



MESSAGE FROM THE SECRETARY



When I was sworn in as Secretary of Transportation in October 2006, I convened the Department's senior management team to review the challenges we had to face together over the coming year. I advised them that we were not going to shy away from the tough issues, but instead face challenges head-on. I also encouraged them to take a fresh look at our transportation policies in order to find creative ways to make it safer, easier, and more efficient to move people and products across our vast networks.

The agenda I laid out was simple and straightforward we must work to find the best way to tackle today's most pressing transportation challenges, including improving safety, improving system performance and reliability, and finding 21st century solutions to 21st century problems.

Finally, I asked them to join me in committing to achieve real results. These are the outcomes that the American people will judge us by — results that they can see improving their quality of life and making their communities more productive and prosperous.

IMPROVE SAFETY

The United States has attained an unparalleled safety record in our airspace in recent years, and the number of fatalities on our Nation's roads fell last year to the lowest rate ever recorded. We are proud that our transportation systems are safer than they have ever been before, but much work remains if we are to continue to lower the number of highway fatalities and reduce accidents that occur in commercial and general aviation.

To enhance our efforts to improve highway safety, the Department has begun to focus on the key areas that contribute to the highway fatality rate. We have developed new measures to track fatalities among occupants of passenger vehicles, non-occupants such as pedestrians and cyclists, victims of large truck and bus crashes and motorcycle riders. A stronger focus on the subsets of crash victims will provide greater insight on where we ought to be directing our safety resources. We intend to report on these new measures in the Fiscal Year 2008 Performance and Accountability Report.

We are also putting technology to work to improve highway safety. By September 1, 2011, all new passenger vehicles will be equipped with Electronic Stability Control, a new safety standard that has the potential to save up to 9,600 lives annually. Additionally, the Federal Motor Carrier Safety Administration (FMCSA) is testing a technology suite in tractor trailers that will monitor truckers' driving behavior in order to deter unsafe driving practices.

Both the Federal Highway Administration (FHWA) and FMCSA are pursuing broad, large-scale improvements in safety; one is directed outward at the States and other is directed inward, toward the agency. FHWA worked with all 50 States and the District of Columbia to develop Strategic Highway Safety Plans. With these plans, States have a roadmap for the improvements they need to make to address their specific safety challenges. Through the Comprehensive Safety Analysis 2010, FMCSA is examining its internal activities and developing an efficient new operational model to use its resources more effectively to address motor carrier safety.

The Federal Aviation Administration (FAA) is likewise taking a multi-faceted approach to safety. The Aviation Safety organization within the FAA is committed to a systems-based approach to safety; in 2006 it received ISO 9000 certification, meeting quality management standards that are recognized and respected worldwide. The FAA is also looking anew at how human error creeps into both air traffic controller and pilot performance, and is addressing this issue in its Safety unit and the Air Traffic Control organization, as well as through its research programs. FAA continues to invest in technology and equipment, such as Airport Surface Detection Equipment, Model X (ASDE-X), to improve safety on the ground and in the air.

IMPROVE SYSTEM PERFORMANCE AND RELIABILITY

To ensure the mobility that is critical to our Nation's continued economic prosperity, we must address mounting congestion in the sky and on our highways. Last year the Department rolled out its National Strategy to Reduce Congestion on America's Transportation Network in 2006, and this year we have taken innovative and concrete steps to provide Americans with immediate congestion relief in surface transportation through Urban Partnerships with five metropolitan areas: Miami, Minneapolis, New York City, San Francisco and Seattle.

The Department and its Urban Partners have agreed to pursue four strategies with a combined track record of effectiveness in reducing traffic congestion, collectively referred to as the "Four Ts": tolling, transit, telecommuting, and technology and operations. And through the Corridors of the Future Program, DOT provided support for six multi-modal investment proposals that adopt innovative financing models as a means to add capacity and reduce congestion on some of our most critical trade corridors.

We are also pursuing ground-breaking approaches to improving aviation mobility. Four years ago, Congress authorized the creation of the Joint Planning and Development Office (JPDO) to manage a public/private partnership to bring the Next Generation Air Transportation System (NextGen) on line by 2025. Six Federal agencies support the efforts of the JPDO: the Departments of Transportation (including the FAA), Defense, Homeland Security and Commerce, NASA, and



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the White House Office of Science and Technology Policy. When implemented, the satellite-based NextGen system will fundamentally transform the way the United States controls aviation traffic. In the interim the FAA is also making significant operational improvements by redesigning the airspace for particularly congested areas like New York, funding new runways, and developing area navigation routes that will allow aircraft to fly point-to-point operations that are not restricted by the location of radar.

INCREASE GLOBAL CONNECTIVITY

The globalization of the American economy requires more efficient and cost effective movement of passengers and cargo throughout international transportation systems, and the Department has been in the forefront of reducing barriers to worldwide mobility. In the past, transatlantic travel between the United States and the European Union (EU) — which constitutes 60 percent of all international travel — has been restricted by bilateral agreements. In April, the United States and the EU signed an historic Open Skies agreement that lifts restrictions on the number of flights, aircraft, and routes between the two, making more flights available and lowering costs.

And in July, the United States and China signed an agreement to open up airways and double the number of daily flights allowed between the two countries over the next five years. The agreement also allows for new cargo flights operating to and from the United States and China. By increasing competition, allowing more flight options, and reducing costly stops and layovers, these new direct routes are expected to lower fares and increase convenience for both business and leisure passengers to travel to China. Estimates predict that this accord will generate as much as \$5 billion in passenger and cargo revenues for the airline industry alone over the next six years and will produce as much as \$8 billion in new economic activity in the United States.

MINNEAPOLIS BRIDGE COLLAPSE

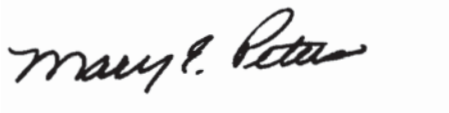
In the midst of all the year's successes, we must not forget the tragedy in Minneapolis this summer when the I-35W Bridge collapsed during rush hour. Officials from FHWA were on the bridge site within 30 minutes of the report that it collapsed and worked closely with the National Transportation Safety Board (NTSB) as they conducted a thorough investigation. In response to the tragedy, FHWA issued two technical advisories: one strongly encouraging States to re-inspect all steel-deck truss bridges and follow up on any critical finds, and another advising States to ensure that the construction equipment loads and stockpiled raw materials placed on a structure do not exceed its load limit. We await the NTSB findings along with a program audit by the DOT Office of Inspector General, which may result in additional recommended improvements to the Bridge program to deliver the highest levels of bridge safety.

PROGRAM AND FINANCIAL PERFORMANCE

Our FY 2007 Performance and Accountability Report contains performance and financial data that are substantially complete and reliable. The Performance Data Completeness and Reliability section in the report contains a detailed assessment of the inadequacies in DOT’s performance data, and explains how we will remedy those deficiencies. DOT has a clean audit. We will continue to make improvements throughout FY 2008.

CONCLUSION

Our achievements from the past year inform, but do not limit, our direction. The employees at the Department of Transportation have the talent, creativity and innovative spirit to continue to produce tangible results for the American people, making our communities more prosperous and improving our quality of life. By focusing on real results, we find ourselves on the brink of new and exciting programs that will further our ability to provide a safe, effective, and efficient transportation system for all Americans.



November 15, 2007