billion funds a new infrastructure performance and maintenance initiative, which targets "ready-to-go" highway projects that address traffic bottlenecks and improve infrastructure conditions.

- Transit Mobility. Transit systems safely and efficiently move millions of people every day, reducing congestion, facilitating economic development and connecting people to their jobs and communities. Total capital investment in public transportation, including state, local and Federal funds, has increased by nearly 80 percent between 1991 and 2000, and now totals \$9.1 billion annually. Transit ridership has increased every year since 1995, with 9.5 billion passenger trips in 2001.

In FY 2004, FTA's Formula Grants and Major Capital Investment Grants programs will provide \$7.0 billion in capital resources for infrastructure investment. This \$7.0 billion request for infrastructure investment is expected to leverage another \$7.8 billion in state and local support for transit. The FY 2004 budget request also leverages recent technological developments in transit, such as Bus Rapid Transit (BRT). Combining exclusive transit-ways, modern stations, high-tech vehicles, and frequent service, BRT provides – at a fraction of the cost – the high level of service that people want and expect from more expensive transit systems.

- Passenger Rail Mobility. Congress created the National Rail Passenger Corporation (Amtrak) in 1971 as a for-profit corporation providing a national passenger rail system. In 1997, Congress reaffirmed its intent that Amtrak become self-supporting by enacting the Amtrak Reform and Accountability Act. Nevertheless, the railroad has never earned a profit and has grown increasingly dependent on Federal financial assistance.

In order for intercity passenger rail service to remain a viable component of the Nation's transportation system, fundamental changes are needed in Amtrak's structure and business practices. To facilitate change, the budget request proposes \$900 million to support operations, undertake capital and infrastructure maintenance programs, to begin to address structural reforms that will improve Amtrak's future viability. In an effort to ensure that states play a major role in determining the route structure of a national passenger rail system, the Administration will encourage states to contribute to those routes they believe are critical to their transportation needs.

### *Aviation Mobility*

The aviation industry is responsible for moving people and products, and it contributes approximately a trillion dollars to our economy. Nearly two million people a day travel on our Nation's airlines and more than one-third of the value of all goods are transported move by air.

Because travel demand for air service is returning to pre-September 11, 2001 levels, we cannot afford to reduce our commitment to investing in the Nation's air traffic control system and our airports, if we hope to meet our goals for on-time air travel. Maintaining our commitment to aviation mobility is a continuous challenge. The President's FY 2004 budget request maintains current levels of aviation infrastructure investment and expands the number of air traffic controllers, in part, by using some of the balances that have accumulated in the Airport and Airway Trust Fund.

The President's FY 2004 budget request provides \$254 million to improve aviation efficiency, including \$5 million to improve the flow of air traffic through such efforts as airspace redesign. In addition, \$2.3 billion is requested to reduce aircraft delays by replacing old radars, automating terminal control facilities, and funding Free Flight and oceanic automation to improve flight route flexibility. FAA also looks to speed aircraft takeoff and landings by building additional runways with funding from the Grants-in-Aid for Airports program. The aim is to increase daily arrival capacity at the Nation's airports to more than 49,000 arrivals per day by the end of 2004, compared to an average of 47,000 arrivals per day in 2002.

### *Maritime Mobility*

Current studies indicate that international trade is projected to reach two billion tons per year within the next twenty years – twice today's level. Globalization of trade is a significant consideration when looking forward toward our goals of a safer, simpler and smarter transportation program, and inter-modal transportation will be a big part of our future success. This dramatic increase in international trade will place a significant stress on America's transportation system. Thus, we must investigate alternatives that can be used more effectively to manage freight growth and ease congestion throughout out system.

## **Human and Natural Environment**

Transportation emissions contribute ozone, carbon monoxide, and particulate matter into the atmosphere. Approximately two-thirds of transportation-related emissions of those pollutants originate from on-road motor vehicles. However, total on-road mobile source emissions declined from 87 million tons in 1988 to 64 million tons in 1999, which marks a 26 percent improvement in a little more than a decade. The FY 2004 budget proposes \$3.5 billion for environmental initiatives. FHWA will improve its stewardship of environmentally responsible transportation improvements. This will require further streamlining of the environmental review process and greater emphasis on program level and major project oversight activities in conjunction with the Federal, state and local agencies involved. The budget also requests funding to continue the success of the Congestion Mitigation and Air Quality program, which funds projects that will reduce emissions.

