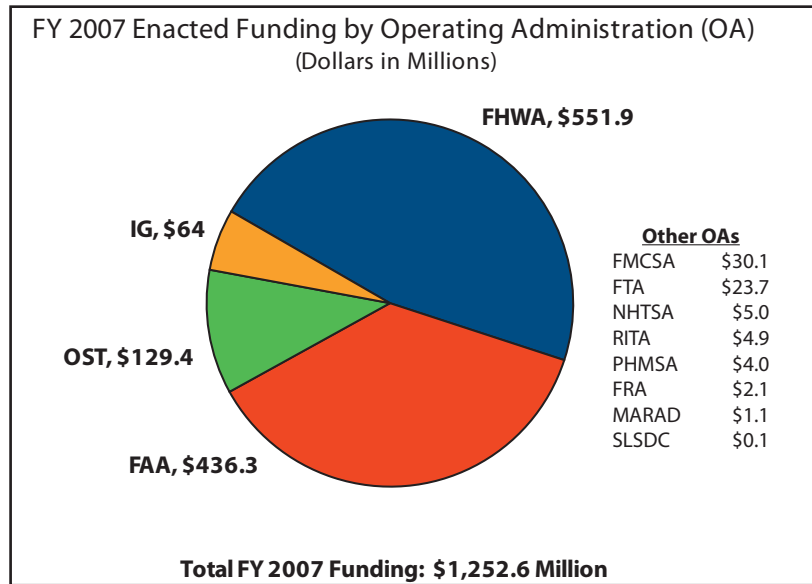




## ORGANIZATIONAL EXCELLENCE STRATEGIC GOAL

ADVANCE THE DEPARTMENT'S ABILITY TO MANAGE FOR RESULTS AND ACHIEVE THE GOALS OF THE PRESIDENT'S MANAGEMENT AGENDA



### STRATEGIC OUTCOMES

- ✧ Strategic management of human capital.
- ✧ Competitive sourcing.
- ✧ Improved financial management.
- ✧ Expanded e-government.
- ✧ Budget and performance integration.

### PERFORMANCE MEASURES

- ✧ For major DOT aviation systems, percent of cost goals established in the acquisition project baselines that are met.
- ✧ For major DOT aviation systems, percent of scheduled milestones established in acquisition project baselines that are met.
- ✧ For major Federally funded infrastructure projects, percent that meet schedule milestones established in project or contract agreements, or miss them by less than 10 percent.
- ✧ For major Federally funded infrastructure projects, percent that meet cost estimates established in project or contract agreements, or miss them by less than 10 percent.
- ✧ Percent of transit grants obligated within 60 days after submission of a completed application.

## President's Management Agenda FY 2007 Enacted Funds: \$878 Million

Secretary Peters' central management strategy for achieving organizational improvement is full implementation of the President's Management Agenda (PMA). The PMA contains five mutually reinforcing goals that the DOT Team is integrating into its corporate culture in striving for continuous management improvement. In implementing the President's Management Agenda in DOT, our objective is to achieve the following organizational excellence outcomes:

- ✧ Achieved strategic management of human capital;
- ✧ Achieved competitive sourcing goals;
- ✧ Achieved financial performance goals;
- ✧ Achieved performance improvement goals; and,
- ✧ Achieved e-government goals.

### STRATEGIC MANAGEMENT OF HUMAN CAPITAL

President Bush's management agenda focuses on long-term management of the Federal workforce and fostering a citizen-centered, results-based government that is organized to be agile, lean, and capable of making timely decisions. As we determine our human capital requirements, DOT continually assesses and improves critical competencies, thoughtfully restructuring organizations as needed to foster performance.

### FY 2007 ACCOMPLISHMENTS

The DOT Office of Human Resources pursued a number of human capital initiatives throughout the year. The following are some of the highlights in FY 2007.

