



PERFORMANCE REPORT



PERFORMANCE FRAMEWORK

INTRODUCTION

The Department of Transportation's overarching mission is:

To develop and administer policies and programs that contribute to providing fast, safe, efficient, and convenient transportation at the lowest cost consistent with the national objectives of general welfare, economic growth and stability, the national security, and the efficient use and conservation of the resources of the United States.

Everything we do at DOT is aimed toward meeting this mission statement and making measurable improvements in our transportation system, the security of our nation, and the quality of American life. In the *Performance and Accountability Report* we hold ourselves accountable to the public for effectively bringing to bear the Department's energy and resources in improving the nation's transportation system. We use these results to improve our strategies and resource decisions.

DOT's performance framework is as follows:

- ✧ The **DOT Strategic Plan** provides a comprehensive vision for improving the nation's complex and vital transportation system. DOT's 2003 – 2008 Strategic Plan outlines five strategic goals in the areas of safety, mobility, global connectivity, security and the environment that articulate the longer term focus of the Department. In addition to the broad goals; the plan targets specific outcomes we want to achieve, and identifies key challenges.
- ✧ The **DOT Performance Budget** operationalizes the Strategic Plan, and provides direct linkages between DOT's budget request and the results the public can expect for programs within each of our Operating Administrations. The performance budget defines the performance goals and measures used to manage progress toward our strategic goals. It describes in detail one fiscal year's resources and programmatic effort within a strategic context. The performance budget also aligns each dollar requested to one of our strategic objectives.
- ✧ This **DOT Performance and Accountability Report** provides a public accounting of our FY 2007 performance results.

Performance accountability for DOT organizations, executives, and employees embed the philosophy of managing for performance into the Department's culture and daily practices. Performance accountability within the Department is accomplished through the following mechanisms:

- ✧ Organizational Accountability Contracts – Prepared at the beginning of each fiscal year, these agreements between the Secretary of Transportation and each modal



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Administrator document expected levels of organizational performance for the upcoming year.

- ❖ DOT Organizational Assessments of Performance – A review of each Operating Administration’s performance is done at the end of the fiscal year to assess the organization’s success in the following areas: meeting Department-wide performance targets; results of Office of Management and Budget Program Assessments using the Program Assessment Rating Tool; President’s Management Agenda initiative ratings; and efforts associated with addressing any management challenges or material weaknesses identified by DOT’s Office of Inspector General. The results of these assessments are then factored into the personal performance evaluations of our senior executives.
- ❖ Employee Performance Plans – Prepared early in the fiscal year, these plans document expected levels of employee performance that clearly link to our strategic goals through the performance framework.

The following graphic (figure 1) describes how DOT plans, measures, manages, and reports on performance:

