

Overview

Introduction

The American people deserve a safe, secure, and efficient transportation system. The quality of our lives, the shape of our communities, and the productivity of our Nation's economy depend on the Department of Transportation's (DOT) success in fulfilling 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 waterways. DOT's overall objective of creating a safer, simpler, and smarter transportation program is the guiding principle as we move forward to achieve specific goals.

The FY 2008 budget request for the Department of Transportation totals \$67.0 billion in appropriations, obligation limitation, user fees, and exempt obligations. The Department's five key strategic goals are to: (1) improve safety; (2) reduce congestion for all Americans; (3) increase global transportation connectivity in support of the Nation's economy; (4) protect the environment; and (5) support national security, preparedness and response. These five objectives, along with furthering the goals outlined in the President's Management Agenda through organizational excellence, form the foundation for the FY 2008 budget request.

NET BUDGETARY RESOURCES BY STRATEGIC AND ORGANIZATIONAL GOALS

(DOLLARS IN MILLIONS)

FY 2008 Request ^{1/ 2/}

	TOTAL	Safety	Reduced Congestion	Global Connectivity	Environmental Stewardship	Security, Preparedness & Response	Organizational Excellence
Federal Aviation Administration	14,077	9,393	3,623	78	354	246	384
Federal Highway Administration	40,324	9,364	23,025	1,263	5,746	375	551
Federal Motor Carrier Safety Administration	528	489	4	0	0	7	28
National Highway Traffic Safety Administration	833	830	0	0	3	0	0
Federal Transit Administration	9,422	13	8,948	1	387	47	26
Federal Railroad Administration	1,081	174	902	0	1	1	3
Research & Innovative Technology Administration	12	0	5	0	0	0	7
Bureau of Transportation Statistics [non-add]	[27]	0	[2]	[20]	0	0	[5]
Pipeline & Hazardous Materials Safety Administration	148	113	2	0	22	7	4
Maritime Administration	295	6	11	13	22	243	1
Saint Lawrence Seaway Development Corporation	17	0	0	17	0	0	0
Office of the Secretary	168	3	59	16	2	12	76
Office of Inspector General	66	0	0	0	0	0	66
Surface Transportation Board	23	0	11	0	0	0	12
TOTAL, Department of Transportation	66,996	20,385	36,589	1,388	6,537	938	1,158
Share of Total DOT Budgetary Resources	100%	30.4%	54.6%	2.1%	9.8%	1.4%	1.7%

1/ Totals may not add due to rounding.

2/ Excludes proposed cancellations in unobligated balances from prior year appropriations.

Safety

Transportation safety is the Department of Transportation's (DOT's) top strategic priority. Because the human toll and economic cost of transportation accidents are massive, sustaining continuous progress in improving transportation safety is the first objective of all DOT operations. Evaluations using the OMB's Program Assessment Rating Tool (PART) support DOT's decision to retain safety as the number one strategic goal and form the foundation for much of this resource request.

The FY 2008 budget request proposes overall transportation safety funding of \$20.4 billion. This request will fund the aviation and surface transportation safety programs and initiatives of the Federal Aviation Administration (FAA), the Federal Highway Administration (FHWA), the Federal Motor Carrier Safety Administration (FMCSA), the National Highway Traffic Safety Administration (NHTSA), the Federal Railroad Administration (FRA), the Federal Transit Administration (FTA), the Research and Innovative Technology Administration (RITA), and the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Surface Transportation Safety

All told, 43,443 people died on the Nation's highways in 2005. The economic cost of motor vehicle crashes is estimated to be more than \$231 billion annually. Within DOT, FMCSA and NHTSA are the two operating administrations primarily focused on regulating highway safety, with FHWA supporting highway safety through its infrastructure programs. Almost exclusively, FRA's focus is on improving the railroad safety record, and PHMSA's focus is on hazardous material (hazmat) and pipeline safety.

Improve Motor Vehicle and Driver Safety. The fatality rate per 100 million vehicle-miles traveled (VMT) was 1.45 in 2005, up from 1.44 in 2004. Actual fatalities for this period increased 1.4 percent to 43,443, which is the highest level since 1990. While firmly committed to meeting the 1.0 fatality rate goal, the Department has realized that we will not achieve this goal by FY 2008, as originally planned. To continue making our roads safer, a cross-modal working group, consisting of representatives from NHTSA, FMCSA, and FHWA, has been established to identify new strategies and technologies that will reduce highway fatalities. New performance targets have been established in key areas to focus the Department's efforts on the critical factors responsible for the overall highway fatality rate increase. These key focus areas include passenger vehicle occupants, non-occupants (pedestrians, cyclists, etc.), motorcycle riders, and large trucks and buses. They were chosen in part to cover the breadth of all road users. Each respective mode's programs contribute to the Department's new key focus areas and performance targets. In addition to the establishment of new performance measures for these focus areas; each mode will continue to maintain its agency-specific intermediate outcome measures, many of which serve as a subset to the Department's accountability measures.

The motor vehicle crash injury rate improved 3.2 percent, decreasing from 94 injuries per 100 million VMT in 2004 to 91 in 2005. Prior to last year's increase, the fatality rate had been steadily decreasing since 1986 when 46,087 people died and the rate was 2.51. In 2005, VMT increased to 2.990 trillion, up 0.8 percent from 2004. NHTSA will continue to focus on two significant areas to further reduce the overall highway fatality rate: (1) increasing seat belt usage from 69 percent in 1998 to 84 percent in 2008, depending on how many additional states pass primary seat belt laws; and (2) reducing the rate of fatalities in high blood alcohol concentration (BAC 0.08 or above) crashes per 100 million vehicle-miles traveled from 0.61 in 1996 to 0.48 in 2008. The FY 2008 budget request includes \$230 million for NHTSA safety operations and research programs, and \$599 million for grants to States for targeted highway safety programs to counter drugged and drunk driving and to enforce seat belt use.

