

## Table of Contents

<b>Index of DOT Management Challenges</b>	ii
<b>Introduction</b>	1
<b>DOT Performance Goals</b>	
Safety	10
Homeland Security	38
Mobility and Economic Growth	56
Human and Natural Environment	86
<b>Organizational Excellence</b>	106
<b>Performance Measurement, Verification and Validation</b>	120
<b>Appendix I – Data Details</b>	124
<b>Appendix II – Budget Crosswalk</b>	176
<b>Appendix III – Program Evaluation</b>	180

## Index of DOT Management Challenges

	<u>Page</u>
<b>Aviation Safety</b>	
Commercial and General Aviation Safety Focus (GAO/IG) .....	25
<b>Surface Transportation Safety</b>	
Motor Vehicle Safety (IG) .....	19
Large Truck Safety (GAO/IG) .....	20
Pipeline Safety (GAO).....	35
<b>Transportation Security</b>	
Establishing the Transportation Security Administration and Aviation Security (GAO/IG) .....	42
Cargo and Border Security (IG).....	44
DOT Information System Security (GAO/IG) .....	54
<b>Aviation System Capacity and Air Traffic Control Modernization</b>	
ATC Modernization and Capacity Needs Post-9/11 (GAO/IG).....	70
<b>Consumer Protection and Airline Competition</b>	
Airline’s Financial Condition, Community Service, and Customer Service Commitment (GAO/IG) .....	116
<b>Intercity Passenger Rail’s Future</b>	
Amtrak Financial Viability (GAO/IG).....	83
<b>Surface and Airport Transportation Infrastructure</b>	
Highway Trust Fund Receipts (GAO/IG).....	61
Transit Grant Oversight (IG/GAO/OMB) .....	67
Management of Large Surface Transportation Infrastructure Projects (IG) .....	113
<b>MARAD Title XI Program and Ship Disposal</b>	
Potential Government Liabilities in the Title XI Loan Guarantee Program (IG) .....	81
Ship Disposal (GAO/IG) .....	94
<b>Coast Guard Capital Asset Requirements Post-9/11</b>	
Deepwater and National Distress Response System Acquisition (GAO/IG) .....	45
<b>Departmental Management and Program Performance</b>	
Strategic Human Resource Planning (GAO).....	110
DOT Financial Systems (GAO/IG) .....	112
Contract Closeout (IG) .....	113
Implementing the President’s Management Agenda and Using GPRA (IG) .....	117

Management challenges for DOT are identified in the following publications:

*Top Ten Management Challenges*, DOT IG Report, forthcoming, 2002

*Major Management Challenges and Program Risks, DOT*, GAO Report  
GAO-01-253, dated January 2001

*Major Management Challenges and Program Risks, A Governmentwide  
Perspective*, GAO Report GAO-01-241, dated January 2001

*High-Risk Series*, GAO Report GAO-01-263, dated January 2001



## DOT's Combined Performance Plan and Report

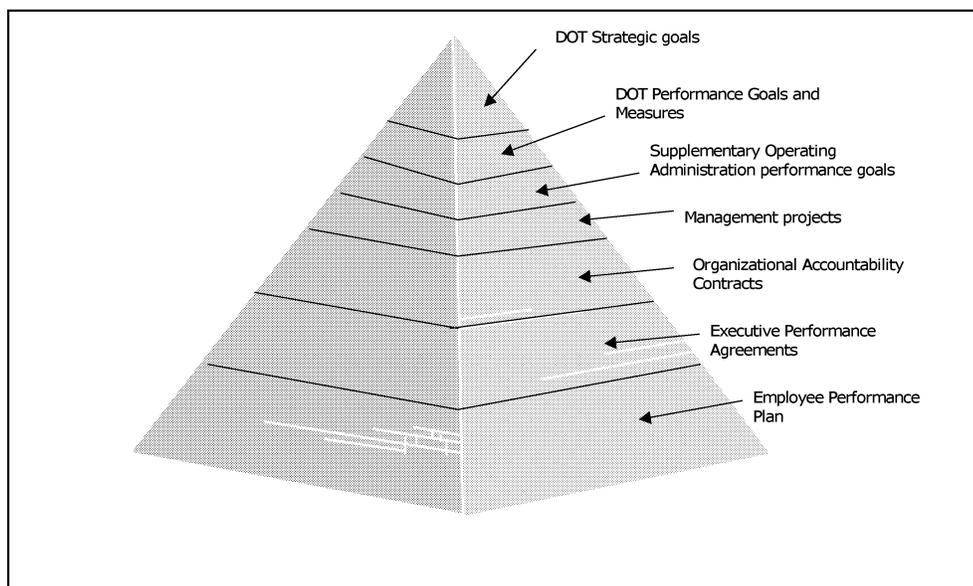
The Department of Transportation (DOT) is committed to embodying the President's goals of a citizen-centered, results-based, market-oriented government. In this Plan, we outline how DOT will focus more sharply on results by bringing the Department's energy and resources to bear on improving the Nation's transportation system. Transportation is a key element in the production of goods and services in the United States; it helps maintain our standard of living, as well as support our Nation's defense. Everything we do at DOT is aimed at making measurable improvements in our transportation system, the security of our Nation, and the quality of American life.