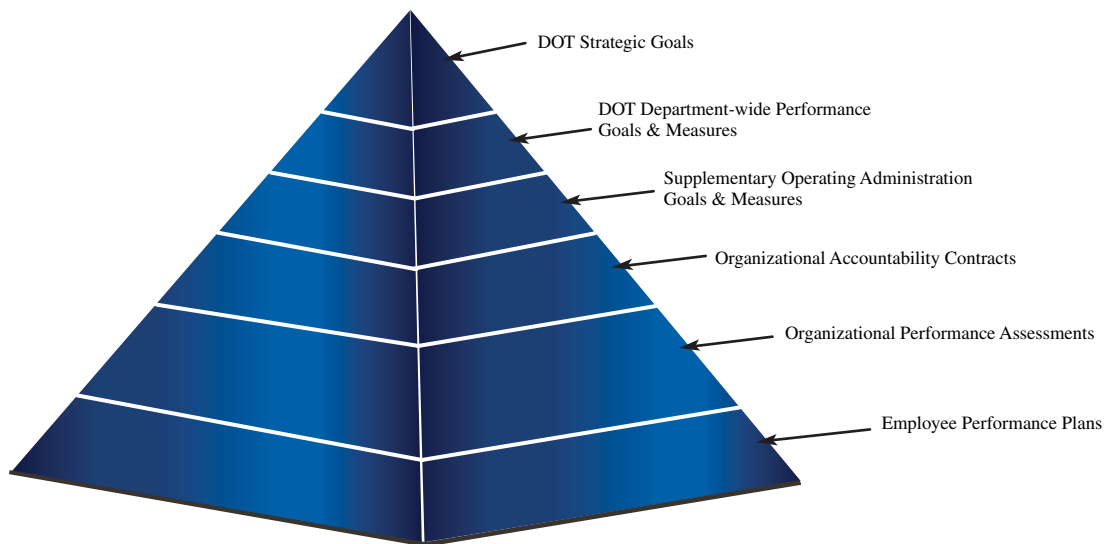


Figure 1

HOW DOT WORKS TO ACHIEVE ITS STRATEGIC AND PERFORMANCE GOALS

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

- ✧ *Direct operations and investment in DOT capital assets that provide capability*, such as air traffic control and the Saint Lawrence Seaway operations;
- ✧ *Infrastructure investments and other grants*, such as investment in highway, rail, transit, airport, and Amtrak capital infrastructure, and grants for safety, job access, or other important transportation programs;
- ✧ *Innovative financial tools and credit programs*, such as those provided for by the Transportation Infrastructure Finance and Innovation Act, and the Railroad Rehabilitation and Improvement Financing Program;
- ✧ *Rulemaking*, in areas such as equipment, vehicle, or operator standards; for improving safety; and for fostering competition in the transportation sector of the U.S. economy;
- ✧ *State/local organizational capacity building*, through training, best practices, peer-to-peer exchanges and other activities that strengthen the capability of State Departments of Transportation, Metropolitan Planning Organizations, and local governments to play their essential front-line role in planning, investing in, and operating highway and transit systems;
- ✧ *Enforcement* to ensure compliance, including inspections, investigations, and penalty action;
- ✧ *Research and technology development and application*, such as fostering new materials and technologies in transportation, and transportation related research;
- ✧ *Education and outreach*, such as consumer awareness, and campaigns to influence personal behavior; and,
- ✧ *Public Information*, such as that provided by the Bureau of Transportation Statistics, and each DOT Operating Administration, so that States, localities, regions, and private sector entities can better plan their activities.

Some of these interventions and actions reside entirely within the Federal Government, but most involve significant partnering with State and local authorities and with the transportation industry. These are the broad areas of action that DOT – and State and local governments – commonly use to bring about desired results.



FY 2007 PERFORMANCE REPORT

Our FY 2007 Results: A Reader's Guide

The performance section of this report is composed of chapters for each strategic goal identified in the DOT Strategic Plan. The Organizational Excellence section of the report focuses on overall DOT efforts to achieve our part of the President's Management Agenda, ensuring that we are a citizen-centered, results-oriented Cabinet agency, depending on market-based transportation solutions.

For each strategic goal, we present four increasingly detailed levels of information, which together help the reader understand the breadth of the Department's activities.

- ✧ The first level, which consists of the *strategic goal*, *strategic outcome*, and *annual resources*, provides a summary-level view of how the Department is engaged in a national priority like transportation mobility;
- ✧ The second level, the *performance goal area*, focuses on a particular aspect of the priority being discussed;
- ✧ The *performance measure*, at the third level, shows the reader how we measure our progress toward the performance goal, the target we set for ourselves, and our success in reaching it; and,
- ✧ The narrative in the fourth level provides the reader details about our accomplishments or the challenges we faced, along with a forecast of our ability to meet the next year's target.

TERMINOLOGY

We use the following terminology throughout the report:

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

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

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

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

Figure 2 shows the different levels of information and how they are presented.