- Safer and Smarter Highway and Intersection Infrastructure. FHWA's FY 2008 safety request of \$9.4 billion continues the Administration's policy of providing increased flexibility in safety funding to the States to tailor their resources to address unique factors that impact highway safety, such as highway design and operation. These funds also enable FHWA to increase its research focus on safety and concentrate efforts on reducing the number of fatalities in three types of crashes: roadway departures, crashes at or near intersections, and collisions involving pedestrians. Fatality figures for 2006 will not be available until the Fall of 2007. Roadway departures, including run-off-the-road and head-on crashes, accounted for 25,388 fatalities in 2005, a 1.6 percent decrease from 2004. Safer highway and intersection designs and smarter operations will remove roadside hazards and help keep vehicles on the roadway. Also, 9,188 fatal crashes occurred in 2005 between vehicles in collisions at intersections, an increase of less than one percent from 2004. FHWA will continue to promote the use of comprehensive intersection design and operational tools and enforcement strategies, and will assist States in improving intersection safety problems at specific locations. Pedestrian deaths increased 4 percent from 4,675 in 2004 to 4,881 in FY 2005. FHWA will continue to target crash causes in major urban areas and select rural locations, and facilitate community-based programs that fully and safely accommodate pedestrians.
- Improve Motor Carrier Safety. The FY 2005 PART review for FMCSA's safety grants program indicated that steady progress has been made in reducing truck-related fatalities. Further, the FY 2006 PART review for FMCSA's Safety and Operations programs found that FMCSA has continued to achieve reductions in the rate of fatalities involving large trucks. The large truck-related fatality rate in 2005 was 2.31 fatalities per 100 million truck vehicle-miles traveled (TVMT), which is almost 18 percent lower than the baseline rate of 2.81 fatalities per 100 million TVMT, established in 1996. FMCSA's safety programs have led to an overall 23 percent decline in total commercial motor vehicle (CMV) fatalities from the all time high in 1979. During that same period, the overall CMV fatality rate decreased by 64 percent, despite a 31 percent increase in the number of registered large trucks and a 108 percent increase in TVMT. Aggressive enforcement, FMCSA's primary safety strategy, has proven effective in reducing crashes, fatalities, hazardous materials releases, and injuries. Consistent with the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), the budget request of \$528 million includes \$228 million for Motor Carrier Safety Operations and Programs to support critical motor carrier program activities to reduce crashes, save lives, and prevent injuries on our Nation's highways. The request also includes \$300 million for Motor Carrier Safety Grants to maintain aggressive State enforcement of interstate commercial truck and bus regulations as part of a Federal-State partnership aimed at meeting the Department's strategic goals and performance targets.
- Improve Railroad Safety. The FY 2005 PART review of FRA's rail safety program showed that this program is well-managed and making good progress in achieving rail safety goals. The FY 2006 PART review of FRA's Research and Development program, with goals that also support safety, furthered these findings. The FY 2008 budget request for FRA safety includes \$174 million to support FRA's efforts to reduce rail-related accidents and incidents to 18.45 per million train-miles in FY 2008. By reducing accidents and incidents, there should also be a resultant reduction in fatalities, injuries, and serious rail hazardous materials incidents.

- Improve Transit Safety. Public transportation is one of the safest modes of transportation, with less than 1 fatality per 100 million passenger-miles traveled. The challenge is to further reduce the rate of fatalities and injuries, even as the total number of people using transit increases. To help meet this challenge, the Department's budget requests \$12.8 million for FTA safety oversight, research projects, and associated administrative costs. These funds will also contribute to reducing the rate of transit-related injuries and incidents.

FTA recently prepared its first Rail Transit Safety Action Plan to focus attention on those safety incidents of greatest concern in the rail transit industry. The Rail Transit Safety Action Plan targets the most frequent, highest risk causes of rail transit accidents; directs FTA's oversight and technical assistance resources to address these high-risk causes; and increases industry awareness by spotlighting risky activities and practices.

- Improve Pipeline and Hazardous Materials Safety. The FY 2005 PART review of PHMSA's hazardous materials safety grant assistance program showed that this program is well-managed and making progress in achieving hazardous materials safety goals. Similarly, the FY 2006 PART review for PHMSA's pipeline safety program found that the program is well-managed. In FY 2008, \$113 million is requested for PHMSA to support efforts to reduce the number of serious incidents for natural gas and hazardous liquid pipelines to 40 in FY 2008, and for PHMSA's share of the overall DOT performance target of achieving no more than 462 serious hazardous materials transportation incidents in FY 2008.

The national pipeline infrastructure has a steadily improving safety record. The BP pipelines that failed in Prudhoe Bay, Alaska were not regulated by DOT and are not indicative of the safety of similar low-stress pipelines. On September 6, 2006, PHMSA published a Notice of Proposed Rulemaking to bring these lines under Federal oversight. The rulemaking proposal provides for robust integrity protections, including corrosion control with cleaning and continuous monitoring, integrity assessment, leak detection, and other measures. The proposal would mandate a level of care well in excess of what BP had in place in the lines that failed. In December 2006, Congress passed the Pipeline Inspection, Protection, Enforcement and Safety Act, which extends PHMSA's oversight authority to all low-stress pipelines.

- Alternative Fuels. For FY 2008, \$0.5 million is requested for RITA to continue its efforts, in concert with the Department of Energy and other partners, to design safe handling, transport and storage guidelines for hydrogen fuels that will enable the development of a deployable hydrogen fuel infrastructure. Included in this safety effort is the education of emergency responders for safe handling of hydrogen fuel incidents.

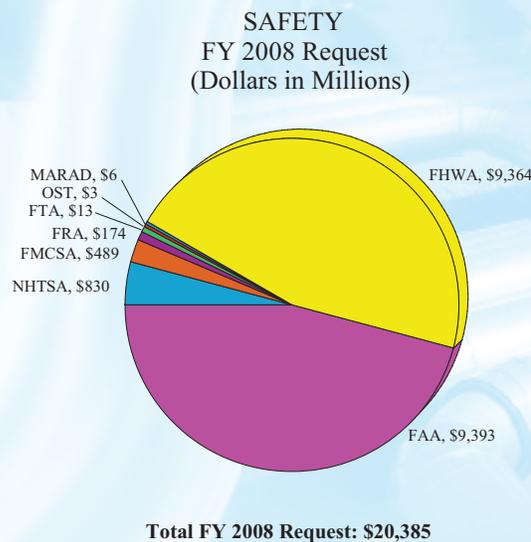
Aviation Safety

- Improve Aviation Safety. In FY 2008, FAA will continue working to reduce the precursors of aircraft accidents in response to the recommendations in the FY 2005 PART review of Air Traffic Services, and to the Office of Inspector General's (OIG's) FY 2006 Aviation Safety Management Challenge. In FY 2006, for the fifth year in a row, the FAA met its targets for decreasing serious runway incursions. To better map movements on the ground and in the air, the agency deployed 8 Airport Surface Detection Equipment Model X systems and plans to deploy 19 more at airports between FY 2007 and FY 2009. While the FAA met its target for operational errors, reducing them further as traffic continues to increase remains one of the agency's top priorities.