FTA continues to provide for a better human and natural environment by sponsoring research and tests of innovative technologies such as fuel cells (which emit no pollution) and alternative fuels that are less polluting than diesel fuel. In addition, the FY 2004 budget request includes \$50 million for research and clean fuel bus procurement, which will help reduce particulate and carbon monoxide emissions.

FAA will further its environmental responsibilities by investing almost \$500 million to address the environmental impacts of airport projects, primarily aircraft noise. FAA will provide expertise and funding to assist in abating the impacts of aircraft noise in neighborhoods surrounding airports by purchasing land, relocating persons and businesses, sound proofing residential homes or buildings used for educational and medical purposes, purchasing noise barriers and monitors, and researching new technologies.

The Maritime Administration (MARAD) continues to work diligently to help protect the environment through the disposal of obsolete vessels in the National Defense Reserve Fleet (NDRF). MARAD is required to dispose of the obsolete ships in the NDRF, which still has an inventory of over 130 vessels. The FY 2004 budget request includes \$11 million to remove obsolete vessels, with MARAD continuing to pursue alternative disposal methods.

### **Homeland and National Security**

The FY 2004 budget request provides \$632.2 million for the Department's homeland and national security activities, including \$365 million for the FAA. The FAA funds will be used to hire 26 controllers to work with the Department of Defense to better manage and secure the national airspace. In addition, the FY 2004 budget proposes that internal FAA security funds be transferred back to the FAA from TSA, since the functions have remained at FAA. The request also includes \$88 million for FAA information and facility security improvements, as well as funding for security-related airport grants.

The FY 2004 budget request includes \$98.7 million for the Maritime Security Program, which together with the Voluntary Intermodal Sealift Agreement Program and the Ready Reserve Force, ensures DOD access to ships and crews during DOD mobilizations, and helps ensure the efficient flow of military cargo through commercial ports. The FY 2004 budget request also includes \$62.4 million to support MARAD's Education and Training Programs, through the U. S. Merchant Marine Academy and six state maritime schools, to help provide skilled U. S. merchant marine officers, capable of serving both defense and commercial transportation needs.

The FY 2004 budget request includes \$40 million for transit system security, which will remain a high priority in FY 2004. Emphasis will be given to improving the state of security knowledge among transit professionals through training and through the FTA's technical assistance efforts. FTA will also focus on testing and validating technology that can be used in a transit environment and rapidly deployed.

### **President's Management Agenda-Organizational Excellence**

With approximately 60,000 employees and hundreds of programs, DOT faces significant challenges regarding customer satisfaction, employee effectiveness, and organizational performance and productivity. The FY 2004 budget request includes \$95 million for the Office of the Secretary, including almost \$25 million to strengthen the management of the Department's large information technology investment portfolio, and to improve the American public's access to information and services through electronic government. In addition, \$45 million is requested to finance the 2004 costs for the new Department building that will consolidate headquarters operating functions into efficient, leased office space.

### **Conclusion**

DOT's goal is to provide the resources necessary to support our Nation's transportation system. The funding requested in 2004 will help improve transportation safety, enhance homeland and national security, maintain and expand our transportation infrastructure and increase its capacity, reduce envi-

ronmental degradation, and improve the quality of life for all citizens. The following pages provide highlights of the Department's budget request by operating administration.

Technical Notes:

1) The President's 2003 budget request corrected a long-standing understatement of the true cost of literally thousands of Government programs. It distributed to each Department and Agency accruals related to Federal retirement that had previously been centrally funded. While the President's FY 2004 budget request still proposes to distribute the cost of accruals to each Department and Agency, the proposal is presented separate from the main body of the budget. Therefore, for comparison purposes, we have excluded accrual amounts from the FY 2003 and the FY 2004 requests.

2) Tables in this document may include detail that does not add due to rounding.