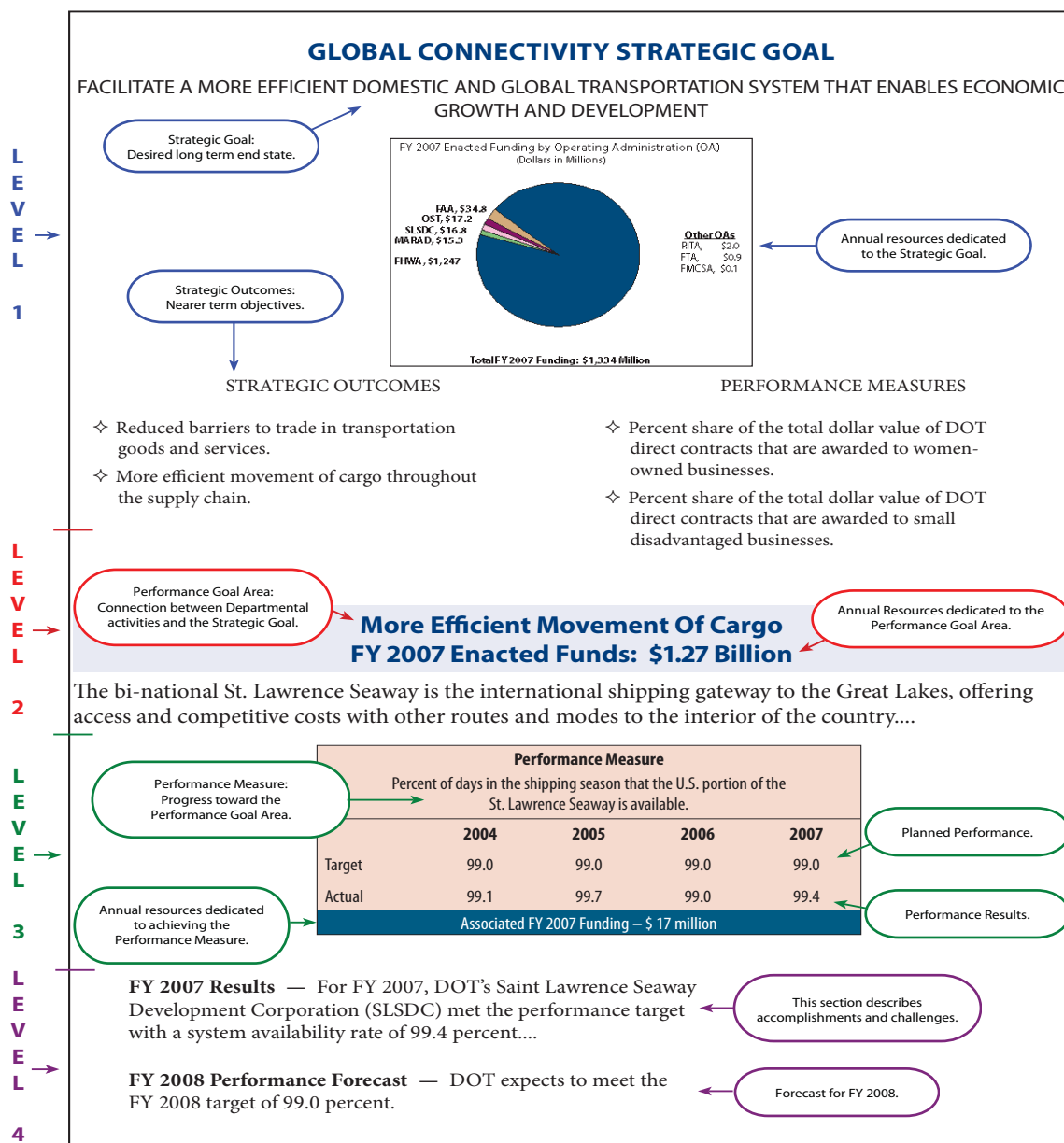


Figure 2



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The relationship between DOT’s activities and observed results — The relationship between resources and results can be complex, and a mix of current and prior-year resources and activity almost always influences any performance result. For example, direct service program results such as FAA air traffic control operations are influenced both by external forces and prior-year acquisition activities. Other results, such as highway congestion or transit ridership, are predominately influenced by prior-year funding.

Enhanced Transparency — Over the past few years, the Department has tracked and presented the funding levels associated with each of its Strategic Goals (Level 1 in figure 2) to allow the reader to gain a sense of how resources are being allocated across the Department. In the FY 2006 PAR, DOT presented funding levels for each performance goal area (Level 2 in figure 2), providing an additional layer of detail on the Department’s funding allocations.

This year, the Department will further increase its transparency by presenting funding information at the performance measure level (Level 3 in figure 2). We are not yet able to provide data from our cost accounting system on actual funds expended by performance measure, so the associated FY 2007 funds identified for each measure reflect the Department’s planned spending on a particular activity. The dollar amounts associated with performance measures at Level 3 may not add up to the funds associated with a performance goal area at Level 2, because only a portion of all DOT activities are reflected and tracked in this report. While the financial information provided is not an accounting report of funds expended, it does give the reader an overall picture of how the Department uses its appropriations. We look forward to implementing future improvements to our cost accounting system allowing us to provide even more detail in the years to come.

