

Performance Goals – Mobility and Economic Growth

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STRATEGIC GOALS: MOBILITY and ECONOMIC GROWTH

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

Support a transportation system that sustains America's economic growth.

We Aim To Achieve These Strategic Outcomes:

- Improve the physical condition of the transportation system.
- Reduce transportation time from origin to destination for the individual transportation user.
- Increase the reliability of trip times for the individual transportation user.
- Increase access to transportation systems for the individual user.
- Reduce the cost of transportation for the individual user.
- Ensure the Producer Price Index for transportation services grows less rapidly than the overall PPI through the year 2005.
- Reduce barriers to trade that are related to transportation.
- Improve the U.S. international competitive position in transportation goods and services.
- Improve the capacity of the transportation workforce.
- Expand opportunities for all businesses, especially small, women-owned, and disadvantaged businesses (discussed in the Organizational Excellence chapter).

Mobility as much as any other factor defines us as a Nation, and is intertwined with the Nation's economic growth. It connects people with work, school, community services, markets, and other people. The U.S. transportation system carries over 4.6 trillion passenger-miles of travel and 3.9 trillion ton-miles of freight every year – generated by more than 276 million people and 6 million businesses.

DOT's aim is an affordable, reliable and accessible transportation system. To achieve reliability and accessibility, our transportation system frequently relies on common public

infrastructure that is maintained on limited national resources – our land, waterways, and airspace. DOT's objective is to optimize capital investment in these public systems and manage them to maximize the benefit to all Americans. The FY 2003 budget proposes \$38.9 billion in mobility funding to meet this challenge.

A summary performance report, and a detailed analysis of 2003 strategies follow.

Performance Goals

Improve Physical Condition

Highway Infrastructure Condition

[With deficient bridge and Appalachian Development Highway System mileage goals in FHWA performance plan.]

Reduce Transportation Time and Improve Service

Highway Congestion

[With urban peak-period travel time, annual additional travel hours, and ITS deployment goals in FHWA performance plan.]

Transit Ridership

[With passenger miles traveled goal in FTA performance plan.]

Increase Trip Time Reliability

Aviation Delay

[With air traffic system capacity and efficiency goals in FAA performance plan.]

Maritime Navigation

[With icebreaking goal in USCG performance plan.]

Increase Access to Transportation

Transportation Accessibility

[With transit system condition goal in FTA performance plan.]

Reduce Trade Barriers and Improve International Competitiveness

International Air Service

Performance Report: Mobility and Economic Growth

	1995	1996	1997	1998	1999	2000	2001	2001 Target	Met	Not Met
Percent miles of NHS roads meeting pavement performance standards	89.6	91.1(r)	91.8	92.1	93.0	93.5(r)	93.9#	91.9	✓	
Percent of deficient NHS bridges	25.7	25.8	23.4	23.1	23.0	21.5	21.2	22.3	✓	
Percent of runways in good or fair condition	N/A	93	95	95	95	95	95.8	93	✓	
Runways accessible in low visibility conditions	N/A	N/A	1,044	1,083	1,084	1,109	1,229	1,191	✓	
Average condition of motor bus fleet	2.95	3.02	3.09	3.11	3.13	3.21	3.02	3.20		✓
Average condition of rail vehicle fleet	3.15	3.13	3.09	3.08	3.14	3.25	3.48	3.24	✓	
% of total annual urban-area travel occurring in congested conditions***	N/A	32.0	31.7(r)	32.1(r)	32.6	33.1	33.4#	33.4	✓	
Additional % of annual urban-area peak period travel time attributable to congestion***	N/A	43(r)	45(r)	47(r)	49(r)	51(r)	52#	52(r)	✓	
Average annual hours of extra travel time due to delays for the individual traveler in urban areas***	N/A	26.8(r)	28.1(r)	29.1(r)	30.6(r)	31.2(r)	31.7#	31.7(r)	✓	
Metropolitan areas where integrated ITS infrastructure is deployed	N/A	N/A	36	N/A	49	52	52	56		✓
Transit ridership in billion passenger-miles traveled	38.0	39.0	40.2	42.6	43.3	45.1(r)	46.3	44.8	✓	
% cumulative throughput increase during peak periods at certain major airports	N/A	N/A	N/A	N/A	N/A	N/A	3.9	3	✓	
% cumulative direct routings increase for en route flight phase	N/A	N/A	N/A	N/A	N/A	N/A	23.4	15	✓	
Percent of ports reporting landside and waterside impediments to the flow of commerce**	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Aviation delays per 100,000 activities	154	181	161	191	220	250	254	171		✓
Commercial vessel collisions, allisions, and groundings	N/A	2,716 (r)	2,456 (r)	2,445 (r)	2,194 (r)	2,152 (r)	1,677*	2,204	✓	
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, N.Y.	98	97	98	98.5	99.2	98.7	98.3	99		✓
Days certain critical waterways are closed due to ice	N/A	7	0	0	0	0	7	8^	✓	

Performance Report: Mobility and Economic Growth

	1995	1996	1997	1998	1999	2000	2001	2001 Target	Met	Not Met
Amtrak's intercity ridership in millions of passengers	20.7	19.7	20.2	21.1	21.5	22.5	23.5	25.3		✓
Percent of key rail stations ADA compliant	19	19	26	29	49	52	67*	58	✓	
Percent bus fleets ADA compliant	60	63	68	72	77	80	85	83	✓	
Employment sites made accessible by Job Access and Reverse Commute transportation services	N/A	N/A	N/A	N/A	1,742	16,978 (r)	35,700 *	15,724	✓	
Passengers (millions) in international markets with open skies aviation agreements	34.5	38.4	40.7	43.0	49.4	56.8	56.2*	51.6	✓	
Percent subsidized communities with at least 2 round trips/day, 6 days/week (12 round trips/week)	N/A	N/A	N/A	100	100	100	100	100	✓	
Percent subsidized communities with at least 3 round trips/day, 6 days/week (18 round trips/week)	N/A	N/A	N/A	76	78	77	78	75	✓	
Miles of Appalachian Development Highway System completed	2,178	2,204	2,259	2,409	2,456	2,483	2,526	2,530		✓
Gross tonnage (in thousands) of commercial vessels on order or under construction in U.S. shipyards	N/A	N/A	579	407	595	1,100	1,162*	530	✓	
Students graduating with transportation-related advanced degrees from universities receiving DOT funding	N/A	N/A	N/A	1,167	1,086	1,154	1,160	1,203		✓
Cumulative number of students (in thousands) reached through Garrett A. Morgan Technology and Transportation Futures Program	N/A	N/A	71	1,031	1,502	3,000	N/A	5,000		

Projection

N/A = Not Available

(r) Revised estimate

* Preliminary estimate

** Data for this goal were unreliable, and it was discontinued after 2001.

*** Methodology change (starting with 2000 data) makes historical data before 2000 unreliable. 2001 goal has been changed to new methodology.

^ Based on 2001 being a "severe winter."

HIGHWAY INFRASTRUCTURE CONDITION: The National Highway System (NHS) carries 1 trillion or 43 percent of vehicle-miles traveled (VMT), but consists of only 161,117 miles of rural and urban roads—just 4 percent of total highway miles—and 115,000 bridges. The system serves major population centers, international border crossings, intermodal transportation facilities, and major travel destinations. The condition of this system can affect wear-and-tear on vehicles, fuel consumption, travel time, congestion, and comfort, as well as public safety. Improving pavement and bridge condition is also important to the long-term structural integrity and cost effectiveness of the transportation system. Approximately 21 percent of NHS bridges are either structurally deficient or functionally obsolete.

Performance Goal:

Improve and expand the NHS to increase system efficiency, slow the growth of traffic congestion, and improve safety.

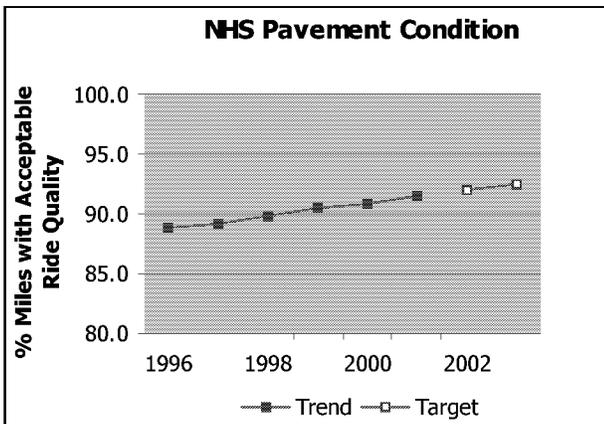
Performance Plan:

Performance Measure:

Percentage of travel on the NHS meeting pavement performance standards for acceptable ride.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	N/A	92.0	92.5
Actual:	90.5	90.9	91.5#		

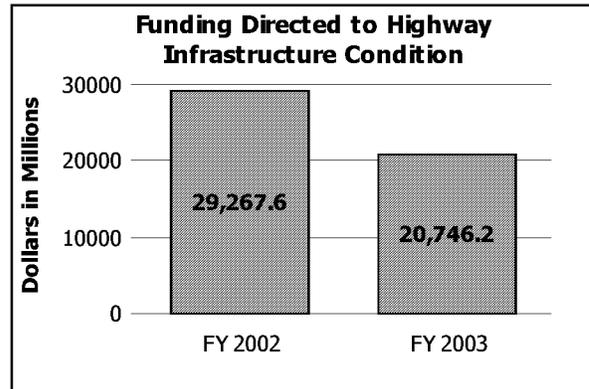
(r) Revised; # Projection from trends.