#### WORKFORCE PLANNING

DOT acquired access to the Workforce Analysis Support System (WASS) and Civilian Forecasting System (CIVFORS) and trained Operating Administrations (OA) on their use to answer sophisticated questions about the workforce or specific demographics within it and to forecast future trends and needs that improved the linkage between the corporate recruitment program and workforce planning. The workforce planning process at DOT relies on empirically-based and systematic identification and assessment of trends and projections regarding losses, gains, and risk areas, as well as a menu of options for addressing employee turnover at each OA. This data helps drive decisions and policies in areas such as quality of work life programs, retention incentives, training/development plans, recruiting strategies, and outsourcing.

During the last year, DOT has significantly refined its approaches to competency mapping, assessment, and improvement. DOT acquired a Competency Assessment and Management Tool (CAMT) to perform web-based assessments. We performed/facilitated competency assessments for DOT leaders, Information Technology, HR, Acquisition, Engineers, and several OA specific



## PERFORMANCE AND ACCOUNTABILITY REPORT - FY 2007

occupations, including Financial Management Specialists in the Federal Highway Administration and Rail Safety Inspectors in the Federal Railroad Administration. We conducted training for OA staff in competency measurement and management.

### LEADERSHIP AND SUCCESSION MANAGEMENT

DOT developed a competency model for DOT leaders at three defined levels and conducted three rounds of competency assessments. The competency that showed the greatest need for improvement in most OAs was conflict management, and the HR community worked with DOT's Office of Civil Rights (DOCR) and DOT's Center for Alternative Dispute Resolution (CADR) as well as external partners to increase both the amount of training given and the emphasis on skills improvement in this area. Scores in most OAs showed significant improvement upon retesting.

DOT hosted training on succession management for all OAs and subsequent training from the Corporate Leadership Council. The Department also updated its succession planning model and implementation plan to incorporate OPM guidance; led OAs through a process to identify at-risk high leverage positions and design bench strength strategies; strengthened the Senior Executive System (SES) pay for performance system and received full certification status; issued new policy on supervisory and management probation with input from leader focus groups; and instituted mandatory training for leaders in performance management.

### PERFORMANCE CULTURE

As part of the SES performance management system, Heads of Operating Administrations work with the Office of the Assistant Secretary for Budget and Programs to complete an annual organizational assessment. Organizational assessments, which affect senior executives' pay increases and bonuses, evaluate the organization's measurable results against established criteria, such as the President's Management Agenda, DOT's Strategic Plan, and agency goals. The assessments encompass organizational performance data that is reported annually to OMB in the Performance Accountability Report, the Program Assessment Rating Tool, and the Government Performance and Results Act report.

### COMPETITIVE SOURCING

DOT uses competitive sourcing as a key tool for efficiently completing commercial-type work. By doing so, we ensure that we provide the highest quality and the most economical service to Americans.

### FY 2007 ACCOMPLISHMENTS

In FY 2007, DOT received the President's Quality Award for Competitive Sourcing for its efforts since 2002. To receive this award, The DOT Team has:

- ❖ completed 23 competitions involving about 2,700 full time equivalents;
- ❖ estimated savings of about \$95,000 per competed full-time equivalent;
- ❖ garnered anticipated savings of over \$2.2 billion (over a ten year period);

- ✧ completed the largest single competition in the Federal government to date (FAA Flight Service Stations);
- ✧ achieved improved operational performance through innovative work processes and establishment of quality standards;
- ✧ implemented post-competition accountability and Most Efficient Organization independent validation for five completed competitions to verify actual savings and performance improvements;
- ✧ initiated the Workforce Analysis Pilot Project to deliberately link competitive sourcing and human capital planning (as required by the President's Management Agenda); and,
- ✧ shared lessons learned within the Department and with other Federal agencies.

However, DOT drops to yellow in status and progress on the OMB red-yellow-green scorecard system due to limited competitions planned for fiscal years 2008-2009.

## IMPROVED FINANCIAL PERFORMANCE

Improved financial performance is a key aspect of improving the Government's overall performance. Knowing the full cost of DOT's programs and services is a critical element of program management. Good financial stewardship, excellent financial and acquisition systems and improved performance on DOT's financial metrics guides DOT financial performance. In recent years, the Government Accountability Office and the DOT Office of Inspector General have aggressively recommended that DOT financial management focus on needed improvements. DOT has responded with several efforts that have improved financial performance throughout the Operating Administrations (OAs) and the Department.