This is DOT's fifth annual performance plan, and in it, we set forth for the American public the specific outcomes we intend to achieve for America, along with the resources required to achieve that performance. We will succeed only when we understand historical trends, study recent results, and use this understanding to form the basis for our strategies and resource decisions.

Our FY 2003 Performance Plan supports the planning and reporting framework that is central to our focus on managing the Department's performance by keeping a clear focus on outcomes we seek and organizational and individual accountability for results:

- The Department of Transportation's Strategic Plan provides a comprehensive vision for advancing the Nation's complex and vital transportation system into the 21st Century. For the next several years, it puts forth broad goals; targets specific outcomes we want to achieve, and identifies key challenges.
- The DOT Performance Plan operationalizes the DOT Strategic Plan, and provides strong linkages to DOT's budget request. The Performance Plan defines those performance goals and measures that will be used to manage our progress toward the achievement of our strategic goals. By closely linking these intended achievements to the budget, it describes in detail one fiscal year's effort within DOT and shows how this effort fits into the long-range plan for the Department and the U.S. transportation system.
- The DOT Performance Report provides a public accounting of performance against the goals in the FY 2001 plan.
- Accountability agreements, for DOT organizations, executives, and employees embed the philosophy of managing for performance into the Department's culture and daily practices.

This graphic describes how DOT will move from planning, measuring, and reporting on performance, to managing performance:



## The DOT Strategic Plan

The DOT Strategic Plan sets forth the overall direction, vision, and mission of the Department. The Strategic Plan covering this Performance Plan is dated July 2000 and covers the years 2000 through 2005. In that plan, citing the Department's enabling legislation from 1966, the purpose of the Department is described:

*"The national objectives of general welfare, economic growth and stability, and security of the United States require the development of transportation policies and programs that contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost consistent with those and other national objectives, including the efficient use and conservation of the resources of the United States."*

The Strategic Plan provides a mission statement to describe the underlying purpose for Departmental activities, identifies five Strategic Goals that capture the most important outcomes influenced by the Department's programs, and one Organizational Excellence Goal, describing how DOT intends to put the President's Management Agenda into effect in this Cabinet department:

### VISION

"A visionary and vigilant Department of Transportation leading the way to transportation excellence and innovation in the 21st Century."

### MISSION

"Serve the United States by ensuring a safe transportation system that furthers our vital national interests and enhances the quality of life of the American people."

### STRATEGIC GOALS

**Safety** - Promote the public health and safety by working toward the elimination of transportation-related deaths and injuries.

**Mobility** - Shape an accessible, affordable, reliable transportation system for all people, goods, and regions.

**Economic Growth** – Support a transportation system that sustains America's economic growth.

**Human and Natural Environment** - Protect and enhance communities and the natural environment affected by transportation.

**National Security** - Ensure the security of the transportation system for the movement of people and goods, and support the National Security Strategy.

### ORGANIZATIONAL EXCELLENCE GOAL

Advance the Department's ability to manage for results and innovation.

