

Policy, Performance and Program Outlook

"We are results-oriented people, and we work on behalf of the taxpayers. And when we find wasteful spending, we work to eliminate it. When we find a program that is making a significant difference, we work to enhance it."

*President George W. Bush
October 13, 2006*

The U.S. Department of Transportation (DOT) continues to be a leader among Federal agencies in supporting the President's Management Agenda and instituting the use of performance-based budgeting in its internal processes. The fiscal year (FY) 2008 budget request builds on DOT's successful implementation of the Government Performance and Results Act of 1993 by strengthening the linkages between budgetary resources and programmatic and performance outcomes that benefit the Nation. The resources requested in the Department's FY 2008 budget will enable DOT to achieve a transportation system that is safe, efficient, and secure. At the departmental level, performance goals and measures focus on core transportation missions and reflect the Secretary's transportation priorities of safety; reduced congestion; global connectivity; environmental stewardship; security, preparedness and response; and, organizational excellence.

The budget documents for DOT's individual operating administrations reflect the successful steps to integrate budget and performance. Beginning with the FY 2004 budget cycle, DOT organized its Office of Management and Budget (OMB) and congressional budget submissions in such a way that the linkages between additional resources and improved performance would be more apparent. The linkages were further strengthened for the FY 2005 budget submissions. The FY 2006 budget submission began DOT's efforts to take performance budgeting to the next level by estimating the marginal cost of changes in program performance goals at different levels of funding for selected programs. FY 2007 extended this effort across the Department as each operating administration estimated the marginal cost of performance for at least one of their performance goals. The Department is increasing its use of marginal cost information in FY 2008 by identifying marginal cost for certain programs with discretionary budget changes.

Program Assessment Rating Tool

The Department uses a standard questionnaire developed by OMB called the Program Assessment Rating Tool (PART) to evaluate many of its programs. The PART asks approximately 25 important, yet common sense questions about a program's performance and management. For each question, there is a short answer and a detailed explanation with supporting evidence. The answers determine a program's overall rating. Once each assessment is complete, we develop a program improvement plan so we can follow up and improve the program's performance.

PART assessments help us learn how we can achieve better results for the American people - we are always striving to make improvements, regardless of whether a program performs well or not.

The rating indicates how well a program is performing, so the public can see how effectively tax dollars are being spent. Programs can receive one of the following five ratings:

- Effective -- This is the highest rating a program can achieve. Programs rated Effective set ambitious goals, achieve results, are well-managed, and improve efficiency.
- Moderately Effective -- In general, a program rated Moderately Effective has set ambitious goals and is well-managed. Moderately Effective programs likely need to improve their efficiency or address other problems in the program's design or management in order to achieve better results.
- Adequate -- This rating describes a program that needs to set more ambitious goals, achieve better results, improve accountability, or strengthen its management practices.
- Ineffective -- Programs receiving this rating are not using your tax dollars effectively. Ineffective programs have been unable to achieve results due to a lack of clarity regarding the program's purpose or goals, poor management, or some other significant weakness.
- Results Not Demonstrated -- A rating of Results Not Demonstrated indicates that a program has not been able to develop acceptable performance goals or collect data to determine whether it is performing effectively.

The table below lists the PART assessments that have been conducted for DOT programs along with the responsible Operating Administration (OA), the associated budget cycle the assessment was completed, and the overall rating:

Program	OA	Budget Cycle, FY	PART Rating
Grants-in-Aid for Airports	FAA	2004	Moderately Effective
Federal Motor Carrier Safety Grants	FMCSA	2004	Moderately Effective 1/
Highway Infrastructure	FHWA	2004	Moderately Effective
National Highway Traffic Safety Administration Grants	NHTSA	2004	Moderately Effective
Air Traffic Services	FAA	2005	Adequate
Federal Lands Highway Program	FHWA	2005	Moderately Effective
Hazardous Materials Transportation Safety Emergency Preparedness Grants	PHMSA	2005	Moderately Effective
New Starts	FTA	2005	Moderately Effective
Research, Engineering and Development	FAA	2005	Effective
Railroad Safety Program	FRA	2005	Moderately Effective
FAA Facilities and Equipment	FAA	2006	Adequate
Aviation Safety	FAA	2006	Moderately Effective
Highway Research and Development/ Intelligent Transportation Systems	FHWA	2006	Moderately Effective
Operations and Programs	FMCSA	2006	Moderately Effective
Railroad Research and Development	FRA	2006	Moderately Effective
Formula Grant Programs	FTA	2006	Effective
Maritime Security Program	MARAD	2006	Effective
Operations and Research	NHTSA	2006	Moderately Effective
Pipeline Safety	PHMSA	2006	Moderately Effective
Amtrak	FRA	2007	Ineffective
Highway Emergency Relief Program	FHWA	2007	Moderately Effective
Merchant Marine Academy	MARAD	2007	Moderately Effective
State Maritime Schools	MARAD	2007	Effective