To address this challenge, FAA will continue to concentrate on outreach, awareness, technology, and improved procedures and infrastructure. General aviation (GA) fatal accidents trended significantly lower in FY 2006 compared to the previous year. The FAA worked with various members of the GA community during the year, including aeromedical evacuation and charter services, to focus education and training efforts on night landings, weather, and other areas of concern. Personal, agricultural, and amateur-built operations showed especially sharp improvements.

The FY 2008 budget request for FAA includes \$9.4 billion to reduce U.S. commercial air carrier fatal accidents to below 0.010 per 100,000 departures in FY 2008, and to reduce all general aviation fatal accidents to 325 in FY 2008. The request also supports FAA's efforts to reduce the most serious runway incursions to a rate of 0.509 per million operations. It provides funding for inspecting aircraft, certifying new equipment, and ensuring the safety of flight procedures and the competence of airmen and airwomen. It also includes funding for additional air traffic controllers to prepare for the projected surge in retirements over the next decade, and to ensure that adequate staffing is available and fully trained to perform this critical safety function.

DOT's Safety Performance Budget is distributed as follows:



Reduced Congestion

The Department's budget request includes \$36.6 billion in FY 2008 to reduce the growing transportation congestion that Americans contend with every day. Mobility is essential to America's economic prosperity and quality of life. In today's global economy, it is more important than ever to have seamless transitions among the modes of transportation so that people and cargo can move effectively and efficiently.

On August 10, 2005, the President signed into law SAFETEA-LU which represents the largest surface transportation investment in our Nation's history. The two landmark bills that brought surface transportation into the 21st century - the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) and the Transportation Equity Act for the 21st Century (TEA - 21) - shaped the highway and transit programs to meet the Nation's changing transportation needs. SAFETEA-LU builds on this firm foundation, supplying the funds and refining the programmatic framework for investments needed to maintain and grow our vital transportation infrastructure.

SAFETEA-LU addresses the many challenges facing our transportation system today - challenges such as improving safety, reducing traffic congestion, improving efficiency in freight movement, increasing intermodal connectivity, and protecting the environment - as well as laying the groundwork for addressing future challenges. SAFETEA-LU promotes more efficient and effective Federal surface transportation programs by focusing on transportation issues of national significance, while giving State and local transportation decision-makers more flexibility for solving transportation problems in their communities.

SAFETEA-LU continues a strong fundamental core formula program emphasis coupled with targeted investment, featuring Safety, Equity, Innovative Finance, Congestion Relief, Mobility & Productivity, Environmental Stewardship, and Environmental Streamlining.

The search for new and innovative solutions to our congestion challenges is strongly supported in the FY 2008 budget request with overall investments in research, development, and technology proposed at \$1.1 billion.

Surface Congestion

- Improve Highway Infrastructure Condition and Relieve Congestion. The FY 2004 and FY 2005 PART reviews for the Federal-aid Highway infrastructure program and the Federal Lands Highway program, respectively, affirm that these programs effectively support States in maintaining the good condition of highway infrastructure and ensuring that there is sufficient capacity and access to transportation to move people and goods.

Consistent with SAFETEA-LU, the FY 2008 budget request of \$23.0 billion for FHWA mobility programs continues to improve highway infrastructure conditions and relieve congestion. DOT's goal is to limit the growth in total annual urban-area road travel that occurs in congested conditions, while the goal in FY 2008 is to reduce congested travel by 0.2 percent below 2007 target levels. In support of this initiative, funds will be used to encourage States and Metropolitan areas to provide system users with access to 511 telephone traveler information services, and thus increase to 75 percent the portion of the U.S. population with access.

The requested funds will improve pavement conditions on the National Highway System (NHS) and thus increase to 57.0 percent in FY 2008 the share of travel on the NHS that meets pavement performance standards for a "good"-rated ride. The NHS is comprised of the most important national routes for trade and commerce, including all Interstates and over 68 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. Improving the condition of highways and bridges is critical to reducing congestion and increasing transportation mobility - key indicators of system performance. Consequently, the condition of the NHS significantly impacts congestion, wear-and-tear on vehicles and fuel consumption.

As part of the President's Energy Initiative, the FY 2008 President's Budget redirects old unobligated balances of Federal-aid Highway program funds to a new \$175 million Highway Congestion Initiative for State and local governments to demonstrate innovative ideas for curbing congestion. These ideas include congestion pricing, commuter transit services, commitments from employers to expand work schedule flexibility, and faster deployment of real-time traffic information. In 2003, drivers in America's 85 most congested urban areas experienced

3.7 billion hours of travel delay and wasted 2.3 billion gallons of fuel, costing \$63 billion. In addition, the President's energy security plan calls for reforming and increasing Corporate Average Fuel Economy standards for passenger cars, and for further increasing light truck and sport utility vehicle fuel efficiency standards. Given the changing nature of the marketplace for both cars and light trucks, the President's plan calls for DOT to be given the authority to set the fuel standard through a flexible rulemaking process.