## How We're Organized

DOT employs more than 118,000 civilian and military people across the country, in the Office of the Secretary of Transportation (OST) and through twelve operating administrations and bureaus, each with its own management and organizational structure:

Federal Aviation Administration	National Highway Traffic Safety Administration
Federal Highway Administration	Research and Special Programs Administration
Federal Motor Carrier Safety Administration	St. Lawrence Seaway Development Corporation
Federal Railroad Administration	Transportation Security Administration
Federal Transit Administration	United States Coast Guard
Maritime Administration	Bureau of Transportation Statistics

The Office of the Secretary of Transportation provides overall leadership and management direction, and administers aviation economic programs. The Transportation Administrative Service Center provides administrative support. The Office of Inspector General (OIG) and the Surface Transportation Board (STB), while formally a part of DOT, are decisionally independent by law and are not part of this plan.

## How We Select Our Performance Goals and Measures

Performance *goals* articulated in the introductory paragraph of a goal page in the DOT Plan are aimed at achieving one or more strategic outcomes, and convey a sense of how DOT creates value for the American public. Performance measures, however, are aimed at tangible effects created by DOT program activities.

We have tailored performance measures to how DOT gets our work done for each performance goal. When considered along with external factors and information provided in program evaluations, these measurements give valuable insight into the performance of DOT programs. These measures, and the discussion of means and strategies under each, are meant to broadly illustrate how DOT adds value to the nation, and thus do not represent an exhaustive treatment of every activity and performance indicator in the Department. This Performance Plan is a top-level, integrated depiction of managing for results within DOT, presenting a picture of the entire Department, and is not an exhaustive treatment of all DOT programs and activities. Therefore, it should be read in conjunction with the individual operating administrations' budget justifications, which provide more detailed discussion of program-specific performance and resources.

**Terminology** - We will use the following terminology throughout the plan and report:

Strategic Goal – statement from the DOT Strategic Plan, outlining the desired long-term end state.

Strategic Outcome – statement from the DOT Strategic Plan, outlining nearer-term objectives.

Performance Goal – a performance objective, connecting effects created by Departmental activities and programs, and the resulting influence on strategic outcomes.

Performance Measure - a measurable indicator of progress toward a performance goal, with annual targets.

## How We Will Achieve Our Strategic and Organizational Goals

The Department will achieve its goals through its leadership role in U.S. transportation policy, operations, investment, and research. To influence results, DOT programs rely on a number of common interventions and actions. These include:

- ▶ *Direct operations and investment in DOT capital assets that provide capability*, such as air traffic control, airline passenger security screening, and Coast Guard's vessel traffic services, maritime search and rescue, and military operations.

- ▶ *Infrastructure investments and other grants*, such as investment in highway, rail, transit, airport, and Amtrak capital infrastructure improvement, and grants for safety, job access, or other important transportation programs.
- ▶ *Innovative financial tools and credit programs*, such as those provided for by the Transportation Infrastructure Finance and Innovation Act, and the Railroad Rehabilitation and Improvement Financing Program.
- ▶ *Rulemaking*, in areas such as equipment, vehicle or operator standards; for improving safety; and for fostering competition in the transportation sector of the U.S. economy.
- ▶ *Enforcement* to ensure compliance, including inspections, investigations, and penalty action.
- ▶ *Technology development and application*, such as fostering new materials and technologies in transportation, and transportation related research.
- ▶ *Education*, such as consumer awareness, and campaigns to influence personal behavior.
- ▶ *Public Information*, such as that provided by the Bureau of Transportation statistics, and each DOT operating administration, so that states, localities, regions, and private sector entities can better plan their activities.

Some of these interventions and actions reside entirely within the Federal Government, but most involve significant partnering with state and local authorities and with the transportation industry. These are the broad areas of action that DOT – and state and local governments – commonly use to bring about desired results. Tax expenditures are also a significant tool by which the Federal Government encourages transportation investment, but do not represent a key tool of intervention by DOT.

This combined Performance Plan and Report focuses on DOT's five strategic goal areas, the results we saw in 2001, and the FY 2003 resources and activities that will help us achieve results. At the same time, some activities are internal ones – like financial management, procurement, and personnel -- without which the Department could not operate or hope to achieve its goals. The Organization Excellence chapter of this plan focuses on overall DOT efforts to achieve our part of the President's management agenda, ensuring that we are a citizen-centered, results-oriented, Cabinet agency, depending on market-based transportation solutions.