### FY 2007 ACCOMPLISHMENTS

#### MANAGERIAL COST ACCOUNTING

Managerial cost accounting (MCA) identifies, tracks, and analyzes the total costs attributable to a particular task, job, or program. DOT OAs are working aggressively to implement managerial cost accounting systems in order to provide their managers with cost information to make better-informed decisions. DOT initiated MCA with the Federal Aviation Administration (FAA), which was directed to develop a cost system in order to establish: 1) unit costs of services, and 2) as a means of sustaining defensible charges for reimbursable services. Through an executive dashboard, FAA's MCA system links costs to performance goals. Costs are tracked through three systems that interact: Delphi (DOT's financial and accounting system of record) FAA's Cost Accounting System (a People Soft System implemented largely to track projects and tasks) and DOT's Consolidated Automated System for Time and Labor Entry (CASTLE which is both a time and attendance and labor distribution reporting system).



## PERFORMANCE AND ACCOUNTABILITY REPORT - FY 2007

The Federal Highway Administration (FHWA), Federal Transit Administration (FTA) and Federal Railroad Administration (FRA) have each developed an internal system for taking labor distribution files from CASTLE and costs from Delphi for rolling up cost information. FTA and FHWA have utilized a third party, activity based costing system. FRA has utilized Budget Program Activity Codes to track costs related to projects and draws reports from Delphi.

The Maritime Administration (MARAD) and Pipeline and Hazardous Materials Safety Administration have begun developing systems utilizing the Delphi Projects Module. One unique issue faced by MARAD is a substantial reimbursable effort with its Reserve Fleet. Being able to track reimbursable activities and connect them with the correct interagency agreement has not been possible to date except through bookkeeping adjustments. However, DOT has begun developing a strategy to rewrite its payroll interface for posting salary and benefit costs to its accounting system, which will enhance both payroll posting and tracking interagency costs and payments.

### IMPROVING FINANCIAL AND ACCOUNTING PROCESSES AND OPERATIONS

**Consolidating Accounting Operations** — During FY 2007, DOT continued transitioning all accounting operations to the Enterprise Services Center (ESC) in Oklahoma City. The full consolidation of activities at the ESC reduces redundant processes, eliminates stovepipes and gains efficiencies. With all accounting operations staff centrally located, communication will improve and accounting standards and financial policies can be applied consistently. Additionally, having all accounting operations performed at the ESC allows better management of resources during times of increased accounting activity and simplifies training on financial system updates and other accounting changes. Further, as a consolidated unit, the ESC can showcase its ability to effectively serve internal customers and potential external customers, positioning it to better compete for accounting services among all government agencies.

**Enhancing DOT's Reimbursable Policy** — In 2007, DOT made substantial progress in fine-tuning the Department-wide reimbursable policy and business process. This is a critical part of DOT's efforts to streamline and standardize business practices and to strengthen internal controls across DOT. The inability to link provider and receiver agreements has hampered DOT's attempts to reconcile its reimbursable transactions with other government agencies. Beginning on October 1, 2007, all DOT OAs will use a Common Reimbursable Agreement Number (CRAN) on all reimbursable documents. Using a standard number and process greatly improves the OAs' ability to match up provider and receive information and eliminates the need for DOT's reimbursable agreement portal. The portal was a DOT-developed, labor-intensive workaround, which allowed the provider and receiver of services to reconcile revenues.

### MEASURING IMPROVEMENTS IN FINANCIAL PROCESSES

**The Fab 14** — Beginning in FY 2007, the DOT Office of Financial Management (OFM) rolled out a new department-wide initiative designed to help the Operating Administrations (OAs) recognize and reconcile longstanding data issues in their financial systems. OFM identified fourteen areas

of concern and defined corrective actions. This initiative, called the “Fab 14” raises OA awareness and accountability to correct inaccurate and incomplete data. In order to report progress, DOT developed an in-house, web-based tool that reports data on a monthly basis.