- Restructure Intercity Passenger Rail Service. The Administration is beginning to realize results from its efforts to reform Amtrak and fundamentally change the manner by which intercity passenger rail services are provided in the United States. Results include a Board of Directors committed to ambitious reform improvements; a new management team with a mandate to reshape the company; and legislatively directed tools that enable DOT to oversee and promote necessary changes. Accordingly, though additional reform remains a necessity, the Administration proposes a budget of \$900 million for intercity passenger rail for FY 2008, including \$800 million for Amtrak directly. The 2008 request reflects the long-standing Administration principle to create an intercity passenger system driven by sound economics. As part of this investment in intercity passenger rail, the budget also proposes \$100 million for a new grant program with States, encouraging them to invest in their rail infrastructure. This program would enable States and localities to direct capital investment in the system.
- Increase Transit Ridership and Improve Access to Transportation Services. The FY 2005 and FY 2006 PART reviews for the capital investment (New Starts) and formula transit grant programs affirm that these programs are well-managed and effective in addressing the need for investment in public transit in communities nationwide. FTA utilizes a comprehensive evaluation and rating framework as a decision tool to rank transit investment proposals and to help insure that funding is directed to the most meritorious projects. FTA also requires all New Starts projects to conduct a rigorous "Before and After Study" to document the impact of the project on ridership and other performance indicators. In communities that have completed New Starts projects, significant regional transit ridership growth has been demonstrated after the beginning of revenue operations.

The Department of Transportation is requesting more than \$8.9 billion in FY 2008 for FTA to: increase by at least 1.5 percent the average yearly number of transit boardings per transit market; increase the number of jobs made accessible by Job Access and Reverse Commute (JARC) transportation services; maintain the proportion of bus fleets that are compliant with the Americans with Disabilities Act (ADA) at 98 percent; and increase to 94 percent the proportion of key rail stations that are ADA-compliant. Transit formula programs are essential to maintaining and upgrading the condition and performance of the Nation's transit infrastructure to continue to move millions of people safely, reliably, and efficiently, thereby reducing congestion, facilitating economic development, and connecting people to their jobs and communities.

Consistent with the national commitment to improve coordination and access to specialized transportation, the President signed Executive Order 13330 on Human Service Transportation Coordination in February 2004 to improve human service transportation coordination for individuals with disabilities, older adults, and people with lower incomes. The Executive Order established the Interagency Transportation Coordinating Council on Access and Mobility (CCAM), chaired by Secretary of Transportation Mary Peters, and includes 11 Federal Departments, representing 64 Federal programs that support transportation for people with disabilities, older adults, and individuals with lower incomes. This past year, the Council has con-

tinued to support “United We Ride,” focusing on five key recommendations submitted in a 2005 Report to the President. As a result, the Council has adopted two new policy statements on coordinated planning and vehicle sharing, both intended to enhance efficiencies for human service transportation. In addition, the Council is in the process of finalizing performance measures and establishing cost sharing principles. The Council also just selected eight communities to participate in the “United We Ride-Mobility Services for All Americans” Pilot Demonstration Project, which is targeted to simplify access for consumers at the local level through the use of Intelligent Transportation Systems (ITS). Other activities of the Council include technical assistance, training, and outreach for consumers, human-service providers, transportation agencies, and policy makers.

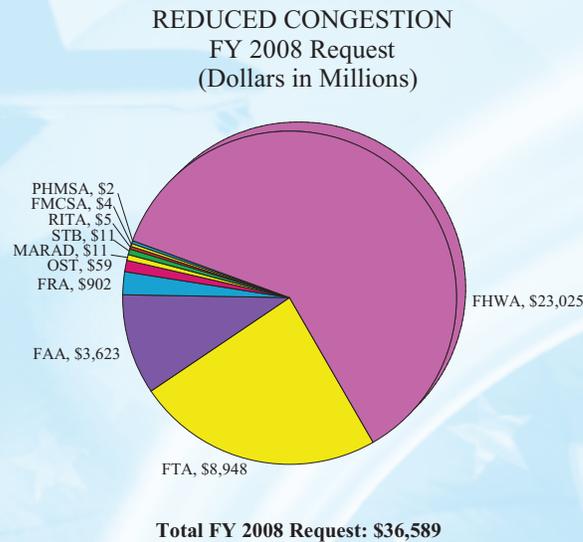
- Increase the reliability of oil and natural gas pipelines. PHMSA has a basic responsibility to balance its primary safety and environmental efforts with the potential adverse impacts on the capacity of the pipeline system. This system delivers most of the oil and natural gas needed to sustain the U.S. economy and provide for the basic energy needs of American households. In FY 2008, \$1.7 million is requested for PHMSA to support efforts in reducing the percent of pipeline capacity lost due to accidents, incidents, or mandatory reductions in operating pressure.

Aviation Congestion

The aviation industry is responsible for moving people and products, and it contributes approximately \$640 billion to our economy. Over two million people a day travel on our Nation's airlines and more than one-third of the value of all goods is moved by air. Air travel exceeded pre-9/11 levels in FY 2006, and is on track to reach more than one billion passengers by 2015. By FY 2008, air carrier, commuter, and air taxi operations are anticipated to increase approximately 8.3 percent from FY 2004. We cannot afford to reduce our commitment to investing in the Nation's air traffic control system and our airports.

- Improve Access to Transportation Service. To allow Americans living in rural areas to have reasonable access to air travel, the Department of Transportation's FY 2008 budget request assumes \$50 million of overflight fees collected by the FAA will fund the Essential Air Service program, which provides payments to air carriers serving rural airports.
- Meet New and Growing Demands for Air Transportation Services. To achieve an on-time arrival rate of 88 percent of flights in FY 2008 and to increase average daily capacity at major airports, the Department requests \$3.6 billion, primarily for FAA's Air Traffic Organization (ATO) and Safety/Operations Capital Accounts and Airport Improvement Grants. This includes funding to replace obsolete radars and to continue automating terminal control facilities, and \$53.1 million for oceanic automation to improve flight route flexibility. Programs that will form the core of the Next Generation Air Transportation System (NextGen) are also funded, including \$21.3 million to develop an internet-like System-Wide Information Management network and \$85.7 million to continue implementing Automatic Dependent Surveillance Broadcast technology throughout the National Airspace System. The Joint Planning and Development Office (JPDO), a multi-agency task force assembled to address future capacity needs, is charged with overseeing the NextGen project; \$14.3 million is included in FY 2008 Research, Engineering and Development (RE&D) funding to support the JPDO. The FY 2008 Airport Improvement Program request includes \$2.8 billion aimed at enhancing capacity, largely through the building and maintaining of runways. The FY 2004 PART review for the Airport Improvement Grants program affirmed that this program is well-managed and effective in providing support to airport authorities for moving people and goods.