## How We Have Structured Our 2003 Plan and 2001 Report

For each strategic and organizational goal, we present the key performance goals we will use in FY 2003 to guide our activities and judge our results, along with the measures in our 2001 Performance Plan and our performance against them. In some cases, where a performance goal has been redirected to an operating administration’s performance plan, we provide a report on past performance. For each performance goal we provide:

Component	Integral to Performance Planning	Integral to Performance Reporting
• A description of the challenge we face – the reason for action	✓	✓
• The measure or measures we are using to judge success, and the FY 1999-2003 targets for each	✓	✓
• The external factors that may present special challenges in achieving our goal	✓	✓
• A discussion of other agencies who share in our efforts, or whose outcome goals we contribute to.	✓	✓
• FY 2003 activities, resources, and any significant legislation or regulations we propose	✓	
• Special management challenges (when related to goal)	✓	✓

An assessment of the completeness and reliability of our performance data, an explanation of how we verify and validate our measurements, and detailed information on the source, scope and data limitations for the performance data in this plan and report are provided in Appendix I. In that appendix, we also provide information on our plans to resolve the inadequacies that exist in our performance data.

## Our 2001 Results: A Reader’s Guide

DOT has measured and assessed performance in various programs for some time, and this is our third year of presenting a top-level look at outcomes across the entire Department. To present information meaningfully, we have relied on these general rules about data and data interpretation in preparing this report:

The Relationship between DOT’s Activities and Observed Results: The relationship between resources and results can be complex. Results of direct service programs, such as Coast Guard migrant interdiction, are significantly influenced by current-year activities, and by external forces. Other results, such as highway congestion or transit ridership, are predominately influenced by prior-year funding. Almost all results are influenced by a mix of current and prior-year activity. Performance trends and current- year outcomes should be viewed with this understanding.

Fiscal Year versus Calendar Year: Again for FY 2001, most DOT results are reported on a fiscal year basis, but some are reported on a calendar year basis. Many DOT safety programs report results by calendar year, because data capture and reporting by States has long been accomplished on that basis. We have been careful to note the calendar or fiscal year basis of result and trend measurement. Either is a satisfactory basis for measuring DOT’s annual performance.

## **Data Completeness**

Preliminary vs. Final Results: Reporting 2001 results by March 2002 has been challenging where we rely on third-party reporting. Often we have only preliminary or estimated results based on partial-year data and must wait for final data to properly verify and validate our results. In some cases where data is provided solely as an annual value and is not available in time for this report, we rely on historical trend information and program expertise to generate a projected result. We have been careful to point out where we have assessed our performance on a preliminary or projected basis. Preliminary estimates or projected results provide reasonable, quantitative assessments of our performance, but the reader should expect them to be adjusted after final compilation or verification and validation. In all cases where results have changed from last year's report, we indicate that by placing an "(r)" with the number, indicating a revision. Where significant differences exist in the actual result from the preliminary estimate or projection in last year's performance report, we discuss 2000 and 2001 results – displaying final results where preliminary measurements existed in our FY 2000 report, and preliminary or estimated results for FY 2001. Results that are final are not expected to need significant revision.

Single Year Results vs. Historical Trends: Federal and State programs rarely aim to influence simple things. We tackle complex national problems such as safety, pollution, and congestion. Sometimes we see progress overwhelmed by external factors, such as economic growth (or recession), market shifts, extreme weather, and other factors. Sometimes we get a "helping hand" from those same factors. In most outcomes there is natural fluctuation year to year – one can see it clearly in the ten-year trend lines.

DOT sets annual performance targets for the outcomes it aims to influence, regardless of these factors. Targets set a mark so we can judge our progress. They also force us to think hard about what we can – and can't – do to get results. In this report, we focus on single-year results for 2001. There is no simple formula that ties the results in one year to the success or failure of programs. DOT's 2001 Performance Report invites the reader to "look over our shoulder" at the real-world picture we are studying as we try to make transportation and the lives of Americans better.

Performance Progress Report: To help interpret single year results and historical trends, we have provided a Performance Progress Report at the front of each strategic goal section. These tables provide data from 1995-2001 and DOT's 2001 target. Judging good trends is sometimes difficult, and for this reason, we provide time-series data in graphic form on each goal page. Readers should view our 2001 results with an eye both to attainment of the performance target and to the long-term trend.