**Chief Financial Officer (CFO) Council’s Financial Management Indicators** — The CFO Council’s Financial Management Indicators Metric Tracking System (MTS) is a performance measurement system that captures key financial management indicators across the Federal Government. MTS uses a red/yellow/green scale to indicate how well an agency is doing. The tool’s intent is to provide government managers, Congress and other stakeholders, information to assess the financial management health of the Federal government as a whole and for each individual agency. Tracking performance indicators helps to guide financial management reforms and targets resources to areas where DOT needs better stewardship. DOT began FY 2007 as “green” on all but two of the CFO Council metrics and plans to reach “green” on all CFO metrics by March 2008.

#### DELPHI SYSTEM UPGRADE

DOT uses Oracle Federal Financials software (named Delphi) as its agency-wide financial management and accounting system of record. In May 2007, DOT successfully upgraded its Oracle software to a version 11.5.10. The upgrade offers assurance that the Delphi Financial Application Software Modules are maintained at a level that ensures supportability by Oracle. The upgrade also adds some increased functionality for the Delphi support staff, reduces risks associated with technical enhancements, resolves some outstanding customer requests, provides customers with additional secure processing tools and allows Delphi to move toward future enhancements.

#### CASTLE (CONSOLIDATED AUTOMATED SYSTEM FOR TIME AND LABOR)

CASTLE is DOT’s web-enabled, server-based consolidated automated system for time and attendance and labor distribution entry. With several major enhancements completed in FY 2007, CASTLE has experienced both functional and customer-related benefits. These benefits include:

- ✧ customers experiencing significantly faster timecard processing speed;
- ✧ full disaster recovery capability allowing minimal downtime in the event of a system outage; and,
- ✧ faster processing of the Time & Attendance file to our payroll servicing agency, allowing employee’s records to be updated quicker, and reducing helpdesk calls and issues relating to lag between the two processes.

Future upgrades and enhancements will address integration of labor distribution and time and attendance data entry, further protection of Sensitive Personally Identifiable Information and revisions coming from DOT implementing the Common Government-wide Accounting Code structure.



## PERFORMANCE AND ACCOUNTABILITY REPORT - FY 2007

### EXPANDED ELECTRONIC GOVERNMENT

President Bush has called for an expanded electronic government that improves service to individuals, businesses, and State and local governments through the use of information technologies. DOT is committed to ensuring that the Department's investment in information technology (IT) significantly improves its ability to serve citizens, and that IT systems are secure, and delivered on time and on budget. Implementation of E-Government is important in making DOT more responsive, cost-effective and efficient.

### FY 2007 ACCOMPLISHMENTS

The Department continues to actively participate in many of the Administration's government-wide E-Government initiatives, such as, Enterprise Human Resource Integration (EHRI), E-Authentication, E-Travel and others. The results allow DOT employees access to enterprise or government-wide systems and the general public with one stop access to government information. For example, DOT:

- ❖ Implemented the EHRI electronic Official Personnel File initiative Department-wide which will eventually eliminate the need to maintain hardcopy records once back file conversion is completed in FY 2008;
- ❖ Implemented a secure, standard E-Authentication mechanism for ten systems in DOT; and,
- ❖ Implemented a standard travel management system Department-wide that allows employees to do on-line travel reservations, authorizations and vouchers.

During FY 2007, the Department's efforts in E-Government included several important successes in that DOT met established requirements and milestones and made further improvements in enterprise architecture, privacy, capital planning and security. DOT continued to integrate its enterprise architecture into existing business processes by defining a Departmental segment architecture strategy, developing the first of many segment architectures, implementing a DOT federated enterprise architecture repository to enable information sharing and establishing a Data Architecture Group to address cross-Departmental data issues. In addition, DOT conducted independent reviews of its FY 2009 business cases and provided significant comments to the OAs to help strengthen their business cases.

During the spring of 2007, DOT saw the successful completion of the move of the IT infrastructure and the Common Operating Environment (COE) to the new headquarters building and to an off-site hosting facility. This effort also reduced application server hosting facilities from eleven (excluding FAA) to three.