Data completeness — An exhaustive assessment of the completeness and reliability of our performance data and detailed information on the source, scope, and limitations for the performance data in this report are provided at: http://www.bts.gov/programs/statistical_policy_and_research/source_and_accuracy_compendium/index.html. In that Web site, we also provide information to resolve the inadequacies that exist in our performance data.

Preliminary vs. final results — Reporting FY 2007 results by November 2007 has been challenging where we rely on third party reporting. Often we have only preliminary or estimated results based on partial-year data and must wait for final data to properly verify and validate our results. In some cases where data is provided solely as an annual value and is not available in time for this report, we rely on historical trend information and program expertise to generate a projected result. We have been careful to point out where we have assessed our performance on a preliminary or projected basis. Preliminary estimates or projected results will be adjusted after final compilation or verification and validation. In all cases where results have changed from last year’s report, we indicate that by placing an “(r)” with the number, indicating a revision.

DOT contributions to common governmental outcomes — DOT’s performance is aligned with its legislative mandates, but in some cases there are no “bright lines” separating DOT from other agencies. For instance, in DOT’s Security Strategic Goal, we make very important contributions

in accordance with our mandates and appropriations, but we do so alongside the Departments of Defense, Homeland Security, State, Justice, Commerce, and Energy. Similarly, other agencies make significant contributions to the nation's transportation system.

Management challenges — The DOT Inspector General and the Government Accountability Office publish reports describing a number of problems and challenges facing the Department. We take these issues seriously, and have folded our approach to meeting these challenges into our general efforts to achieve good performance outcomes. We have placed a description of each management challenge and the Department's response in *Management's Discussion and Analysis* near the front of this report.

Summary performance table — One of the ways that DOT interprets its progress towards achieving its strategic goals is to compare single year results to historical trends. We have provided a tabular summary of long-term performance for each of the Strategic Goals to provide context for the FY 2007 achievements.

Looking forward — In September 2006, DOT published its new Strategic Plan for FY 2006–2011. Next year, the FY 2008 DOT Performance and Accountability Report will reflect the new strategic plan with its modified set of strategic goals and a new mix of performance measures. Where possible, we have noted upcoming changes to performance measures in this year's report.