External Factors: VMT has grown annually by over 2 percent during the past decade, in consonance with the U.S. economy's growth. Growth in freight volume resulting in increased loads on pavement has increased pavement and bridge deterioration.



Strategies and Initiatives to Achieve 2003 Target:

DOT resources attributable to this performance goal are depicted below:



FHWA will continue to work with the States and other authorities to promote infrastructure development and improvements using Surface Transportation Research program funding, grants, technical assistance and technological advances. Through the pavement smoothness team, FHWA will work with American Association of State Highway and Transportation Officials (AASHTO) to develop and deliver technology transfer and training programs to promote the implementation of pavement smoothness technologies. FHWA will provide technical assistance and training to State DOTs to implement these new technologies, and in cooperation with States and industry, will also continue to promote the Pavement Smoothness Initiative. FHWA will encourage equipment upgrade and adoption of recommended protocols, and work with profile measuring equipment manufacturers to offer better equipment for measuring pavement smoothness.

FHWA will provide technical assistance to increase the number of States achieving a medium or high rating for implementing high-performance bridge materials. Research and Bridge Program funds will support deployment of innovative and more durable materials, which are more resistant to

traffic loads and corrosive attack, resulting in less maintenance and traffic restriction. FHWA will continue to provide technical assistance to States and local governments in the use of high performance materials, new design techniques, and cost effective bridge design details.

Other Federal Programs with Common Outcomes: None.

Performance Report:

FHWA supplementary performance measures*:

Percentage of miles on the NHS meeting pavement performance standards for acceptable ride.					
	1999	2000	2001	2002	2003
Target:	91.5	91.8	91.9	*	*
Actual:	93	93.5(r)	93.9#		

Percentage of deficient bridges on the NHS.					
	1999	2000	2001	2002	2003
Target:	22.8	22.5	22.3	*	*
Actual:	23.0	21.5	21.2		

Miles of the Appalachian Development Highway System (ADHS) completed.					
	1999	2000	2001	2002	2003
Target:	2,327	2,373	2,530	*	*
Actual:	2,456(r)	2,483	2,526		

Projected. (r) Revised.

* After 2001, the percent of NHS miles in good condition goal is replace by the one above. The remaining two goals will be operating administration performance goals and will continue to be tracked by FHWA. Results will be discussed in the context of this performance goal.

2001 Results: Based on projections from trends, DOT met both the pavement condition and the bridge condition performance targets. DOT did not meet the ADHS target.

DOT provided Federal-aid highway funds to States as guaranteed by TEA-21, and as appropriated by Congress. Through its Innovative Bridge Research and Construction program, FHWA provided funds to 38 States for 58 projects in 2001. These projects were selected based on their potential to demonstrate the application of innovative material

technology in bridge construction. FHWA will use the results of these projects in assisting State and local governments to improve bridge design, construction, rehabilitation and maintenance.

FY 2002 Performance Plan Evaluation: DOT anticipates it will meet the 2002 performance target.

Management Challenge – Highway Trust Fund Receipts/Allocation (GAO); and Trust Fund Balances and Grant Fraud (IG)

The June 2000 GAO report stated that there is little assurance that Highway Account funds distributed to the States are accurate given the information currently available. Although the Treasury Department and FHWA are taking actions to review and improve their estimating processes, these actions are not sufficient to correct the weaknesses. Therefore, to reduce the risk of errors and increase the reliability of the information used to distribute Federal highway program funds to the States, GAO made these recommendations to DOT:

- Perform detailed, independent verifications of motor fuel data used in the process.
- Fully document FHWA’s current analysis methodology for State motor fuel data.
- Conduct an independent, comprehensive review of this methodology.
- Evaluate the potential reliability of the Internal Revenue Service’s ExFIRS data as a tool to validate State motor fuel data.

FHWA officials agreed with all of the recommendations aimed at improving the reliability of FHWA’s attribution process, and FHWA has developed a comprehensive action plan to implement the recommendations.

FHWA will work with States to ensure that funds are being obligated for valid highway projects and to reduce the dollar value of inactive obligations for highway infrastructure projects by 10 percent per year. This will ensure that unused funds associated with completed, cancelled, or unnecessary projects are put to good use.

The DOT IG reported that as of March 2001, FHWA had 25,000 obligations, totaling about \$2.6 billion that had no expenditures within 18 months. The IG’s review of 10 states’ inactive obligations identified \$238 million that no longer represented

valid liabilities, and these funds were used by the States on other valid projects, or returned to the Treasury. FHWA will continue to work with States to ensure that funds are being obligated for valid highway projects and to ensure that unused funds associated with completed cancelled, or unnecessary projects are put to good use. FHWA will work to reduce the dollar value of inactive obligations for highway infrastructure projects by 10 percent per year.

FHWA will encourage efficient use and management of Federal fund, and better project funds management. As a facilitator and promoter of best business practices, FHWA can contribute to this goal by assisting the Federal, State, and locals in the planning phase to identify projects that are ready for advancement; streamlining the environmental process; encouraging the use of innovative contracting; applying innovative finance techniques such as advance construction, GARVEE bonds, State infrastructure banks, or tapered match.

Additional resources deployed in this area will enable the FHWA to improve its management of the Federal-aid highway program, including cost containment, while allowing the States maximum delegated authority and flexibility, as appropriate. As larger and more complex projects are completed, a balance must be achieved between addressing the needs of major projects and the vast majority of the program vested in smaller projects.

HIGHWAY CONGESTION: Delay on the Nation’s highway systems is a major cost to motorists - amounting to \$72 billion in 1997 in lost wages and wasted fuel. Congestion adds to the cost of production, drives prices up, and reduces funds available for investment in product development or firm expansion. Slowing the growth of congestion and delay aids urban travelers’ mobility and productivity and curbs economic inefficiencies induced by congestion. Highly integrated Intelligent Transportation Systems (ITS) use electronic information and communications technology to extend the capacity of our existing infrastructure system, improving traffic flow and reducing bottlenecks.

Performance Goals:

Limit the annual growth rate of urban area travel time under congested conditions to no more that 0.3 percentage points.

Performance Plan:

Performance measure:

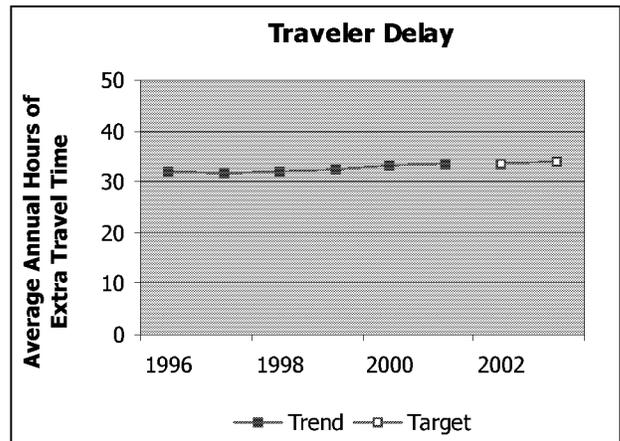
Percentage of total annual urban-area travel that occurs in congested conditions.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	N/A	33.4%	33.7%	34.0%
Actual:	32.6%	33.1%	33.4%#		

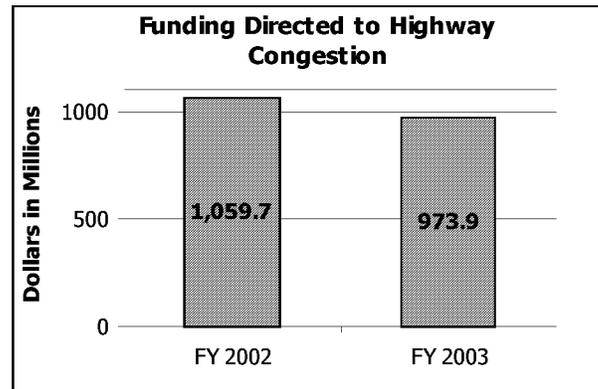
Projection from trends.

Note on Data: The number of metropolitan areas used to derive measures and targets increased from last year. Therefore, both the historical and future data points are slightly different compared to last year’s plan. In addition, factors contributing to delay were expanded this year to include incidents and accidents. The travel time figures from last year reflected delay due to heavy traffic only.

External Factors: During the past decade, growth in highway and mass transit systems in the United States did not expand at the same pace as the growth in travel demand. Lane mileage in metropolitan areas – an indicator of road system capacity – has increased at a far slower rate than has highway travel for the past ten years. States and local governments conduct land use planning, and the job creation that comes with economic growth occurs unevenly across the Nation. When job creation happens faster than local transportation planners can adjust local transportation systems, increased congestion is the result.