Program	OA	Budget Cycle, FY	PART Rating												
Hazardous Materials Transportation Safety	PHMSA	2007	Moderately Effective												
Operations and Maintenance	SLSDC	2007	Effective												
Transportation Infrastructure Finance and Innovation	FHWA	2008	Adequate												
Transit Research	FTA	2008	Effective												
Ocean Freight Differential	MARAD	2008	Moderately Effective												
Ship Disposal Program	MARAD	2008	Effective												
Guaranteed Loan Program (Title XI)	MARAD	2008	Moderately Effective												
Bureau of Transportation Statistics	RITA	2008	Moderately Effective												
Essential Air Service	OST	2008	Results Not Demonstrated												
1/ The Federal Motor Carrier Safety Grants PART Rating was upgraded to Moderately Effective in FY 2005.															
<p>Note:</p> <table> <tr> <td>Federal Aviation Administration (FAA)</td> <td>Research and Innovative Technology Administration (RITA)</td> </tr> <tr> <td>Federal Motor Carrier Safety Administration (FMCSA)</td> <td>Federal Transit Administration (FTA)</td> </tr> <tr> <td>Federal Highway Administration (FHWA)</td> <td>Federal Railroad Administration (FRA)</td> </tr> <tr> <td>National Highway Traffic Safety Administration (NHTSA)</td> <td>Maritime Administration (MARAD)</td> </tr> <tr> <td>Pipeline and Hazardous Materials Safety Administration (PHMSA)</td> <td>Office of the Secretary (OST)</td> </tr> <tr> <td>Saint Lawrence Seaway Development Corporation (SLSDC)</td> <td></td> </tr> </table>				Federal Aviation Administration (FAA)	Research and Innovative Technology Administration (RITA)	Federal Motor Carrier Safety Administration (FMCSA)	Federal Transit Administration (FTA)	Federal Highway Administration (FHWA)	Federal Railroad Administration (FRA)	National Highway Traffic Safety Administration (NHTSA)	Maritime Administration (MARAD)	Pipeline and Hazardous Materials Safety Administration (PHMSA)	Office of the Secretary (OST)	Saint Lawrence Seaway Development Corporation (SLSDC)	
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The FY 2008 budget formulation process continues to fully incorporate the use of OMB's PART findings in resource allocation decisions. The PART is intended to gauge whether a program's design and purpose are clear and defensible; weigh whether the agency sets valid annual and long-term goals for programs; rate agency management of programs, including financial oversight and program improvement efforts; and, focus on results. The PART process is meant to complement traditional management techniques and to stimulate a constructive dialogue between program managers, and budget and policy officials. The information gathered through the PART was provided to senior officials and was instrumental in making decisions regarding programmatic funding requests.

Managing for Results















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

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

To highlight the successes of Federal agencies in implementing the PMA, the Presidential Award for Management Excellence - the President's Quality Award (PQA) - is bestowed upon agencies that best achieve the objectives of the PMA. The PQA is the highest award given to Executive Branch agencies for management excellence. At the 2006 awards ceremony, the Department of Transportation was recognized for its achievement in both Budget and Performance Integration and Competitive Sourcing.