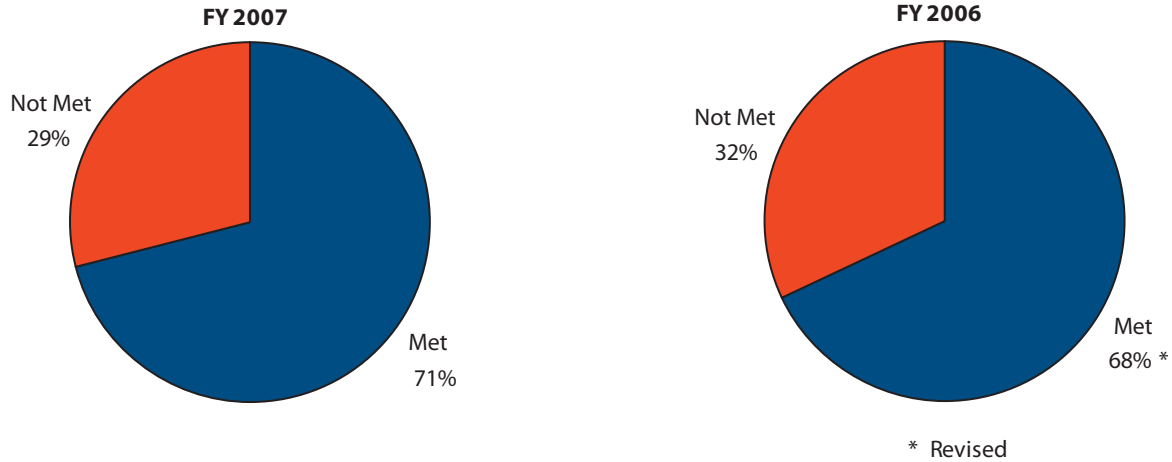


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SUMMARY PERFORMANCE TABLES

OVERALL DOT PERFORMANCE SUMMARY

Percentage of Performance Targets Met or Not Met



* Revised

SAFETY PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
Highway fatalities per 100 million vehicle-miles traveled (VMT)	1.51	1.51	1.48	1.44 (r)	1.46 (r)	1.42 (r)	1.40 # ^{1/}	1.38	×
Fatalities involving large trucks per 100 million truck VMT	2.45	2.30	2.31	2.29	2.35 (r)	2.24 (r)	2.24 #	1.75	×
U.S. commercial fatal aviation accidents per 100,000 departures (Last 3-years' average)	0.037	0.026	0.024	0.021	0.017	0.020 *	0.022 *	0.010	×
Number of fatal general aviation accidents	359	348	366	340	354	299 (r) *	314 *	331	✓
Rail-related accidents and incidents per million-train miles	23.44	20.04	19.40	19.02 (r)	17.90 (r)	16.94 (r)	15.02 *	16.70	✓
Transit fatalities per 100 million passenger-miles traveled	0.482	0.473	0.461	0.467	0.428	0.344	0.286 *	0.473	✓
Number of incidents for natural gas and hazardous liquid pipelines	341	330	370	443 (r)	490	386 (r)	388 *	362	×
Number of serious hazardous materials transportation incidents	588	466 (r)	472	492 (r)	530 (r)	494 (r)	455 *	466	✓

^{1/} While based on historical data, the 2007 fatality rate projection is dependent on the continuation of both individual and market behavior regarding vehicle-miles traveled, seat belt use and motorcycle rider and alcohol related fatalities. The assumptions inherent in these projections, together with the normal levels of uncertainty inherent in statistical evaluations, may influence the accuracy of the projection.

(r) Revised; * Preliminary estimate; # Projection from trends; ✓ Met; × Not Met

UNITED STATES DEPARTMENT OF TRANSPORTATION

MOBILITY PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
Percentage of travel on the National Highway System (NHS) meeting pavement performance standards for "good" rated ride	49.0	49.3	50.0	52.0	52.0 (r)	54.0 (r)	55 *	56.0	✗
Percent of total annual urban-area travel occurring in congested conditions	30.6	30.7	31.0	31.6	31.8	31.6 (r)	31.6 *	32.5	✓
Average percent change in transit boardings per transit market (150 largest transit agencies) ^{1/}	4.3	0.2	0.7	0.7	1.9	2.1	2.0 *	1.5	✓
Percent bus fleets compliant with the ADA	85	90	93	96 (r)	96 (r)	98 (r)	98 *	97	✓
Percent of key rail stations compliant with the ADA	67	77	82	82	91	92	92.3 *	93	✗
Number of employment sites (in thousands) that are made accessible by Job Access and Reverse Commute transportation services ^{2/}	28.4	52.1	73.7	82.8	95.4	91.2 (r) *	95.4 *	50	✓
Percent of all flights arriving within 15 minutes of schedule at the 35 Operational Evolution Plan airports due to NAS-related delays	76.5	82.2	82.3	79.07	88.1 (r)	88.36	86.32 *	87.40	✗

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

2/ Starting in FY 2006, the administration of FTA's JARC program changed from a separate nationally-administered competitive program into a state-administered formula program as enacted in SAFETEA-LU. Data is being collected on new measure to determine a baseline for identifying future performance targets.

(r) Revised; * Preliminary estimate; # Projection from trends; ✓ Met; ✗ Not Met

ADA – Americans with Disabilities Act



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GLOBAL CONNECTIVITY PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
Percent share of the total dollar value of DOT direct contracts that are awarded to women-owned businesses	3.7	3.8	4.2	3.8	6.6	6.7	6.0 *	5.1	✓
Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses	17.4	16.2	15.8	15.6	12.7	15.0 (r)	14.5 *	14.5	✓
Percent of days in shipping season that the U.S. portion of the St. Lawrence Seaway is available	98.1	98.7	98.9	99.1	99.7	99.0	99.4	99.0	✓
Number of new or expanded bilateral aviation safety agreements implemented	N/A	N/A	N/A	3	2	4	3	3	✓
Number of international negotiations conducted annually to remove barriers to trade in air transportation (new measure in FY 2005)	N/A	N/A	N/A	N/A	10	10	23 *	12	✓
Number of potential air transportation consumers (in billions) in international markets traveling between the U.S. and countries with open skies and open transborder aviation agreements	N/A	N/A	1.48	1.72	2.97	3.01	3.02 *	3.83	✓