Strategies and Initiatives to Achieve 2003 Target: DOT resources attributable to this performance goal are depicted below:



DOT employs many programs designed to reduce congestion and improve operations on the Nation’s highway system. In 2003, FHWA will:

- continue to deploy ITS infrastructure by finalizing requirements and initiating testing of a National Highway System infrastructure, conducting courses on ITS architecture and systems engineering and workshops on ITS

standards suites and standards applications, and awarding 80 integration projects.

- work with States to help them improve highway operations and planning.
- increase use of proven technologies and planning practices through education, outreach, and technical assistance. FHWA will work with States to expand collection and use of performance measurement and reliability data for freeways and other major road systems, improve transportation management in small communities, expand use of adaptive control strategies on major urban thoroughfares, provide better information quicker to road users; and better analyze changes in road user "business models".

A major research focus will be on identifying and developing advanced technologies and strategies in communications, monitoring, systems control and information to design next-generation operations systems. Major initiatives will include: initiating an operational test of Adaptive Control Systems; conducting an operational test on the benefits of ITS in work zones; developing analysis tools to support evacuation decision-making; and initiating a Public Safety Mobile Data Interchange operational test.

To improve capabilities for freight analysis, FHWA will develop and disseminate intermodal freight data and analytical tools to assist State and local transportation agencies, and provide training to partners and stakeholders on available freight data and analysis. In addition, FHWA will initiate a major multi-year effort to develop the analytical capability of its partners to plan and implement freight improvements. FHWA will:

- continue to develop an institutional and policy underpinning for freight planning by conducting a scan of U.S. and Latin American freight logistics, and by disseminating benefit/cost tools to State, MPO, and multi-jurisdictional partners and stakeholders for application in intermodal freight transportation planning and decision-making.
- continue support of multi-state coalitions and their efforts to bring regional-level perspective and solutions to freight transportation planning and decision making.
- invest in ITS and infrastructure enhancements such as Commercial Vehicle Information

Systems and Networks. In 2003, DOT will complete integrated ITS deployments in 26 States.

Other Federal Programs with Common Outcomes: None.

Performance Report:

FHWA supplementary performance measures*:

Of annual urban-area peak period travel time, additional percentage of travel time attributable to congestion.

	1999	2000	2001	2002	2003
Target:					
Original:	N/A	N/A	26.6%	27.2%	N/A
Revised:	N/A	N/A	52%	53%	*
Actual:					
Original:	25%	26%#			
Revised:	49%	51%	52%#		

For the individual traveler in urban areas, average annual hours of extra travel time due to delays.

	1999	2000	2001	2002	2003
Target:					
Original:	N/A	N/A	33.5	34	N/A
Revised:	N/A	N/A	31.7	32.2	*
Actual:					
Original:	32	33#			
Revised:	30.6(r)	31.2(r)	31.7#		

Number of metropolitan areas where integrated ITS infrastructure is deployed.

	1999	2000	2001	2002	2003
Target:	N/A	51	56	61	*
Actual:	49	52	52		

(r) Revised; # Projected from trends.

** After 2001, these goals will be operating administration performance goals and will continue to be tracked by FHWA. Results will be discussed in the context of this performance goal.*

2001 Results: Based on projections, DOT met the three total highway congestion performance targets, but did not meet the ITS deployment target. Because of congested highway conditions, the average peak-period trip took and estimated 51 percent longer than the same trip would have taken in uncongested conditions. Overall, each individual traveler spent an estimated 31.2

additional hours on the highway in 2000 because of congested conditions.

FHWA continued to focus on making the most of existing infrastructure through technology, information access and policy guidance. In conjunction with the DOT ITS Joint Program Office, a final policy on ITS architecture consistency was issued and the FHWA Resource Center and Division Office staffs were briefed on the National ITS Architecture, ITS Standards, and the architecture consistency policy.

With the 511 Deployment Coalition, FHWA developed and distributed guidelines, *511 America's Traveler Information Number: Implementation Guidelines for Launching 511 Services*. As of December, there were 3 active sites and approximately 12 locations in the early adoption or planning stages. FHWA provided 7 States with funds under the 511 Planning Assistance program.

FHWA hosted a National Summit on Transportation Operations, which identified both action items and TEA-21 reauthorization options supporting the advancement of transportation operations for 2002 and beyond. A self-assessment tool was distributed to assist local and State officials in evaluating their operation practices.

FHWA conducted an Evacuation Coordination Operational Test to demonstrate how integrated traffic management can enhance emergency management operations during hurricanes and other large-scale events.

FY 2002 Performance Plan Evaluation: DOT expects to meet the performance target.

TRANSIT RIDERSHIP: Public transit offers many benefits. It is one of the safest ways of traveling, relieves road congestion, and avoids air pollution. To achieve these benefits, transit must be convenient and cost-efficient. Federal transit investment combined with State and private sector funds enable this means of transportation.

Performance Goal:

Increase transit ridership to improve urban and rural mobility, and reduce traffic congestion.

Performance Plan:

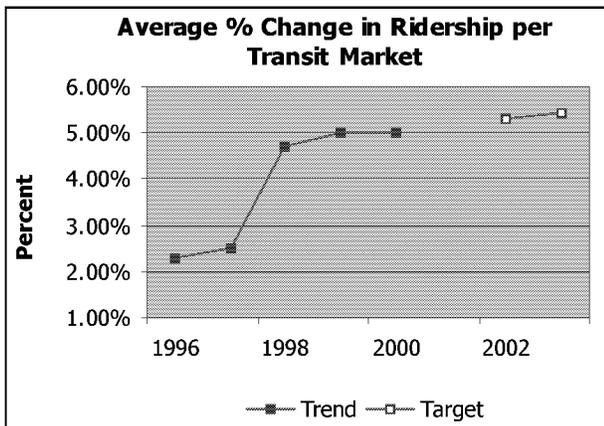
Performance measures:

Cumulative average percent change in transit passenger-miles traveled per transit market.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	N/A	5.3%	5.4%
Actual:	5.0%	5.0%	N/A		

Percentage of transit grants obligated within 60 days after submission of a completed application.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	N/A	60%	70%
Actual:	--	21%	51%		

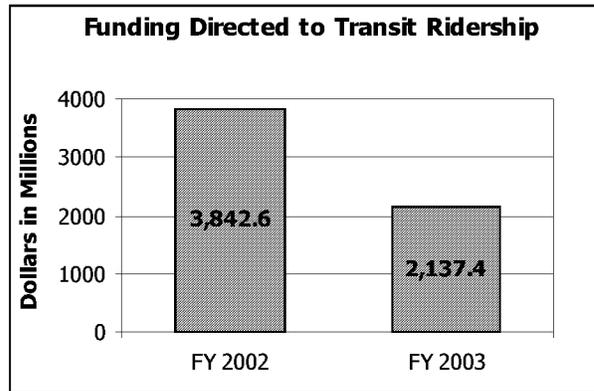
N/A - Not available.

External Factors: Communities are spreading farther away from the central cities, and jobs are increasingly located in the suburbs. This creates longer commutes and more scattered travel patterns. Rural areas and small communities are shifting from an agricultural to a service and manufacturing economy, creating a demand for public transportation. As more women enter the labor market, a larger share of workers will need to travel to childcare centers as well as work locations. All these factors will challenge traditional transit systems.



Strategies and Initiatives to Achieve 2003 Target:

DOT resources attributable to this performance goal are depicted below:



FTA provides grants to States and localities to develop new transit systems and extend existing systems, and provides transportation planning assistance to ensure that public transit systems are accessible, convenient, and well managed. FTA funds the research and deployment of transit technologies, which increase the reliability of transit, reduce trip time, and improve connectivity between modes. Improvements in reliability and greater access to high-quality transit services attract transit riders. FTA supports the development, deployment and dissemination of information on the bus rapid transit (BRT) technologies, which may reduce travel time and offer low capital cost alternatives to heavy and light rail transit service. FTA sponsors research and tests of innovative technologies such as fuel cells, hybrid electric buses, and alternative fuels that are less polluting than diesel fuels. FTA also works to improve the safety of public transit. All of these efforts implemented in various combinations by the State and local transit agencies encourage increased transit ridership and thus mobility, and support a reduction in congestion and emissions by mobile sources by offering a viable alternative to automobile travel.

In 2003, FTA will:

- invest in transit infrastructure to create new transit services, make transit available to more people in both urbanized and rural areas, and improve the condition of current transit services;
- provide \$73 million to Metropolitan Planning Organizations and State DOTs for planning activities to ensure that new transit services are accessible, convenient, and well managed; and
- conduct research to improve train control systems and fleet management, and to attract riders; and
- insure that grant applicants know how to get applications completed correctly the first time, and reach rapid decisions on applications received.

Other Federal Programs with Common Outcomes: DOT coordinates transportation, housing, economic development and environmental programs with several other Federal agencies. DOT and the Department of Health and Human Services jointly encourage local Medicare agencies to use regularly scheduled transit service for medical appointments in lieu of more expensive, specialized transportation. DOT and the Environmental Protection Agency jointly promote the Commuter Choice initiative that mitigates congestion and encourages transit use, and implement joint transportation planning and environmental guidance.

