

POLICY, PERFORMANCE, AND PROGRAM OUTLOOK

Government likes to begin things - to declare grand new programs and causes. But good beginnings are not the measure of success. What matters in the end is completion. Performance. Results. Not just making promises, but making good on promises.

President George W. Bush

The U.S. Department of Transportation (DOT) continues to be a leader among Federal agencies in supporting the President's Management Agenda and instituting the use of performance-based budgeting in its internal processes. The fiscal year (FY) 2006 budget request builds on DOT's successful implementation of the Government Performance and Results Act of 1993 by strengthening the linkages between budgetary resources and programmatic and performance outcomes that benefit the Nation. The resources requested in the Department's FY 2006 budget will enable DOT to achieve a transportation system that is safe, efficient, and secure. At the Departmental level, performance goals and measures focus on core transportation missions, and reflect the Secretary's transportation priorities of safety, mobility, global connectivity, environmental stewardship, security, and organizational excellence.

The budget documents for DOT's individual operating administrations reflect the successful steps to integrate budget and performance. Beginning with the FY 2004 budget cycle, DOT organized its Office of Management and Budget (OMB) and Congressional budget submissions in such a way that the linkages between additional resources and improved performance would be more apparent. The linkages were further strengthened for the FY 2005 budget submissions. For FY 2006, DOT is taking performance budgeting to the next level by estimating the marginal cost of performance (what results can be achieved at different levels of funding) for selected programs.

Typically, a marginal cost of performance analysis would require the Department to have a fully functioning cost accounting system. While all DOT modes have implemented the DOT-wide accounting system, it will be several years before cost-accounting data systems are fully mature and include historical data that will allow DOT managers to integrate performance and accounting data. As a result, DOT has developed an alternative model that will enable the Department to tie resources to results and has selected several pilot programs that will be used to test this approach. The lessons learned from this initial effort will be reflected in future budget requests for the remaining DOT operating administrations.

Program Assessment Rating Tool (PART)

The FY 2006 budget formulation process has been expanded to incorporate fully the use of OMB's Program Assessment Rating Tool (PART). The PART is designed to gauge whether a program's design and purpose are clear and defensible; weigh whether the agency sets valid annual and long-term goals for programs; rate agency management of programs, including financial oversight and program improvement efforts; and focus on results. The PART process is meant to complement traditional management techniques and to be used to stimulate a constructive dialogue between program managers, and budget and policy officials.

During the FY 2004 budget formulation process, four DOT programs were evaluated using the PART instrument: the Federal Aviation Administration's (FAA) Grants-in-Aid for Airports program; Federal Motor Carrier Safety Grants; the Federal Highway Administration's (FHWA) Infrastructure

Investments; and the National Highway Traffic Safety Administration's (NHTSA) Grants.

Six additional DOT programs were evaluated during the FY 2005 budget formulation process: FAA Air Traffic Services; FAA Research, Engineering and Development; FHWA's Federal Lands Highways program; the rail safety portion of the Federal Railroad Administration's (FRA) Safety and Operations; the Federal Transit Administration's (FTA) New Starts program; and the Pipeline and Hazardous Materials Safety Administration's (PHMSA) (formerly Research and Special Programs Administration) Hazardous Materials Emergency Preparedness Grants.

For FY 2006, we have evaluated nine more programs: FAA Facilities and Equipment; FAA Regulation and Certification; FHWA's Research and Development program; the Maritime Administration's Maritime Security Program; PHMSA's Pipeline Safety program; FRA's Research and Development program; FTA Urbanized Area Formula Grant and Fixed Guideway Modernization program; Federal Motor Carrier Safety and Operations; and NHTSA Operations and Research.

The PART process assisted in identifying programs that were "effective," "moderately effective," "adequate," and "ineffective." The information gathered through the FY 2004, FY 2005 and FY 2006 PART processes was provided to senior officials and was instrumental in making decisions regarding programmatic funding requests.

Programmatic and Organizational Restructuring

The focus and operations of the Department of Transportation have been significantly affected by the transfer of the Transportation Security Administration and U.S. Coast Guard to the Department of Homeland Security in March 2003. Secretary Mineta took stock of the Department and the services that DOT provides, and saw need for certain organizational changes to help the Department generate greater operational efficiency and increase the effectiveness of our budgetary, human capital, and managerial resources.

The Congress agreed with Secretary Mineta and recently passed the Norman Y. Mineta Research and Special Programs Improvement Act (Public Law 108-426), which was signed into law by President Bush on November 30, 2004.

The purpose of the Act is to provide the Department a more focused research organization and establish a separate operating administration for pipeline safety and hazardous materials transportation safety operations. It will allow us to more effectively coordinate and manage the Department's research portfolio and expedite implementation of cross-cutting, innovative technologies. The Act will also reflect the Department's longstanding commitment to the safety of our Nation's pipeline infrastructure and our continuing emphasis on the safe and secure transport of hazardous materials throughout the transportation network. In addition, the Act presents the Department an opportunity to establish model practices in the area of government budget and information practices in support of the President's Management Agenda initiatives.

The FY 2006 budget request reflects the Department's reorganization efforts to implement the Act. The Research and Special Programs Administration (RSPA), the Office of Intermodalism currently located in the Office of the Secretary, and the Bureau of Transportation Statistics are being merged to form two new organizations: the Research and Innovative Technology Administration and the Pipeline and Hazardous Materials Safety Administration. Implementation of this reorganization will lead to a strong coordination, analysis and review function for the Department's other research and

development programs, progress and products. The restructuring will also provide increased effectiveness and efficiency of the other operating functions and programs of the Department that increasingly rely on technological innovations. Our effort is to ensure that the transition to this new structure is seamless and that the safety and efficiency of our Nation's transportation systems is uninterrupted.