(r) Revised; * Preliminary estimate; ✓ Met; ✗ Not Met

UNITED STATES DEPARTMENT OF TRANSPORTATION

ENVIRONMENTAL STEWARDSHIP PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
Number of exemplary ecosystem initiatives undertaken (target/results are cumulative from year to year)	N/A	5	8	15	23	43	50	50	✓
Percent DOT facilities characterized as No Further Remedial Action Planned under the Superfund Amendments and Reauthorization Act	91	91	94	93	92	92	93	93	✓
12-month moving average of the number of areas in a transportation emissions conformity lapse	6.0	6.0	6.0	6.3	5.8	1.3	0.0 *	6.0	✓
Tons of hazardous liquid materials spilled per million ton-miles shipped by pipeline	0.0026	0.0047 (r)	0.0073 (r)	0.0081 (r)	0.0085 (r)	0.0034 (r)	0.0028 *	0.0057	✓
Percent reduction in the number of people in the U.S. who are exposed to significant aircraft noise levels	N/A	N/A	-15	-28	-29	-28 (r)	-27 #	-8	✓

(r) Revised; * Preliminary estimate; # Projection from trends; ✓ Met; ✗ Not Met

SECURITY PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
Percentage of DOD-required shipping capacity complete with crews available within mobilization timelines	97	94	96	94	95	93	97	94	✓
Percentage of DOD-designated commercial ports available for military use within DOD established readiness timelines	92	92	86	93	87	100	100	93	✓
Transportation Capability Assessment for Readiness Index Score	N/A	N/A	59	67	65	72	70	75	✗

N/A Not Applicable; ✓ Met; ✗ Not Met



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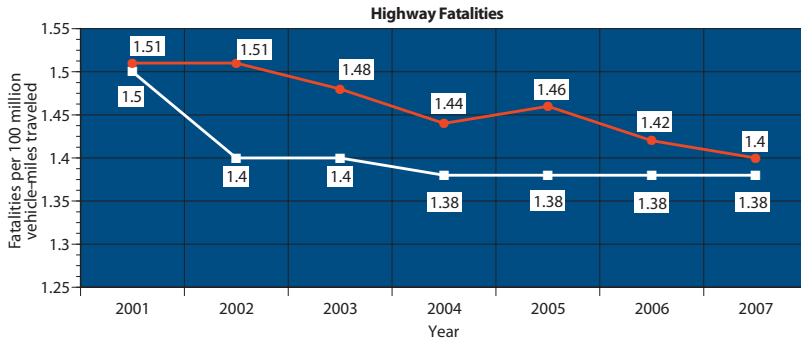
ORGANIZATIONAL EXCELLENCE PERFORMANCE SUMMARY

Performance Measure	2001	2002	2003	2004	2005	2006	2007 Actual	2007 Target	Met/ Not Met
For major DOT aviation systems, percentage of cost goals established in the acquisition project baselines that are met	N/A	89.5	88	100	97	100	100	87.5	✓
For major DOT aviation systems, percentage of scheduled milestones established in acquisition project baselines that are met	N/A	74	77	91.5	92	97.4	97	87.5	✓
For major Federally funded infrastructure projects, percentage that meet schedule milestones established in project or contract agreements, or miss them by less than 10 percent	N/A	85	88	95	95	91	88	95	✗
For major Federally funded infrastructure projects, percentage that meet cost estimates established in project or contract agreements, or miss them by less than 10 percent	N/A	85	88	74	79	82	84	95	✗
Percentage of transit grants obligated within 60 days after submission of a completed application	51	67	83	91	91	94	94*	80	✓

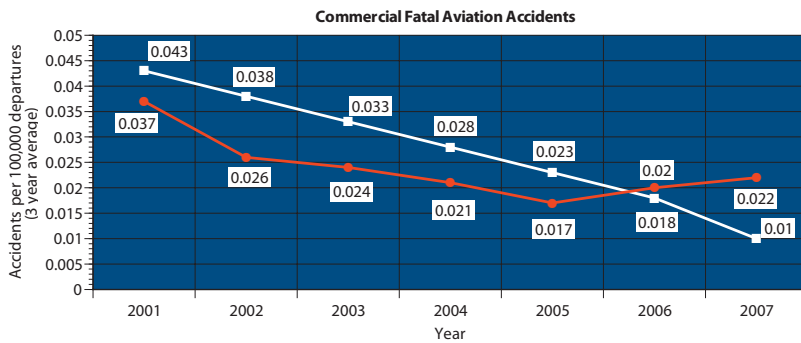
* Preliminary Estimate; N/A Not Applicable; ✓ Met; ✗ Not Met