DOT's Reduced Congestion Performance Budget is distributed as follows:



Global Connectivity

The U.S. and global transportation systems are inextricably linked to the Nation's economic growth. Transportation is a key economic and productivity enabler, connecting people with work, school, and community services, and connecting American enterprise with domestic and global markets. The U.S. transportation system handles about 5 trillion passenger-miles of travel and 4.4 trillion ton-miles of freight every year - generated by more than 293 million people and 7.2 million businesses.

An intermodal domestic and international approach is central to DOT's role in promoting global connectivity. For the freight industry, efficient connections between transportation modes, and efficient transport within each mode, are essential to the competitive position of U.S. products in global markets. Increasing foreign trade requires transportation system capacity around our ports and borders. The U.S. freight system currently carries about 19 billion tons of cargo each year that has a value of \$13 trillion, and forecasts suggest a 70 percent increase in tonnage of general cargo and international trade movements, and a tripling of freight by value by 2020.

Our strategies to address transportation in the global economy have two synergistic thrusts: (1) opening international transportation markets; and (2) improving essential, intermodal transportation linkages. Both are needed to achieve the outcomes that will yield better global connectivity and a more competitive, cost-effective transportation marketplace. The FY 2008 budget request includes \$1.4 billion to meet this challenge.

Reduced barriers to trade in transportation goods and services, and enhanced international competitiveness of U.S. transport providers and manufacturers

- Increase International Aviation Service. The 2008 budget requests \$2.7 million for the Office of the Secretary to increase opportunities for air transportation consumers traveling in international markets by expanding open skies and open transborder aviation agreements. The domestic airline industry continues to undergo major changes, and international deregulation, which poses even more complex and controversial issues, is barely underway. Common to all of the aviation issues currently facing DOT is the need for in-depth and intensive analysis of airline practices, mergers, and international alliances. As the United States moves towards a multilateral approach

to air service agreements, the Department of Transportation is seeking an understanding of the long-term trends in the airline industry's operating and competitive structures in order to formulate and execute effective negotiating strategies that will ensure pro-competitive liberalization.

- Preserve and Enhance U.S. Maritime Connections with the International Community. The budget request includes \$13 million for maritime programs that preserve and enhance our maritime connections with the global marketplace. MARAD continues its efforts to reduce and eliminate international trade barriers that impede the competitiveness of U.S. shipping companies in the international market, and to license additional offshore deepwater entry points for liquid natural gas and petroleum imports. The budget request will also allow MARAD to ensure that Federal agencies and other shippers of government-funded cargoes comply with cargo preference laws designed to assure appropriate use of U.S.-flag ships to transport abroad certain government-funded cargoes.
- Increase U.S. Mass Transportation Industry Access to International Markets. The budget includes \$1.0 million for FTA to promote human capacity building in developing countries, which not only benefits those countries, but also helps develop future markets for U.S. transit goods and services. In FY 2008, FTA will continue to carry out activities to inform and educate the American public transportation industry about international best practices and technologies. Also, FTA will provide participating companies access to senior decision-makers in foreign markets through trade missions and other trade-related events.

Efficient movement of cargo throughout the domestic and international supply chain

- Increase Freight Travel Efficiency. Consistent with the Department's Freight Action Plan, the budget request includes funding of \$1.3 billion in FY 2008 for FHWA, RITA, FMCSA, and the Office of the Secretary to improve global connectivity in freight, reduce travel time in major freight corridors, and reduce border-crossing delays. FHWA programs include the border and corridor programs, which work together to reduce bottlenecks in and around seaports and land borders with Canada and Mexico, and parts of the Intelligent Transportation Systems program for improved freight technology, efficiency, and security. This request also includes funds being requested by FHWA and RITA to improve the quality and availability of freight data, freight professional capacity-building efforts, and freight technology development and evaluation.
- Maintain a High Level of Seaway System Availability. The FY 2008 budget request includes \$17 million for the Saint Lawrence Seaway Development Corporation (SLSDC) to maintain 99 percent system and lock availability in the U.S. portion of the St. Lawrence Seaway during the navigation season. The SLSDC achieved its goal in FY 2006 at 99.0 percent system availability. In FY 2008, the agency will continue to perform operations, maintenance, and capital infrastructure improvements on the U.S. portion of the St. Lawrence Seaway between Montreal and Lake Erie to ensure the reliability and availability of the commercial waterborne route.

Harmonized and standardized regulatory and facilitation requirements

- Increase the Standardization and Harmonization of Transportation Standards and Practices. The Department of Transportation is requesting \$73.1 million in FY 2008 for FAA to increase the number of bilateral and multilateral agreements that promote aviation safety by enhancing international cooperation and efficiency in civil aviation. FAA will continue to promote increased

external funding for training and technical assistance programs that help civil aviation authorities around the world meet international safety standards. FAA will also continue to work with its international partners and the International Civil Aviation Organization to harmonize global technological standards, and to expand the use of global satellite navigation systems.

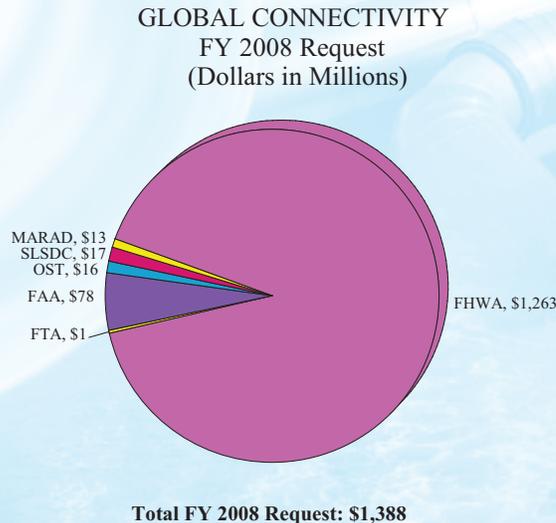
Achieve the most competitive, cost-effective, and efficient environment for passenger travel

- Improve the efficiency and cost-effectiveness of passenger travel. The budget includes \$7 million for the Office of the Secretary to promote the opening of transportation markets to competition through multilateral or regional agreements in FY 2008.