Performance Report:

FTA supplementary performance measure*:

Passenger-miles traveled (in billions) by transit.					
	1999	2000	2001	2002	2003
Target:	---	40.56	44.8	47.5	*
Actual:	43.3	45.1(r)	46.3		

** After 2001, this goal will be an operating administration performance goal and will continue to be tracked by FTA. Results will be discussed in the context of this performance goal.*

2001 Results: DOT met the performance target.

FY 2002 Performance Plan Evaluation: DOT expects to meet the performance target.

Management Challenge – Transit Grant Oversight (IG/GAO/OMB)

DOT grants to States and localities are a key tool to expand transit ridership. Oversight of these grants is a core management responsibility of FTA, and the IG, GAO, and OMB have identified ways to improve oversight. Over the past several years, FTA has worked to continuously improve its grants management by implementing better oversight activities and exercising full use of available enforcement tools to correct grantees' noncompliance with Federal regulations. As a result, FTA is reducing the risk associated with its grants program.

2001 and following:

FTA will use its project management oversight contractors (PMOC) to provide monthly reports on all phases of construction of transit projects. Tracking project contract changes and costs, and implementing measures to control cost will remain part of the PMOC responsibility.

To improve grantee compliance with statutory and administrative requirements, FTA will:

- Reduce by five percent per year the deficiency findings per triennial and State management oversight review. (FY 1998 baseline is an average of 3.2 deficiencies per review for triennial reviews and 6.9 deficiencies per review for State management reviews.) In 2001, an average of 8 deficiencies were found in triennial reviews, FTA's target for 2001 was 2.7 deficiencies per review. For State management reviews, FTA found an average of 6 deficiencies per review, only slightly above the reduction target of 5.92 deficiencies per review.
- Reduce by five percent per year the deficiency findings per financial management and procurement review. (FY 1998 baseline is an average of 10.5 findings per review.) In 2001, an average of 4.42 deficiencies were found in financial management reviews; the target for 2001 was 9.0 deficiencies per review. For procurement reviews, in 2000 FTA found an average of 8.5 deficiencies per review, slightly above the reduction target of 8.1 per review. (2001 procurement system review data not yet available.)

AVIATION DELAY: Commercial aviation delays are estimated to cost airlines over \$3 billion per year. Passengers are directly affected by missed flight connections, missed meetings, and loss of personal time. There are approximately 20 congested airports, each averaging over 20,000 hours of flight delay per year. Delays throughout the system are projected to increase as passenger travel demand continues to recover and rise.

Performance Goal:

DOT seeks to add aviation system capacity at a rate that matches demand, so that on-time arrival performance improves by one percentage point per year.

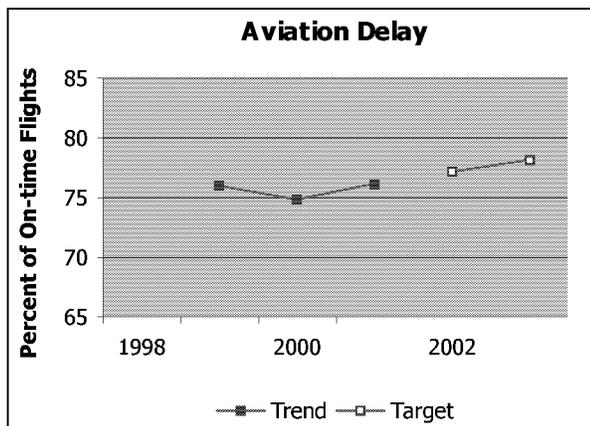
Performance Plan:

Performance measure:

Percent of on-time flights.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	N/A	77.2%	78.2%
Actual:	76%	74.9%	76.2%		

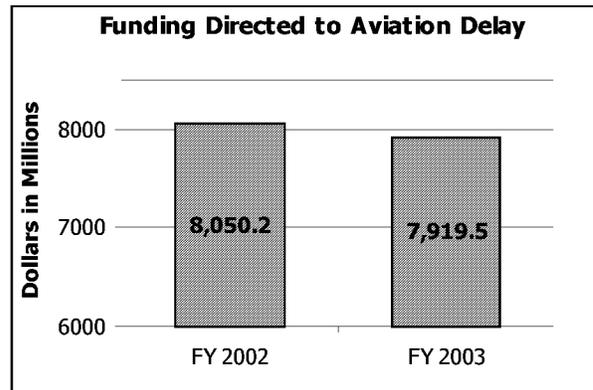
Note on data: The airlines, FAA and Bureau of Transportation Statistics have all agreed to use the percentage of flights arriving on time (within 15 minutes of scheduled arrival time) as a common measure of aviation delay.

External Factors: Delays throughout the National Airspace System (NAS) are generally the result of air traffic density and adverse weather. As traffic increases throughout the system, delays are likely to increase. Decisions by air carriers to concentrate operations in one or more hub airports, changing consumer demand for air travel, rapid population growth in urban centers, physical configurations of airports and terminals, and environmental considerations can either saturate or limit the ability to move aircraft to and from airports, and through congested airspace. Security induced flight delays may prove to be a significant variable.



Strategies and Initiatives to Achieve 2003 Target:

DOT resources attributable to this performance goal are depicted below:



FAA's service improvements designed to reduce delays will focus in four inter-related areas:

- working with airlines and airports in planning airlines' operations at congested hubs;
- airspace system modernization and shortening the time it takes to approve plans and build additional runways;
- insertion of specific technologies to improve airspace throughput capacity; and
- improved information and decision making processes.

Capacity benchmarks and joint FAA-airline flight decision-making combine to optimize flight scheduling at busiest air hubs:

FAA developed capacity benchmarks for 31 of the busiest U.S. airports to provide individual measures of peak capacity. Comparing actual aircraft handled to capacity benchmarks provides FAA with a measure of their efficiency in handling aircraft and information about how well FAA is preventing delays. Joint FAA-airline decision-making on flight movements allows a cost-effective approach to be taken in coping with weather and other delays. Airlines can provide

their preferences for routing and departure order of aircraft, so that the impact of delays can be minimized.

Technology insertion and enhanced information tools:

FAA will continue installing air traffic automation enhancements such as the Traffic Management Advisor (TMA) at up to twelve Air Route Traffic Control Centers serving the major hubs, and complete the implementation of the passive Final Approach Spacing Tool (pFAST) at Terminal Radar Approach Control centers located at Dallas-Ft. Worth, Los Angeles, Atlanta, Minneapolis, New York—JFK, and Newark. Both TMA and pFAST are used by controllers and air traffic managers to minimize delays for airport arrivals.

FAA is installing and improving two major systems to improve weather reporting, processing, and dissemination. The Integrated Terminal Weather System (ITWS) consolidates information from several sources, which will then be provided to airport towers to assist in managing weather delays. The Weather and Radar Processor (WARP) will report weather information and integrate weather radar data provided to the FAA centers to provide efficient routing of aircraft. FAA is continuing to implement and improve existing weather sensors such as Next Generation Weather Radar (NEXRAD), Terminal Doppler Weather Radar (TDWR), the Low Level Wind Shear Alert System, a wind shear detection channel for the terminal radar, and the Automated Surface Observation System (ASOS).

FAA has implemented and is evaluating an experimental demonstration program called Collaborative Convective Forecast Product (CCFP) at the Air Traffic Control System Command Center (ATCSCC). The CCFP provides a single forecast of thunderstorm and severe weather phenomenon, so NAS users can coordinate a system-wide approach to severe weather events. The FAA and the NAS operators have agreed to adopt the CCFP as the official forecast tool for planning purposes.

Operational process improvements and airspace redesign: As part of its collaborative efforts to reduce delays, the FAA has created a special data system, Aviation System Performance Metrics (ASPM), to provide metrics comparing actual versus scheduled performance by the phase of a flight. ASPM data contain, among other things, actual and scheduled arrivals and departures by

air carriers by airport, and the actual acceptance and departure rates by airport. The acceptance and departure rates reflect the arrivals and departures that can occur, based on standard air traffic management practices. The best employment of available ground resources (e.g., airport runways and taxiways, landing and take-off procedures, and air traffic personnel and equipment) will result in the highest available airport efficiency rates.

FAA is redirecting a major portion of its organization - 37,300 employees - into a results-oriented Air Traffic Organization (ATO), freeing most of the FAA to manage better, and modernize faster and more efficiently.

Other Federal Programs with Common Outcomes: NASA has developed enhanced software tools for air traffic control in partnership with the FAA.

The National Weather Service (NWS) has developed the Collaborative Convective Forecast Product. This product is utilized several times each day to forecast significant meteorological disturbances that could affect traffic flow.

Performance Report:

FAA supplementary performance measures*:

Aviation delays per 100,000 activities.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	171	171	*	*
Actual:	220	250	254		

Cumulative increase in throughput during peak periods at certain major airports.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	N/A	3%	*	*
Actual:	N/A	N/A	3.4%		

Cumulative increase in direct routings for en route flight phase.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	N/A	15%	*	*
Actual:	N/A	N/A	23.4%		

Percent of runways in good or fair condition (commercial service, reliever, and selected general aviation airports).					
	1999	2000	2001	2002	2003
Target:	93%	93%	93%	*	*
Actual:	95%	95%	95.8%		

Total number of runways accessible in low visibility.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	1,191	*	*
Actual:	1,084	1,109	1,229		

* After 2001, air traffic system capacity and air traffic system efficiency goals will be operating administration performance goals and will continue to be tracked by FAA. Results will be discussed in the context of this performance goal.