HIGHLIGHTS OF MAJOR TRENDS

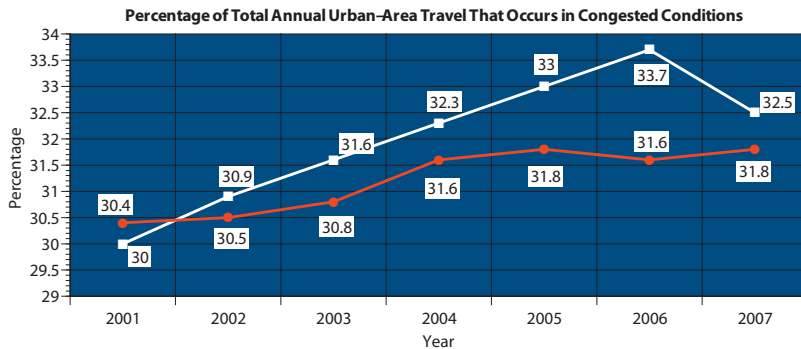
While all of our performance measures track important activities, we are particularly concerned about trends in four areas: highway fatalities, accidents in commercial aviation, urban area congestion, and aviation congestion. The general public sees our effect on those four issues more clearly than on any of the others, where our activities may only be evident to members of specific industries.



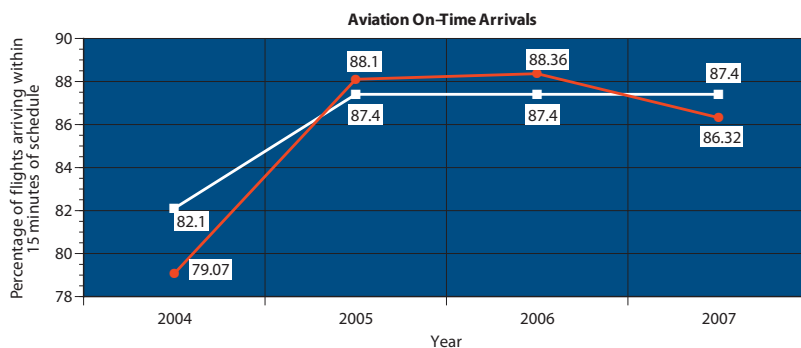
Over the last several years, DOT has been able to reduce the number of highway fatalities, but we have been unable to meet our performance target. We set an ambitious goal for ourselves several years ago: to reduce the highway fatality rate to no more than 1.0 per 100 million vehicle miles traveled by 2008. We have made progress, dropping the rate from 1.7 in 1996 to 1.4 in 2007, but it is clear that we have reached a plateau. We need to approach the issue differently. Beginning in FY 2008, we will report on the sub-elements of the highway fatality statistics in an effort to understand more clearly where we should apply our resources.



In 1997, FAA committed to reducing fatal accidents in commercial aviation by 80 percent within 10 years. From 1994 to 1996, there were on average six commercial fatal accidents a year, with an average of 266 deaths. In the last three years, the U.S. averaged two fatal accidents per year, with an average loss of life of 28 per year. Air travel is now the safest that it has ever been, but we were only able to achieve a 63 percent drop in accidents. FAA is taking a system wide, risk management approach to safety that will help the agency maintain this gain and drive the accident and fatality rate down even further.



Urban area congestion is increasing. The current population of the United States now exceeds 300 million people and with over 220 million vehicles on the roads and the population projected to pass the 400 million before 2050, congestion can be expected to remain a major challenge if cars and trucks remain the dominant mode of travel. In May 2006, DOT announced a major initiative to reduce transportation congestion, outlining its approach in The National Strategy to Address Congestion. The lessons learned from the Congestion Initiative will be a critical component in identifying future strategies for fighting traffic congestion.



As it is in surface transportation, congestion is a growing issue in aviation. Currently, the U.S. air transportation system handles roughly 50,000 flights over a 24-hour period. By 2025, air traffic is projected to increase two-to-three fold, equating to 100,000-150,000 flights every 24 hours. We acknowledge that the current U.S. air transportation system will not be able to meet these air traffic demands. FAA is working with other Federal agencies to develop the Next Generation Air Transportation System (NextGen). NextGen will leverage new technologies, such as satellite-based navigation, surveillance and networking to transform the air traffic control system.