Expanded opportunities for all businesses, especially women-owned, veteran-owned, and disadvantaged businesses

- Increase Opportunities for Small Disadvantaged Businesses (SDB), Veteran-Owned Businesses (VOB), and Women-Owned Businesses (WOB). The budget request includes \$5.2 million for outreach and technical assistance to small businesses in general, including disadvantaged, veteran-owned, and women-owned businesses. These resources will promote the awarding of DOT direct contracts to SDBs, VOBs, and WOBs in FY 2008. VOBs and WOBs do not have a special set-aside authority allowing them to compete in a restricted market for Federal procurements. Therefore, VOBs and WOBs must successfully compete with other small businesses for small business set-aside procurements or with all businesses for full and open procurements. To assist VOBs and WOBs to successfully compete, DOT and the Office of Small and Disadvantaged Business Utilization (OSDBU) conduct outreach and training, and offer financial assistance.

DOT's Global Connectivity Performance Budget is distributed as follows:



Environmental Stewardship

Transportation makes our communities more livable, enhancing the quality of our lives and our society. At the same time, transportation generates pollution and noise, and uses valuable land and aquatic habitat on which fisheries depend. In 2002, on-road transportation sources accounted for 55 percent of carbon monoxide emissions, 35 percent of nitrogen oxide emissions, 27 percent of volatile organic compound emissions, and 1 percent of particulate matter emissions. Total on-road mobile source emissions declined from 112 million tons in 1993 to 74 million tons in 2002, marking a 33 percent improvement in a decade. No matter how much is done to improve the capacity and efficiency of our transportation system, we cannot consider our programs to be successful unless we also manage the effects of transportation on our environment and our quality of life.

DOT's objective is to reduce the time it takes to gain benefits from transportation projects while minimizing negative environmental impacts. The FY 2008 budget request includes \$6.5 billion in funding to continue progress in achieving our environmental outcomes. 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.

Reduce pollution and other adverse environmental effects of transportation

- Reduce the Impacts of Transportation on Ecosystems. The budget request includes \$2.8 billion for FHWA in FY 2008 to increase the number of Exemplary Ecosystem Initiatives (EEIs) undertaken nationwide to at least 55. An EEI is an action or measure that will help sustain or restore natural systems and their functions and values, using an ecosystem or landscape context. Examples include mitigation projects that support wildlife movement and habitat connectivity, the development of watershed-based environmental assessment and mitigation approaches, the use of wetland banking, and the use of special measures to prevent invasive species along highway right-of-ways.

FHWA supports activities at the State-level to improve highway planning and project development, thereby enhancing the scenic beauty of facilities, promoting native habitat conservation, protecting wildlife populations, and reducing impacts on land and water resources in general. Funds will also be used for research, technical assistance, and public education initiatives to support further implementation of exemplary ecosystem and habitat conservation initiatives.

- Reduce Emissions. The Department's budget request includes funding of \$2.8 billion for environmental programs that help to reduce emissions. A DOT performance goal for FHWA and FTA is to ensure that the average number of Clean Air Act non-attainment and maintenance areas with transportation emissions conformity lapses in FY 2008 is no greater than six. DOT aims to reduce mobile source emissions by encouraging the use of less-polluting transportation; designing and implementing infrastructure that reduces congestion and emissions; researching and modeling the emissions impacts of investment choices; and, supporting the development of fuel- and emission-efficient vehicles. FHWA and FTA will fund improvement projects in States to ease congestion, reduce emissions, improve highway planning, and expand transportation options. Funds will also be used for research, technical assistance, and public education initiatives to improve air quality.

- Reduce the risk of hazardous liquid pipeline spills in high consequence areas. The budget request includes \$21.8 million in FY 2008 for PHMSA and its State partners to help reduce the number of hazardous liquid pipeline spills in high consequence areas in FY 2008 to 50 or less. To reduce pipeline failures, thereby reducing hazardous liquids spills from pipelines, PHMSA reviews the compliance of all hazardous liquid pipeline operators subject to PHMSA's integrity management program (IMP) and makes investments in research and technology to improve pipeline inspection and analysis tools thus strengthening industry's ability to effectively manage pipeline integrity. PHMSA will review hazardous liquid pipeline operators, accelerate integrity testing, comprehensively evaluate all pipeline risks, and strengthen Federal and State pipeline safety oversight testing, evaluation, and repair. This will result in finding and solving problems before they lead to failures, thereby directly supporting the goal of reducing spills. These initiatives support the National Energy Policy for energy infrastructure growth by improving the integrity of, and public confidence in, existing pipeline infrastructure.
- Limit Exposure to Aviation Noise. The FY 2008 budget request includes \$243.2 million for FAA to ensure that the number of people in the United States who are exposed to significant aircraft noise levels - a Day/Night Average Sound Level of 65 decibels or more - continues to decline. FAA will address the environmental impacts of airport projects, primarily aircraft noise. FAA will also provide expertise and funding to assist in abating the impacts of aircraft noise in neighborhoods surrounding airports by purchasing land, relocating persons and businesses, soundproofing residential homes or buildings used for educational and medical purposes, purchasing noise barriers and monitors, and researching new noise prediction and abatement models and new technologies.
- Clean Up DOT Facilities. The FY 2008 budget request includes \$91.7 million to ensure that the percentage of DOT facilities categorized as No Further Remedial Action Planned under the Superfund Amendments and Reauthorization Act (SARA) is no less than 93 percent in FY 2008. Facility cleanup will comply with the SARA process and the requirements of the National Oil and Hazardous Substances Pollution Contingency Plan. A "worst first" prioritization system is used to assign higher priority to those facilities representing the greatest potential hazard to the public health and the environment.