2001 Results: FAA met the throughput at certain major airports, en route direct routings, runway pavement condition, and runway low visibility access performance targets, but did not meet the aviation delay performance target.

The delay rate declined in six of the last seven months, and the total number of delays declined about 1.5%. Delays are concentrated primarily for flights serving several large hubs. While throughput and direct routings at certain airports may have increased, the airports used for the demonstration programs are not those where there are large numbers of delays. In addition, runway pavement is maintained at such a high level it is seldom a cause of delay, while increases in the number of vertically guided approaches again tend to benefit smaller airports that do not generally have delay problems.

Again this year, weather accounted for about 70% of all delays - Over 176 delays per 100,000 activities, but 1.5% less than in 2000. August 2001 was the highest weather delay month, accounting for over 13% of the total weather delay for the year. Reduced demand caused by the events of September 11, 2001 likely reduced September delays. Over 4.5 delays per 100,000 activities were due to equipment failure in FY 2001. This represents an increase of 1.54 delays per 100,000 activities over FY 2000. The National Operations Control Center (NOCC) will continue to collaborate daily with Traffic Management to

ensure NAS equipment services is available for use.

Volume delays increased by 5% over 2000. Delays during October and November exceeded 63 delays per 100,000 and significantly impacted the overall outcome for the year. LaGuardia airport, which accounted for nearly two-thirds of all volume delays in the first two months of the fiscal year, accounted for only about 10 percent of volume delays in the last two months of the year due to actions taken by DOT, FAA, Port Authority of New York, and system users.

“Other” delays, at about 36 per 100,000 activities, are down from about 39 per 100,000 activities in FY 2000. Runway construction at Houston and LaGuardia and the unavailability of Land and Hold Short Operations (LAHSO) at several airports have added to delays.

FY 2002 Performance Plan Evaluation: DOT expects to meet the performance target.

Management Challenge – Aviation System Capacity and Air Traffic Control Modernization (IG/GAO)

The FAA is engaged in a comprehensive program to modernize the air traffic control system. This includes replacement of the controller workstations and automation software; replacement of radar surveillance systems; modernization of voice communication systems; and the introduction of enhanced automation aids, data link, and improved weather systems. This modernization is necessary to keep pace with improvements in technology and to accommodate air traffic growth. There are significant management challenges associated with maintaining schedule and cost discipline, given the complex nature of the equipment and the need for the highest level of reliability, and in ensuring efficient and timely use of airport grant funds.

The Operational Evolution Plan (OEP) defines the FAA's commitment to implement capacity increasing enhancements within the NAS. Management of these efforts builds upon successful Free Flight program techniques that integrate well-defined operational concepts, early deployment, spiral development, and objective, measurable results. Through Radio Technical Communication Association (RTCA), the OEP efforts are synchronized with industry so that FAA

investment yields timely benefits. Responsibility for delivery of each new capability is assigned to a single senior executive who coordinates both acquisition and operational integration performance. The performance metrics for OEP projects map directly to organizational measures. This linkage ensures that resources are properly aligned with the FAA's commitment to increasing capacity.

The DOT IG reported that as of Sept. 2001, FAA had 62,000 obligations, totaling about \$200 million that had no expenditures within 18 months. The IG's review of 320 inactive obligations identified \$45 million that no longer represented valid liabilities. FAA will work with grantees to ensure that unused funds associated with completed, cancelled, or unnecessary airway or airport projects are put to good use, by working to reduce the dollar value of inactive obligations for aviation projects by 10 percent per year.

MARITIME NAVIGATION: More than two billion tons of freight worth \$1 trillion annually moves through U.S. ports and waterways. The St. Lawrence Seaway is the international shipping gateway to the Great Lakes, offering access and competitive costs with other routes and modes to the interior of the country. As trade increases, ensuring safe and unimpeded access to commercial and recreational vessel traffic will be increasingly important to the national economy. Navigational accidents and ice-choked shipping channels impact freight movements and increase the risk of environmental damage. Extending shipping routes in winter is crucial for many industries and for Northeastern U.S. home heating oil shipments where other transportation alternatives do not exist.

Performance Goal:

Reduce the amount of disruption to maritime commerce caused by marine accidents, and other impediments to around-the-clock, all weather navigation.

Performance Plan:

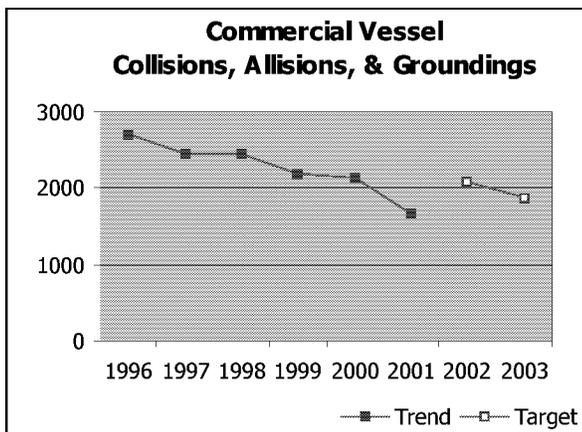
Performance measures:

Total number of commercial vessel collisions, allisions, and groundings.					
	1999	2000	2001	2002	2003
Target:	N/A	N/A	2,204	2,098	1,878
Actual:	2,194(r)	2,152(r)	1,677#		

Percentage of days in the shipping season that the U.S. portion of the St. Lawrence Seaway system is available.					
	1999	2000	2001	2002	2003
Target:	99%	99%	99%	99%	99%
Actual:	99.2%	98.7%	98.3%		

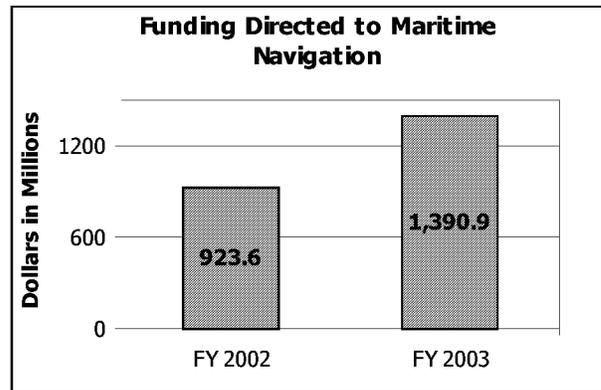
(r) Revised; # Preliminary estimate.

External Factors: Waterway disruptions caused by collisions, allisions and groundings are strongly affected by human error on the part of those piloting the ships. Faster, larger, deeper draft vessels will pose a greater risk of navigational accidents.



Strategies and Initiatives to Achieve 2003 Target:

DOT resources attributable to this performance goal are depicted below:



The Coast Guard operates and maintains a national aids to navigation (ATON) system and provides Ports and Waterways Safety Systems (PAWSS) in select ports. The Coast Guard also develops national and international standards for vessel navigation, manning, and crew qualifications, and enforces these standards.

MARAD acts as a catalyst to stimulate cooperative ventures and partnerships among the marine freight industry's public and private sectors to adapt new technologies and intermodal networks. These efforts will increase capacity in container ports to meet expected long-term increases in demand, including introduction of marine-rail intermodal systems with potential to double or triple existing port throughput capacity. Such a marine-rail interface project is being demonstrated at the Port of Tacoma in FY 2002.

Reducing human error will be the Coast Guard's major focus. The Coast Guard will also manage higher risk waterways using Vessel Traffic Services (VTS).

The Coast Guard will continue its effort to prevent accidents by developing navigation standards and providing navigation information and vessel traffic services to the maritime industry. It will respond to accidents to ensure minimal disruption to the transportation system. Finally, the Coast Guard will investigate accidents and work with its industry partners using the lessons learned to improve the ports and waterways safety, while at the same time facilitating commerce.

The Coast Guard will continue to put vessel horsepower restrictions in place, on an as needed basis, until ice conditions moderate. The Canadian and U.S. Coast Guards will also work closely with one another to provide icebreaking services on the Great Lakes where needed. Modifications to East Coast coastal buoy tenders have been made to minimize problems with engines overheating while operating in brash ice.

SLSDC will continue to focus on increasing the safety, security, reliability, and efficiency of the U.S. navigation facilities each shipping season, reducing the risk of vessel delays due to lock equipment failure, and improving maintenance and inspection systems. Specifically the SLSDC will:

- emphasize periodic inspections and surveys of locks and machinery, and implement lock structure improvement programs as recommended by the U.S. Army Corps of Engineers during the annual winter maintenance program.
- continue coordination with its Canadian counterpart agency to ensure consistency in the vessel inspection procedures of the two agencies and implement joint projects aimed at improving the safety and efficiency of the waterway and the two Seaway agencies.
- Use electronic navigation technologies to more efficiently manage vessel traffic control.