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

PRESIDENT'S MANAGEMENT AGENDA SCORECARD

Initiative	Status as of 12/31/06	Progress as of 12/31/06
Human Capital - DOT continued to strengthen its human capital management by gaining provisional certification for its Senior Executive Service (SES) Performance Plan and a SES pay plan that links pay to organizational performance. Also, all employees have performance plans with a multi-level performance rating system.	 Green	 Green
Competitive Sourcing - DOT maintained a "green" rating in status, but dropped to "yellow" in progress due primarily to the limited number of future competitions scheduled.	 Green	 Yellow
Improved Financial Management - DOT remains "red" for status and "yellow" for progress. For its FY 2006 financial statements, DOT received a qualified audit opinion due to a new FAA auditor-reported material weakness in timely processing of Construction-In-Progress account balances. The Department has developed action plans to address the shortfalls identified by the audit.	 Red	 Yellow
E-Government - DOT's progress was downgraded to "yellow" because DOT did not provide a required Earned Value Management System implementation plan for remaining development/modernization/enhancement (DME) systems. However, DOT has made significant strides on this initiative, including certifying and accrediting over 99 percent of operational information technology systems and completing all E-Government implementation plans and milestones.	 Yellow	 Yellow
Budget and Performance Integration - DOT is a leader in the Government on Budget and Performance Integration and has achieved and maintained its "green" status. DOT's FY 2008 Budget submissions incorporated PART findings and are structured to show full costs by strategic goal.	 Green	 Green
Eliminating Improper Payments - DOT is working to eliminate improper payments and has made significant progress as evidenced by the status rating improving to "yellow." Notable achievements in this initiative included a research project with the State of Tennessee to develop a statistical methodology for testing for improper payments at the local level. Based on this research effort, DOT successfully established a nationwide improper payment rate in FHWA's highway planning & construction program. In addition, DOT completed design and implementation of model measurement plans for component improper payment rates for both FTA and FAA grant programs.	 Yellow	 Green
Real Property Asset Management - DOT took several steps to improve the management of its real property, including enhancing its inventory system to be consistent with Government-wide standards, implementing performance metrics, and establishing an agency-wide plan for managing real estate.	 Yellow	 Green

Green= Satisfactory
Yellow= Good Progress
Red= Unsatisfactory

Performance Progress Report

SAFETY	ACHIEVED ^{1/} IN	ACHIEVED ^{1/} IN	2008 TARGET
○ Highway fatalities per 100 million vehicle-miles traveled (VMT)	1.45	<i>1.44</i>	1.37
○ Reduce the rate of large truck and bus fatalities per 100 million total vehicle-miles traveled	0.184	<i>0.183</i>	0.171
○ U.S. commercial fatal aviation accidents per 100,000 departures (Last 3 years' average)	<i>0.017</i>	<i>0.020</i>	0.010
○ Rail-related accidents and incidents per million train-miles ^{2/}	17.62	<i>16.14</i>	18.45
○ Number of serious incidents for natural gas and hazardous liquid pipelines ^{3/}	44	43	40
○ Serious hazardous materials incidents in transportation	482	450	462
REDUCED CONGESTION			
○ Percent of travel on the National Highway System (NHS) meeting pavement performance standards for 'good' - rated ride	51.8	<i>54.2</i>	57
○ Average percent change in transit boardings per transit market (150 largest transit agencies), adjusted for changes in employment levels ^{4/}	1.9	<i>2.1</i>	1.5
○ Percent of total annual urban-area travel time occurring in congested conditions ^{5/}	31.8	<i>32.1</i>	32.3
○ Percent of flights arriving on time	88.44	88.36	88.00
○ Percent of bus fleets compliant with the Americans with Disabilities Act (ADA)	97	97	98
GLOBAL CONNECTIVITY			
○ Potential air transportation consumers (billions) in international markets traveling between the U.S. and countries with open skies and open transborder aviation agreements	2.97	<i>3.01</i>	3.1
○ Percent of days in shipping season that the U.S. sectors of the Saint Lawrence Seaway are available, including the two U.S. locks in N.Y.	99.7	99.0	99.0
ENVIRONMENTAL STEWARDSHIP			
○ Number of exemplary ecosystem initiatives undertaken (values are cumulative totals)	23	48	55
○ Number of hazardous liquid pipeline spills in high consequence areas ^{6/}	52	52	50
SECURITY, PREPAREDNESS, AND RESPONSE			
○ Percent of DOD-required shipping capacity, complete with crews, available within mobilization timelines	95	93	94

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

2/ Starting in FY 2008, the measure was redefined to include accidents/incidents resulting from trespassers onto railroad property. Previous years' data have not been adjusted, which results in a higher FY 2008 target.

3/ Starting in FY 2008, the measure was redefined to include only serious incidents. Previous years' data adjusted accordingly.

4/ Beginning in FY 2007, the average percent change in transit boardings per transit market will no longer be adjusted for changes in employment levels.

5/ The goal in FY 2008 is to reduce congested travel by 0.2 percent below 2007 target levels.

6/ Starting in FY 2008, this measure replaces the "Tons of hazardous liquid materials spilled per million ton-miles shipped by pipeline" measure. Previous years' data were adjusted accordingly.