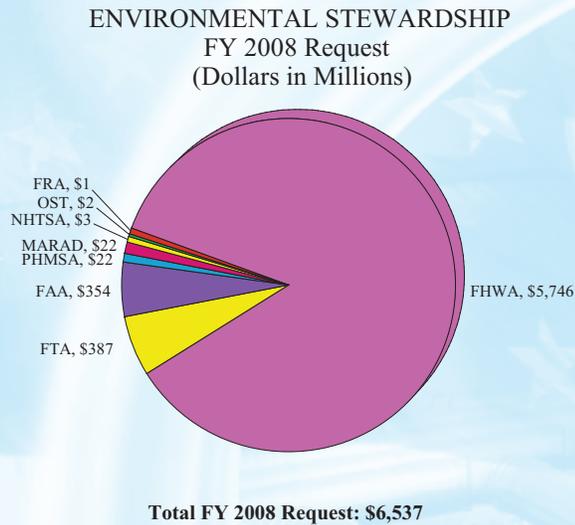
Regulatory factors at the local, State, and Federal levels are also considered in the decision-making process. FAA funds pollution prevention; complies with occupational safety, health and environmental regulations; promotes good energy management practices; and, conducts environmental impact analyses. In addition, MARAD conducts an obsolete ship disposal program in support of DOT's strategy to improve DOT-owned or controlled facilities. In 2008, MARAD proposes to remove approximately 16 ships from the reserve ship fleet sites for disposal, and to continue nuclear license management for the inactive Nuclear Ship SAVANNAH.

Improve timeliness of environmental review for federally funded infrastructure projects

- Improve Project Review Efficiency. The FY 2008 budget request includes \$97.3 million to streamline the completion of an environmental impact statement or environmental assessment on all infrastructure projects. Executive Order 13274 contains a mandate for DOT to reduce the time required for decision-making for transportation infrastructure projects. Environmental reviews consume a significant amount of time in project review and final decisions. A key challenge to DOT's stewardship of the environment vis-à-vis the Nation's transportation system is to

strike a better balance between adding capacity and doing so with the smallest reasonable impact on the human and natural environment. Executive Order 12898 directs each Federal agency to identify and address disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority and low-income populations consistent with existing authorities, such as the National Environmental Policy Act and Title VI of the Civil Rights Act of 1964. DOT's Environmental Justice policy incorporates these considerations in all DOT programs, policies, and activities.

DOT's Environmental Stewardship Performance Budget is distributed as follows:



Security, Preparedness and Response

The Department of Transportation is responsible for ensuring that the national transportation system remains operational in the face of natural and man-made disasters. DOT operational emergency management programs have three key facets: emergency preparedness, response, and recovery. Activities in these three facets include domestic and international coordination and planning. For example, DOT is participating in interagency and international planning to mitigate the impact of a pandemic or terrorist event on the security of the national transportation system and the security of the United States. The international planning is with our partners in the North Atlantic Treaty Organization (NATO) and Mexico.

In addition, DOT also manages the Civil Reserve Air Fleet program and operates the Ready Reserve Force in support of the Department of Defense's strategic airlift and sealift needs. DOT coordinates with the Departments of Defense and Homeland Security, as well as State, local, tribal governments, and private sector partners, to ensure that DOT's core competencies are used to meet critical transportation needs during any contingency. This involves such tasks as:

- providing transportation to Federal, State and local entities to move resources to a disaster site;
- coordinating DOT's role in select international contingency planning and response initiatives;
- assisting in the design and implementation of alternate transportation services, such as mass transit systems, to replace system capacity temporarily lost to disaster damage; and,

- coordinating the clearing and restoration of transportation infrastructure.

The FY 2008 budget requests \$938 million for security, preparedness, response and recovery related activities.

Rapid recovery of transportation in all modes from intentional harm and natural disasters

- FAA insures the operability of the national airspace through the facilities, equipment, and personnel of the air traffic control system, which is essential to the rapid recovery of transportation services in the event of a national crisis. The budget request includes \$246.5 million to continue upgrading and accrediting facilities, procure and implement additional security systems, and upgrade the Command and Control Communications equipment.
- FHWA works with a number of DOT agencies and the Department of Homeland Security and its Transportation Security Administration to improve highway-related security by assessing the vulnerability of critical highway infrastructure and developing measures to reduce vulnerability; ensuring State and local highway departments are prepared to respond to attacks on the highway system; improving the readiness of military and civilian authorities to support military deployments; and, conducting security-related research. FHWA also administers the Emergency Relief program to provide funds to repair and reconstruct highways and bridges damaged as a result of catastrophic failures. The budget request for FHWA's security activities include funding for vulnerability assessments, emergency operations, preparedness, and response.
- FTA, in coordination with the Transportation Security Administration, works with transit agencies to enhance the security of public transportation systems. The Department of Transportation is requesting \$47 million in FY 2008 to ensure that transit agencies address critical security needs and to provide assistance in the areas of emergency preparedness, employee training, and public awareness. Section 3026 of SAFETEA-LU, requires "safety and security management" as an element of the Project Management Plan (PMP) that is submitted by grantees for major capital projects. To address this requirement, FTA will provide guidance to grantees on the development and implementation of safety and security management plans.
- DOT's Office of Intelligence, Security, and Emergency Response has primary responsibility for DOT preparedness, response, and recovery programs. This office develops and participates in training and exercise programs to ensure staff are prepared to respond appropriately when a disaster occurs. The Office of Intelligence, Security, and Emergency Response operates a continuity of operations/government program to ensure that essential Secretarial functions can continue at an alternate site if Departmental facilities have been impacted or disrupted. Further, staff in the Department's Crisis Management Center monitor the national transportation system for any type of disruption, provide information to senior management, and operate communications resources to assist DOT in effectively responding to problems in day-to-day operations and emergency response. DOT also contracts for transportation equipment, and personnel used by the Federal Emergency Management Agency (FEMA) in responding to disasters. The budget request includes \$8.3 million for security-related activities of OST to improve DOT's ability to carry out essential national functions at the alternate site and to make improvements to the Crisis Management Center.