Managing for Results

Fiscal responsibility requires sound stewardship of taxpayer dollars. This means that once the Congress and the President decide on overall spending levels, taxpayer dollars should be managed to maximize results. The President's Management Agenda (PMA) is creating a results-oriented Government where each agency and program is managed professionally and efficiently and achieves the results expected by the Congress and the American people.

The PMA, launched with the broad goal of making the Government more results-oriented, focuses on achievement and accountability. Areas of emphasis, or sub-components, were identified for the Agenda, as well as expected levels of achievement, or Standards for Success. Implementation of the PMA has brought focus and attention to how the DOT operates, and identified ways that it can be more effective.

The PMA initiatives are identified in the following PMA Scorecard Table along with OMB's assessment of the Department's efforts to improve performance in each initiative area. OMB provides both a "Status" and "Progress" rating for each initiative. The "Progress" rating indicates the direction of the Department's efforts as it strives to improve its "Status" rating.

PRESIDENT'S MANAGEMENT AGENDA SCORECARD

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Initiative	Status as of 12/31/04	Progress as of 12/31/04
Human Capital - DOT has achieved a "green" status for its human capital initiative by establishing a new strategic plan for managing its human capital and progressing toward implementing multi-tier employee evaluation systems for each of its operating administrations.	 Green	 Green
Competitive Sourcing - DOT has achieved a "green" status for its competitive sourcing initiative. All competitions have been completed within prescribed timeframes and DOT believes it has developed best practices in streamlined competitions.	 Green	 Green
Improved Financial Management - DOT has implemented a Department-wide integrated financial system to make the Department's accounting practices more streamlined and accurate. DOT still faces several challenges relating to financial management, including a need to improve the oversight of highway and transit grants.	 Red	 Green
E-Government - DOT has achieved its "green" status. DOT has created an Enterprise Architecture that focuses on IT investments and plans to address "at risk" programs in the Department. Over the next year, DOT will work towards achieving the challenging goal of securing all of its information technology systems.	 Green	 Green
Budget and Performance Integration - DOT is a leader in the government on Budget and Performance Integration and has achieved its "green" status. DOT's FY 2006 Budget submissions incorporated PART findings and are structured to show full costs by strategic goal.	 Green	 Green
Eliminating Improper Payments - DOT is working to eliminate improper payments. Accounting firm KPMG was hired to review the Department's risk susceptible programs. DOT has identified a potential volunteer State to participate in its Single Audit Act program to review the management of highway grants.	 Red	 Gray
Real Property Asset Management - FAA identified as program lead for implementation of this initiative. FAA completed analysis of their inventory systems, asset management plans and performance metrics. Similar analysis for other modes scheduled for completion by the 2nd quarter of FY 2005.	 Red	 Yellow

Green= Satisfactory

Red= Unsatisfactory

Yellow= Good Progress

Gray= No rating yet received

PERFORMANCE PROGRESS REPORT ^{1/}

SAFETY	ACHIEVED IN 2003	ACHIEVED IN 2004	2006 TARGET
❖ Highway fatalities per 100 million vehicle-miles traveled (VMT)	1.48	<i>1.45</i>	1.38
❖ Fatalities involving large trucks per 100 million truck VMT	2.31	<i>2.23</i>	1.85
❖ U.S. commercial fatal aviation accidents/100,000 departures (Last 3 years' average)	0.024	<i>0.021</i>	0.018
❖ Rail-related accidents and incidents per million train-miles	18.98	<i>17.52</i>	16.80
❖ Number of incidents for natural gas and hazardous liquid pipelines	369	<i>298</i>	280
❖ Serious hazardous materials incidents in transportation	490	<i>450</i>	498
MOBILITY			
❖ Percent of travel on the National Highway System (NHS) meeting pavement performance standards for acceptable ride	89.8	<i>90.8</i>	94.0
❖ Percent of total annual urban-area travel time occurring in congested conditions ^{2/}	30.8	<i>30.9</i>	33.7
❖ Percent of flights arriving on time	82.3	<i>79.1</i>	88.4
❖ Percent of key rail stations compliant with the Americans with Disabilities Act (ADA)	82	82	86
❖ Percent of bus fleets ADA compliant	93	95	97
GLOBAL CONNECTIVITY			
❖ Potential air transportation consumers (billions) in international markets traveling between the U.S. and countries with open skies and open trans-border aviation agreements	1.48	<i>1.51</i>	1.55
❖ Percent of days in shipping season that the U.S. sectors of the St. Lawrence Seaway are available, including the two U.S. locks in Massena, NY	98.9	99.1	99.0
ENVIRONMENTAL STEWARDSHIP			
❖ Acres of wetlands replaced for every acre affected by Federal-aid highway projects	2.7	2.1	1.5
❖ Tons of hazardous liquid materials spilled per million ton-miles shipped by pipeline ^{3/}	0.0071	<i>0.0070</i>	0.0060
SECURITY			
❖ Percent of DOD-required shipping capacity, complete with crews available within mobilization timelines	96	94	94

1/ Italicized numbers represent preliminary estimates or projections from trends.

2/ The FY 2006 goal reflects a 0.2 percent decrease below the projected 0.7 percent yearly growth rate in congestion.

3/ Starting in FY 2006, measure has been redefined to exclude highly volatile liquids. FY 2003 and FY 2004 actuals were recalculated accordingly.