Other Federal Programs with Common Outcomes: The Coast Guard investigates marine accidents, and works with the National Transportation Safety Board (NTSB) to investigate major maritime accidents. The Coast Guard and SLSDC coordinate with the Army Corps of Engineers on general navigation and mobility issues. The Army Corps of Engineers dredges channels to maintain charted depth and width; and both the Corps and the Department of

Commerce (NOAA) provide navigation charts of U.S. ports and waterways. NOAA provides real-time environmental information on weather, tides, and currents to ships maneuvering in the Nation's waterways.

The Canadian St. Lawrence Seaway Management Corporation carries out counterpart programs. The SLSDC engages in information exchanges with the U.S. Army Corps of Engineers, which operates locks on U.S. inland waterways, and closely coordinates with Transport Canada, and with the International Joint Commission and St. Lawrence Seaway River Board of Control regarding water level conditions. The U.S. and Canadian Coast Guards coordinate icebreaking operations in the Great Lakes.

Performance Report:

USCG supplementary performance measure*:

Days critical waterways are closed due to ice. (2 days in an average winter; 8 days in a severe winter.)					
	1999	2000	2001	2002	2003
Target:	2-8	2-8	2-8	2-8	*
Actual:	0	0	7#		

The winter of 2000-2001 was classified as a severe winter.

* After 2001, this goal will be an operating administration performance goal and will continue to be tracked by USCG. Results will be discussed in the context of this performance goal.

2001 Results: DOT met the ship collision, allision and grounding, and waterway ice closures targets, but did not meet the St. Lawrence Seaway measure. Collisions, allisions and groundings are on the decline, resulting in significantly lower traffic disruptions in 2001. 47% of all waterway incidents were groundings, 32% were allisions, 15% were collisions and the remaining 6% were due to equipment failure, breakaways, pollution, sinking, fire, flooding, and structural failure. 39% of all collision, allisions and groundings involved barges.

Western Lake Erie and the lower Detroit River were closed for 7 days last year during a six-week period of severe winter. Icebreaking services kept commerce moving all season last year in New England.

Early ice formation on the Great Lakes caused significant traffic disruption in December 2000. Vessels in Western Lake Erie were beset, and over the four-month ice season, icebreakers assisted 543 vessels. Heavy ice concentrations resulted in implementation of one-way traffic schemes, waterway closures, and convoy operations. Coal at Canadian electrical generating stations was critically low, requiring more than 8 millions tons of coal to be shipped late into the shipping season.

In the Northeast, icebreakers kept commerce moving throughout the winter. In some areas, the Captain of the Port put vessels with lower propulsion power under movement restrictions until ice conditions moderated. Only three critical waterways were afflicted with ice conditions serious enough to require icebreaking services.

During the St. Lawrence Seaway's 2001 navigation season, the availability of the U.S. sectors of the Seaway, including the two U.S. locks maintained and operated by the Saint Lawrence Seaway Development Corporation (SLSDC) was 98.3 percent. This result was slightly below the target of 99 percent.

An analysis of the factors that caused system non-availabilities in 2001 indicates that the most common cause was weather (56.8 hours, or 51 percent of total non-availability). These weather delays usually occur at the beginning and end of each navigation season, and are caused by poor visibility, high winds, ice, blizzards, and dense fog. The other major factor that reduced lock availability in 2001 was vessel incidents (45.1 hours, or 41 percent of total non-availability). Vessel incidents involve ship operations, and are usually caused by human error on the part of a vessel's crew. Also included as incidents are vessel breakdowns, which are caused by mechanical problems with a vessel.

While none of these factors is directly under the control of the SLSDC, SLSDC is addressing them by joining with the Canadian St. Lawrence Seaway Management Corporation and the U.S. and Canadian Coast Guards, to institute a joint boarding program for the foreign vessels that use the Seaway. This vessel inspection program was certified as ISO 9002 compliant in 1998. In 2001, the SLSDC continued this program by inspecting 100 percent of all ocean vessels in Montreal. This improved inspection regime has saved vessels, on

average, four hours per transit and ensured that any safety or environmental issues are addressed prior to entering U.S. waters. As a result, delays were reduced and ocean carriers using the Seaway saved more than \$500,000 in operating costs during the 2001 season.

The SLSDC is also developing an Automatic Identification System (AIS)-based Vessel Traffic Management System (TMS) that is based on Global Positioning System (GPS) technology. The application of Universal AIS technology should enhance the efficiency of Seaway operations, improve the safety of navigation on the Seaway, and reduce vessel incidents when it is implemented during the 2002 navigation season.

Of the remaining factors that cause lockage shutdowns, the Corporation has the most control over the proper functioning of lock equipment. During the 2001 navigation season, only 6.9 hours of the 110.8 total hours of downtime (6 percent) were due to malfunctioning lock equipment.

FY 2002 Performance Plan Evaluation: DOT expects to meet the performance targets.

TRANSPORTATION ACCESSIBILITY: Transportation is vital in maintaining independence and mobility for people with disabilities, linking them to employment, health care, and participation in the community. The President’s New Freedom initiative seeks to create a more accessible public transportation system for individuals with disabilities. The Personal Responsibility and Work Opportunity Reconciliation Act limits the time a person can receive welfare benefits, and generally requires recipients to participate in job and training activities. For many of these people, access to transportation is the key to making a transition from welfare to work. Public transit helps connect our lower income population to employment.

Performance Goal:

Increase the accessibility of public transit systems to those with disabilities.

Increase mass transportation systems’ ability to provide access to job sites.

Performance Plan:

Performance measures:

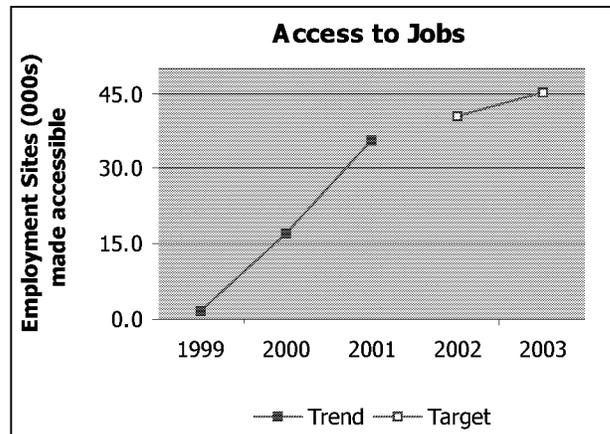
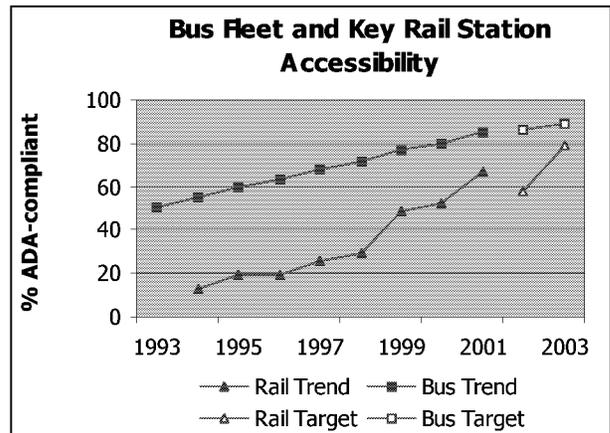
Percentage of bus fleets that are ADA-compliant.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	73%	80%	83%	86%	89%
Actual:	77%	80%	85%		

Percentage of key rail stations that are ADA-compliant.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	37%	47%	58%	68%	79%
Actual:	49%	52%	67%#		

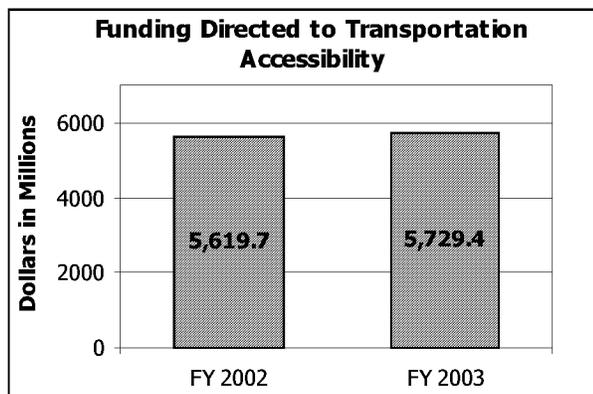
Number of employment sites (000s) that are made accessible by Job Access and Reverse Commute (JARC) transportation services.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	4.1	15.7	40.4	45.4
Actual:	1.7	17.0(r)	35.7#*		

(r) Revised. # Preliminary estimate; * does not reflect stations under a time extension as discussed below.

External Factors: As the population ages, more people will require accessible public transit. States and local agencies decide how to best allocate federally provided resources to ensure ADA compliance.