- FMCSA works in concert with the Transportation Security Administration to establish protocols that will enhance the security of commercial motor vehicle transportation, particularly the security of commercial motor vehicles carrying hazardous materials. The budget request includes approximately \$5.1 million to continue security contract reviews of hazardous materials carriers and to continue an outreach initiative that communicates threat characteristics and security advice to commercial motor vehicle drivers, carriers, and law enforcement agencies.
- The U.S. railroad system carries approximately 40 percent of the ton-miles of freight in the United States, making it imperative that the FRA reduce the vulnerability of the railroad infrastructure and systems to physical and cyber attack. The budget request includes \$1 million to coordinate all FRA-related security projects in addition to responding to notifications of bomb threats and criminal acts against railroads as they are reported to the National Response Center. Personnel monitor FRA's accident/incident database for reported acts of vandalism, sabotage, criminal mischief, and/or other malicious, intentional acts of destruction. FRA personnel also provide information to railroads regarding terrorist activity and threats or acts against rail transportation.
- The SLSDC is a critical transportation link to and from the agricultural and industrial heartland of the United States. A shutdown of any one of the Seaway's 15 locks due to a security-related event or lock malfunction or failure would stop operations through the St. Lawrence Seaway System and severely disrupt traffic throughout the entire Great Lakes. The budget request includes \$0.2 million to continue SLSDC's physical security program at the U.S. Seaway lock facilities.

Preparedness for Emergencies Affecting the Transportation Sector

- Prepare First Responders to Handle Hazardous Materials Incidents. To assist local police, fire fighter and other first responder agencies, PHMSA publishes and distributes the Emergency Response Guidebook, an internationally-recognized, authoritative resource to help in handling a hazardous materials incident. In addition, PHMSA distributes grants to States, Territories and Native American Tribes to fund local planning and training activities, and to provide funding to employee organizations to instruct trainers or hazmat employees. PHMSA's FY 2008 budget includes \$7.1 million to distribute 2.4 million copies of the Emergency Response Guidebook, provide State grants to train 180,000 first responders and 100,000 hazmat employees, and complete 5,000 emergency response plans.

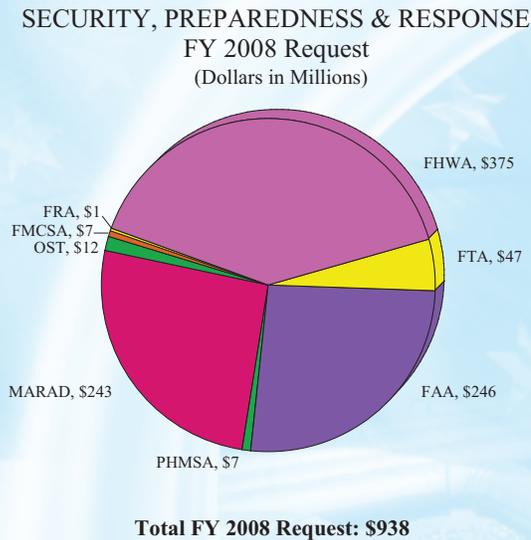
National Security Contingency Sealift

- Ensure the Availability of Contingency Strategic Sealift. The FY 2008 budget request includes \$237 million to achieve the goal that 94 percent of DOD-required shipping capacity, complete with crews, be available within mobilization timelines in FY 2008, and to maintain the availability of at least 93 percent of the DOD-designated commercial ports for military use within DOD established readiness timelines in FY 2008.

MARAD works closely with the Department of Defense to provide a seamless, time-phased transition from peacetime to wartime operations, while balancing the defense and commercial elements of the maritime transportation system. MARAD ensures that strategic port facilities are available and ready to move military cargo smoothly through commercial ports during DOD mobilizations. Through the Maritime Security Program, the Voluntary Intermodal Sealift Agreement program, the Ready Reserve Force, and the War Risk Insurance program, MARAD

assures that DOD has access to commercial sealift capacity to support the rapid deployment of U.S. military forces. MARAD's contribution to Operation Enduring Freedom and Operation Iraqi Freedom underscores the critical importance of readiness to meet national security needs. With DOD approval, ships from the Ready Reserve Force are also available to participate as part of a DOT emergency response team for natural disaster recovery efforts in coastal areas. The U.S. Merchant Marine Academy and six State Maritime Schools continue to provide the skilled U.S. merchant marine officers essential to the success of DOT's security activities.

DOT's Security, Preparedness, and Response Performance Budget is distributed as follows:



President's Management Agenda - Organizational Excellence

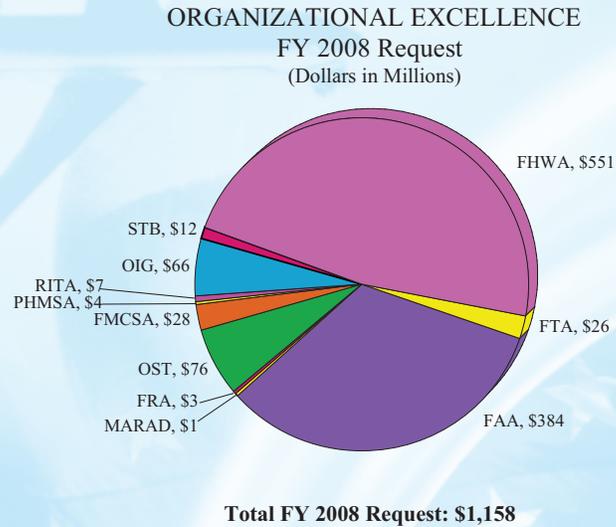
With approximately 56,000 employees and hundreds of programs, DOT faces significant challenges regarding customer satisfaction, employee effectiveness, and organizational performance and productivity. The FY 2008 budget requests an overall \$1.2 billion, including \$12.6 million in the Office of the Secretary, 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.

Organizational Excellence

Overall, the Secretary is improving Departmental management by ensuring that:

- All elements of the Human Capital, Competitive Sourcing, Improved Financial Management, Electronic Government, Budget and Performance Integration, Eliminating Improper Payments, and Real Property Asset Management segments of the President's Management Agenda are accomplished.
- At least 90 percent of finance plan cost estimates for major federally funded transportation infrastructure projects with less than 2 percent annual growth, in FY 2008 through FY 2011.
- At least 90 percent of major federally funded transportation infrastructure projects meet schedule milestones established and reported on in operating administration finance plans, with less than 2 percent annual growth, in FY 2008 through FY 2011.

DOT's Organizational Excellence Performance Budget is distributed as follows:



Conclusion

DOT's goal is to provide the resources necessary to support our Nation's transportation system. The funding requested for FY 2008 will help improve transportation safety, enhance homeland and national security, maintain and expand our transportation infrastructure and increase its capacity, reduce environmental degradation, and improve the quality of life for all citizens. The following pages provide highlights of the budget request by DOT operating administration.