## **Our 2003 Plan: A Reader's Guide**

Fiscal Year 2003 marks our fifth DOT Performance Plan. This year's product builds on the suggestions of the General Accounting Office, DOT's Inspector General, and other stakeholders plus what we have learned within our own programs. But foremost, this Plan takes to heart the President's charge to DOT to become more results-based by focusing more closely on the relationship between DOT missions, programs, and resources. We have combined many performance goals that were formerly displayed in a more fragmented fashion. Collapsing similar goals provides the reader with a better sense of how different organizations, programs, and activities interact to achieve progress toward high level, difficult-to-achieve performance goals. Each chapter introduction will provide a 'roadmap' indicating how performance goals have either been combined in the DOT Plan, or will be eventually reported on in combination with performance goals moved to DOT operating administrations' performance plans. Again, several broad principles have guided us in presenting our performance plan:

Setting Annual Performance Targets: DOT's targets for 2003 reflect the gains we think we can make in each goal area. There's no exact science to calibrating "targets" to resources. The goals we've set reflect a combination of current funding, past funding, program initiatives, and the actions of our partners. There is also an element of "stretch" – and realism in our goals. In the end we intend to move results in the right direction.

## Data reliability

How We Have Improved Some Measures: This is our fifth year of performance planning – and of verification and validation. In a number of cases we have found better ways to define the measure or compile the data, creating a more sensitive and realistic indicator. In some cases we have developed entirely new measures. We will continue to improve measures where we think it will improve our management and our accountability.

Integrating FY 2003 Resources With Achievement of Our Goals: A fundamental strength of DOT programs is that existing capacity delivers public value in multiple goal areas. By design, a dollar spent on transportation infrastructure may also advance safety, homeland security, mobility, economic growth, and the mitigation of harmful environmental impacts. We again have included graphs or tables attributing budgetary resources to performance goals in each performance goal page. In this fashion, we have made the linkage of resources to performance goals more clear. Appendix II shows this information by strategic goal in summary form. We have proposed to restructure the FAA's Facilities and Equipment, and Research, Engineering, and Development accounts – moving from an activity-based, to a performance-based structure. This new structure provides a clearer linkage between resources and the performance.

### Management Challenges:

The DOT Inspector General and the General Accounting Office have published reports describing a number of problems and challenges facing the Department. We take these issues seriously, and have folded our approach to meeting these challenges into our general efforts to achieve the outcomes we seek for the Nation. In general, where there is a DOT performance goal associated with a specific management challenge, we have included a discussion of the challenge on that goal page, and made it stand out visually by use of a text box, as shown in the example to the right. We also indicate where a Management Challenge relates to more than one performance goal.

#### ***Special Focus: Management Challenges***

Our performance measures and results are the focus of this combined plan and report. Transportation outcomes are what we aim for, every day. But how we achieve these results is also vitally important. The public entrusts us not only to improve transportation safety and performance, but also to manage our resources and programs wisely. Throughout this plan and report we identify the key management challenges we must address and overcome as we work towards meeting specific performance goals.

### DOT Contributions to Common Governmental Outcomes:

DOT's performance is aligned with its legislative mandates, but in some cases there are no "bright lines" separating DOT from other Executive Branch agencies.

For instance, in DOT's National Security Strategic goal, we make very important contributions in accordance with our mandates and appropriations, but we are hardly alone in that regard. We contribute to the national security alongside such Departments as Defense, State, Justice, Commerce, and Energy. Similarly, other agencies, operating within their separate mandates and resource levels, make significant contributions to the nation's transportation system such as the Departments of Defense and Commerce, and the National Aeronautics and Space Administration.

## Revisions to Our 2002 Plan:

Every Fall, DOT revises its annual performance plan based on Congress' action on the President's annual budget request, and to improve measures or targets based on additional performance information. This year, in order to align last year's plan to the more systematic and focused array of performance goals in this year's Plan, we have chosen to display revisions to last year's plan in this document, rather than publishing them separately. Several goals in the plan have been redirected to DOT's operating administrations as supplementary goals (as indicated in the affected goal pages) to reflect a more concentrated DOT programmatic focus in FY 2002. While operating administration 2002 performance targets are displayed in the supplementary measures redirected to operating administration's performance plans, (with their results to be discussed in next year's explanation of DOT program performance) they will not be formally reported on in next year's Performance Report. However, data from DOT operating administration's performance

goals and measures will be cited to enhance the reader's understanding of the Department's performance. Last, the Plan's Organizational Excellence chapter has been rewritten to reflect the priorities in the President's Management Agenda published last August.