Strategies and Initiatives to Achieve 2003 Target: DOT resources attributable to this performance goal are depicted below:



FTA provides grants to help local transit operators meet the requirements of ADA and assess compliance at rail stations, which are then self-certified as compliant with ADA requirements. FHWA, FTA and other DOT organizations also work to improve the accessibility of other modes of transportation. FTA also provides grants to State and local governments and non-profit organizations representing the disabled, Native Americans, migrant workers, welfare recipients, and low-income individuals to create new and expanded transit services. The services are intended to move people from their homes to employment sites and other employment-related services, such as child-care and job training. Grants also support services that provide access to suburban employment sites.

FHWA will administer over \$1.5 billion in Congestion Management and Air Quality (CMAQ) funding. The CMAQ program is the major source of federal highway funds transferred to FTA for transit subsidies and other transit programs. Surface Transportation Program funds may also be used for transit purposes.

RSPA will guarantee critical and timely transportation services during natural and man-made disasters and national security crises.

In 2003,

- The President's New Freedom Initiative (\$145 million) will help to ensure transportation alternatives for Americans with disabilities. \$100 million in competitive matching grants to promote alternative transportation methods, including the purchase and operation of specialty vans and accessible vehicles. In addition, a pilot project program will make \$45 million available for innovative

approaches to overcoming transportation barriers faced by persons with disabilities.

- FTA's Formula Grants for Special Needs of Elderly Individuals and Individuals with Disabilities will provide funds to make transit more accessible (\$87 million). Funds provided by other Formula Grants, Capital Investment Grants, and Job Access and Reverse Commute Grants may also be used to buy new vehicles and facilities that are ADA compliant.
- FTA will continue to review grantee compliance with ADA. (\$0.6 million)
- FTA's Project ACTION will conduct research, develop technology, and provide technical assistance to transit operators providing accessible service. (\$3 million)
- FTA's Rural Transportation Accessibility Incentive Program will help operators of over-the-road buses finance ADA compliance. (\$0.75 million)
- FTA's Job Access and Reverse Commute program will provide grants to help implement new transportation services and continue existing service linking welfare recipients to jobs. (\$150 million)

Other Federal Programs with Common Outcomes: DOT participates in the DOT-HHS Coordinating Council with the Department of Health and Human Services. DOT develops transportation strategies to meet the needs of elderly and disabled people, and HHS ensures that its services are accessible to its clients. Helping people move from welfare to work is a goal shared by HUD's Bridges to Work, DOL's Welfare to Work (WTW), and HHS's Temporary Assistance to Needy Families (TANF) programs. Federal funds from these Departments may be used as part of the local match to DOT's Job Access grants and other non-DOT Federal aid. DOL and HHS have increased the scope and flexibility with which both WTW and TANF funds can be used for transportation purposes. Not only may these funds be used to fund clients' trips, but also these funds may now be used to fund new and expanded transportation services similar to the Job Access and Reverse Commute Program. Individual family reporting requirements and benefit time limits do not apply when WTW and

TANF funds are used for new and expanded transportation service development.

Performance Report:

2001 Results: DOT met all performance targets. The rail station compliance increased 15% from last year, and DOT far surpassed the job site access target.

The bus transit fleet continues to become more accessible as older vehicles are replaced with those that are lift equipped or have low floors. The overall rate of increase in bus accessibility has slowed somewhat since many of the buses being replaced were already lift-equipped.

There are a total of 685 key rail stations nationwide at 33 transit properties. "Key stations" are designated by the commuter authority or light/rapid rail operator in cooperation with the local disability community. Criteria for identifying key stations include the number of passenger boardings, whether or not the station is a transfer station, a major interchange point, or an end station, and whether the station serves major activity centers.

Time Extensions, as authorized by 49 CFR 37.47 (c)(2) permitted the FTA Administrator to grant an extension of the July 26, 1993, completion date for key station accessibility up to July 26, 2020 for stations requiring extraordinarily expensive structural modifications (e.g., installation of elevators, raising entire passenger platforms, or alterations of similar magnitude and cost). There are a total of 138 key stations currently under Time Extensions. For those stations not meeting the statutory requirements for the granting of Time Extensions, but still needing extra assistance, Voluntary Compliance Agreements (VCA) were established. VCA's are written agreements between FTA and grantees, whereby grant recipients commit to schedules and milestones to reach compliance. Failure to meet agreed upon schedules and milestones, along with a determination of the lack of good faith, can result in referral to the Department of Justice for enforcement.

The most important aspect of ADA rail oversight is key station assessments. Since 1995, FTA has assessed more than 485 stations. FTA employees take on-site measurements, record specific accessibility features at stations, and simultaneously provide technical assistance.

Assessments ensure that stations certified as ADA-compliant remain in compliance with current standards.

Voluntary Compliance Agreements (VCA), establishing quarterly key rail station status reports, and key rail station assessments have significantly increased the number of fully compliant key rail stations over the last several years.

FTA continued to fund Job Access and Revers Commute grant requests that were submitted in FY 2000 as well as Congressionally-designated projects in FY 2001. FTA approved 148 Job Access grants and amendments for \$85.6 million. In addition, FTA granted applicants pre-award funding authority to permit the selected applicants to start proposed services while their final applications were being processed. FTA also set reporting requirements to obtain information on the stated performance measures of reaching new job sites and on service effectiveness and efficiency. This information is to be reported in each grantee's quarterly progress report that is required once FTA obligates grant funding.

FY 2002 Performance Plan Evaluation: DOT expects to meet the performance target.

INTERNATIONAL AIR SERVICE: Since the 1940's international air transportation has been subject to restrictive bilateral agreements that raise prices and artificially suppress aviation growth. DOT's policy is to negotiate bilateral agreements to open international air travel to market forces, thereby removing limitations on the freedom of U.S. and foreign airlines to increase service, lower fares, and promote economic growth. These agreements have made it possible for the airline industry to provide better quality, lower priced, more competitive service for millions of passengers in thousands of international city-pair markets.

Performance Goal:

Increase the number of countries with which the United States has "open-skies" agreements and to increase the number of passengers that benefit from these agreements.

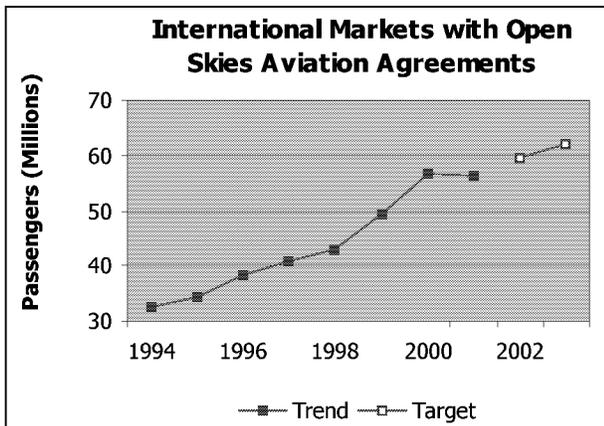
Performance Plan:

Performance measure:

Number of passengers (in millions) in international markets with open skies aviation agreements.					
	1999	2000	2001	2002	2003
Target:	43.4	44.7	51.6	59.7	62.1
Actual:	49.4	56.8(r)	56.2#		

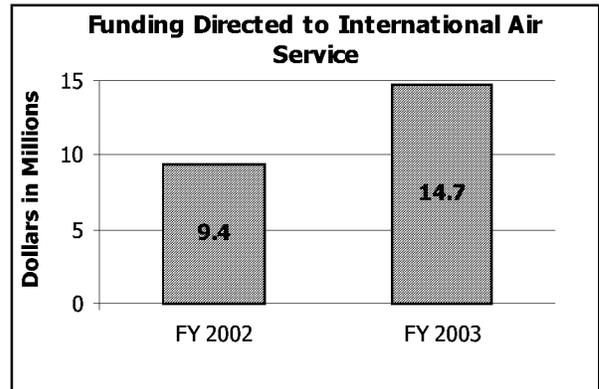
(r) Revised; Preliminary estimate

External Factors: Agreements to foster greater access are negotiated on a nation-by-nation basis, and must balance conflicting interests. Negotiating agreements and achieving passenger growth goals may be influenced by the strength of the world's economy and by regional economic cycles.



Strategies and Initiatives to Achieve 2003 Target:

DOT resources attributable to this performance goal are depicted below:



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 practices, mergers, and international alliances. As the United States moves towards a multilateral approach to air service agreements, an understanding of long-term trends in the airline industry's operating and competitive structures is required to formulate and execute effective negotiating strategies to ensure pro-competitive liberalization.

Additional staff in 2003 will help build a strong core of experienced analysts having broad policy backgrounds and capable of using sophisticated analytical tools to meet these challenges.

Other Federal Programs with Common Outcomes:

The Department of State works with DOT in negotiations that support the U.S. goal of international aviation trade liberalization.

Performance Report:

2001 Results: DOT met the performance target. DOT added seven new open-skies agreements –

with Morocco, Rwanda, Malta, Benin, Senegal, Poland and Oman. By the end of FY2001, 54 nations had agreed to open-skies with the United States. In addition, the United States has an “open-transborder” agreement with Canada.

FY 2002 Performance Plan Evaluation: DOT anticipates meeting the 2002 target.

ESSENTIAL AIR SERVICE: Under the EAS program, the Department subsidizes an air carrier to provide scheduled air service only if no carrier is willing to provide the service subsidy-free. Communities in the continental United States, Hawaii, Puerto Rico, and the U.S. territories (“non-Alaska”) receive subsidized air service, and 32 more in Alaska. Service needs at the Alaskan communities are unique, are determined on a case-by-case basis, include cargo as well as passengers, and thus are difficult to measure.

Performance Report:

Discontinued performance measures:

Percent of subsidized communities with at least 3 round trips/day, 6 days/week (18 round trips/week).

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	75%	75%	75%	*	*
Actual:	78%	77%	78%		

Percent of subsidized communities with at least 2 round trips/day, 6 days/week (12 round trips/week).

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	100%	100%	100%	*	*
Actual:	100%	100%	100%		

(r) Revised.

** Since the terrorist events of September 11th, the Essential Air Service program has changed significantly. Funding has more than doubled, and the baseline program is likely to change for some time. Therefore, the performance measure was discontinued after 2001.*

External Factors: The backbone of the EAS program for the past decade has been pressurized 19-seat aircraft. For a number of reasons, this aircraft size is being phased out of many airlines’ fleets and being replaced with larger, more costly aircraft.

2001 Results: DOT met both performance targets. 81 communities received subsidized air service out of the 500+ non-Alaskan eligible communities. Sixty-three of those 81 received at least three round trips/day, six days a week. Industry practice is that more than two round trips/day are needed to maintain a viable market. 78% of the subsidized communities receive the higher level of service.

In FY 2001, out of the EAS Program’s \$50 million annual budget, contracts totaling \$49 million were entered into with air carriers to provide essential

air service at 113 communities in the United States and its territories. DOT also contacted other carriers to alert them to the market opportunity opening up whenever an existing carrier reduced or eliminated service to an eligible community.

Other Federal Programs with Common Outcomes: None.

COMMERCIAL SHIPBUILDING: Like other industries that in the past depended upon defense contracting, U.S. shipyards need to maintain economic viability through commercial production.

Performance Report:

Discontinued performance measure:

Gross tonnage (in thousands) of commercial vessels on order or under construction in U.S. shipyards.

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	510	520	530	*	*
Actual:	595(r)	1,100	1,162#		

(r) Revised; # Preliminary estimate.

* The President's Budget requests no funding other than program administration funds in FY 2003. These funds will be used by MARAD to administer unobligated prior year funding balances, and take aggressive action to minimize future loan defaults by entities holding loans guaranteed under the Title XI program. Therefore, this performance measure was discontinued after 2001 but will continue to be tracked by MARAD.

External Factors: The ongoing consolidation within the U.S. shipbuilding industry and corporate decisions by U.S. shipyards to focus on military ship construction could significantly reduce commercial ship production.

2001 Results: DOT met the performance target.

Other Federal Programs with Common Outcomes: The U.S. Trade Representative (USTR) and the Department of State along with other Government agencies work to end trade-distorting practices and open international markets for U.S. shipyards. Through the National Shipbuilding Research Program - American Shipbuilding Enterprise, the Naval Sea Systems Command assists the shipbuilding industry in developing modern shipbuilding processes and procedures.

Management Challenge: Reducing DOT Liabilities for Title XI Ship Construction Loan Defaults (IG)

The DOT IG has stated that DOT should act to protect the Government's interests and seek to stop the recent increase in Title XI ship construction loan defaults.

In order to administer the Title XI program more effectively with the presently available resources and to minimize the risk of defaults, MARAD is considering changes to program requirements. MARAD will evaluate these potential changes in conjunction with any changes that may be recommended by the DOT IG after completion of the IG's currently ongoing Title XI program review.

TRANSPORTATION AND EDUCATION: Many Federal programs work to foster an educated, innovative, and highly skilled transportation workforce in the 21st Century. Such a workforce is needed to enable the U.S. to compete effectively in the global economy, and provide its people with a safe, efficient transportation system.

Performance Report:

Discontinued performance measures:

Number of students graduating with transportation-related advanced degrees from universities receiving DOT funding.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	N/A	1,046	1,203	*	*
Actual:	1,086	1,154	1,160#		

Cumulative number of students (in thousands) reached through the Garrett A. Morgan Technology and Transportation Futures Program.					
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Target:	650	3,000	5,000	*	*
Actual:	1,502	3,000	N/A		

Preliminary estimate; N/A Not available.

* After 2001, the first goal above will be an operating administration performance goal and will continue to be jointly tracked by FHWA, FTA, and RSPA. The second performance goal has been completed, and is therefore discontinued. Data collection issues described below make this performance goal untenable.

FY 2001 Results: Data are incomplete. Seven of 33 University Transportation Centers (UTC) have not yet reported their final annual data due to various factors, including: late-year grant funding cycles, and revisions currently being made to final data. For those UTCs not yet reporting, the prior year's data were used. The actual total once all UTCs have reported is expected to be higher than the current incomplete total of 1,160 students.

AMTRAK RIDERSHIP: Intercity rail passenger service benefits Americans by providing a transportation alternative to air or automobile travel, and thereby helps to reduce congestion, improve air quality, and decrease energy consumption. Amtrak has not been able to cover its operating and capital costs effectively even with substantial Federal subsidies.

Performance Report:

Discontinued performance measure:

Intercity ridership (millions of passengers).					
	1999	2000	2001	2002	2003
Target:	N/A	23.7	25.3	*	*
Actual:	21.5	22.5	23.5		

** Due to the ongoing policy review of intercity passenger rail service, this performance goal is discontinued after 2001.*

External Factors: Amtrak is a for-profit corporation, and outside the Northeast Corridor, commercial railroads own both rights-of-way and operating systems. This can create problems in achieving on-time performance (and customer satisfaction) on lines congested by freight trains.

2001 Results: DOT did not meet the performance target.

Excluding State subsidies and other Federal and State payments, Amtrak has made very little progress in improving the economics of its core passenger and allied businesses since the mid-1990s. From 1994 through 2000, the net constant-dollar reduction in the annual operating deficit for Amtrak’s “core business” amounted to about \$100 million - compared with an annual deficit in the range of \$600 to \$700 million during that period. Amtrak’s diversification of its revenue base has not had any appreciable impact on the corporate cash loss since 1995.

On a constant dollar basis, the cost to generate each passenger-mile on Amtrak has grown by about 17 percent since 1994 – or about 2½% per year – thus counterbalancing any benefit from increased revenues. Trends for the expense and revenue increases are parallel rather than converging. Had expense increases been held to inflation from 1994 to the present, the system-wide deficit per passenger-mile would be only 7½ cents, almost half the 13½ cents that Amtrak presently generates; and the cash losses would likewise be about half of what they are today. Amtrak’s productivity has declined in real terms since the mid-1990s.

Other Federal Programs with Common Outcomes: None.

Management Challenge – Amtrak Financial Viability (IG/GAO)

The 1997 Amtrak Reform and Accountability Act mandated that Amtrak develop a plan to eliminate its need for Federal operating support by FY 2003. The DOT IG, in a January 2002 report on Amtrak’s Financial Performance and Requirements, observed that: 1) Amtrak is no closer to operational self-sufficiency than it was in 1997; 2) There is insufficient time for Amtrak to become self-sufficient by the December 2, 2002 deadline; 3) Amtrak will likely need additional funding this year to continue operating; 4) Additional borrowing against assets—such as the 2001 mortgaging of Penn Station—would adversely affect the long-term prospects for the railroad; 5) Even if Amtrak becomes operationally self-sufficient this year, it will still need substantial Federal funds for capital improvements; and 6) Deferral of routine maintenance is starting to catch up with Amtrak. Similarly, GAO has discussed Amtrak’s need for greater progress toward the goal of operating self-sufficiency.

Amtrak has not made sufficient progress toward its goal of operating self-sufficiency in 2002, and the Amtrak Reform Council found that Amtrak would not reach operating self-sufficiency by December 2002.

TRANSIT SYSTEM CONDITION: Public transit provides people with reliable ways to get around day by day, whether they are going to and from work, school, entertainment, or shopping. DOT can enable transit agencies to improve bus and rapid rail fleet condition to serve the needs of the Nation’s cities.

Performance Report:

Discontinued performance measures:

Average condition of motor bus fleet (on a scale of 1 (poor) to 5 (excellent)).					
	1999	2000	2001	2002	2003
Target:	N/A	3.15	3.20	3.25	*
Actual:	3.13	3.21	3.02		

Average condition of rail vehicle fleet (on a scale of 1 (poor) to 5 (excellent)).					
	1999	2000	2001	2002	2003
Target:	N/A	3.19	3.24	3.29	*
Actual:	3.14	3.25	3.48		

** After 2001, this goal will be an operating administration performance goal and will continue to be tracked by FTA. Results will be discussed in the context of the Transportation Accessibility performance goal.*

External Factors: State and local agencies allocate Federal urban transportation resources. Further, impact of today’s capital investments will not be realized for several years. In the meantime, changes in the national and regional economies may affect transit investment, maintenance, and use.

2001 Results: DOT met the target for improving the condition of the rail vehicle fleet, but did not meet the target for improving the condition of the motor bus fleet.

Other Federal Programs with Common Outcomes: None.