## **PERFORMANCE IMPROVEMENT INITIATIVE**

Regular, systematic measurement and accountability for program performance compared to pre-determined targets will be the means to improve DOT management. The President's Management Agenda stresses a change of direction in Federal management – that of changing yearly budgetary and resource decisions from the “increment” to the “base”, and through the focus of accountability for programmatic results.

### **FY 2007 ACCOMPLISHMENTS**

In December 2006, OPM awarded DOT the President's Quality Award for Management Excellence in Budget and Performance Integration. The Department has advanced its practice of performance management in many ways since the President's Management Agenda was introduced in 2002. The Operating Administrations (OA) now submit integrated performance management budgets to OMB and Congress, which link policy initiatives with the funding requested. Each budget contains marginal cost analyses for requested increases in program funding, demonstrating to reviewers how performance will be affected by funding changes. All DOT programs, covering approximately \$65 billion in funding, have been assessed using the Program Assessment Rating Tool devised by OMB and a minimal number have received the lowest rating, Results Not Demonstrated. SES performance awards now rest, in part, on how well the executive's agency has done in achieving its performance goals. Performance management has become a part of DOT's corporate culture at many different levels.

## **ELIMINATING IMPROPER PAYMENTS**

The President's Management Agenda (PMA) strives to instill first class financial management practices in departments and agencies throughout the Executive Branch. Such efforts ensure that taxpayer dollars are spent wisely and efficiently, appropriately accounted for, and protected from fraud or misuse. To advance these important objectives, the Administration has made the elimination of improper payments a major focus of the PMA. An improper payment occurs when Federal funds go to the wrong recipient, the recipient receives the incorrect amount of funds, or the recipient uses the funds in an improper manner.

### **FY 2007 ACCOMPLISHMENTS**

In FY 2007, the Department continued implementing the Improper Payments Information Act of 2002 (IPIA), which requires that agencies (1) review programs and identify those susceptible to significant improper payments (2) report to Congress on the amount and causes of improper payments and (3) develop approaches for reducing such payments.

In FY 2007, the Department successfully completed its review of the Federal Highway Administration (FHWA) Federal-aid Highway Program, Federal Aviation Administration (FAA) Airport Improvement Program, and the Federal Transit Administration (FTA) Formula Grants Program. In addition, the Department developed and tested a model for determining the amount of improper payments in the FTA Capital Investment Grant Program. The Department will apply the model on a nationwide basis in FY 2008.





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In FY 2007, the Department re-engaged AOC Solutions, Inc. to develop the nationwide sampling plan, collect the results from the application of test procedures, and provide a nationwide estimate of improper payments for Federal-aid Highway Program, Airport Improvement Program, and Formula Grants Program. The Department developed and executed a sampling plan to test project payments and estimate the amount of improper payments nationwide.

All three Operating Administrations covered Federal payments to grantees over the twelve-month period March 1, 2006, through February 28, 2007.

The test procedures applied to the line items were designed to test a range of administrative elements and contractual elements. Tests of administrative elements included determining whether payments were properly approved, billed at the correct federal participation rate, and whether billings and payments were mathematically accurate. Tests of contractual elements included determining whether payments were in accordance with contract rates/prices for specified materials and whether material quality tests indicated that materials met contractual requirements.

### FHWA FEDERAL-AID HIGHWAY PROGRAM

In FHWA, the sampling plan involved a multi-staged statistical approach that included the selection of 53 Federal payments, 40 state payments, and then 230 testable line items from those payments for testing. The 2007 sample size is significantly less than the 2006 sample size because of a change in objectives. In 2007, the sample was designed to support a nationwide estimate of improper payments and was not designed to provide sample items to all states and territories. The states that did not appear in the IPIA sample received sample items for FIRE testing.

Improper payments totaling \$45,568 were found in the sample of 230 tested items. The projection of this result to the population of program payments for the twelve-month period results in an improper payment estimate of \$55.2 million +/- \$0.5 million. This projection does not meet OMB's definition of significant improper payments (\$10 million and 2.5 percent of total program payments).

The improper payments reported resulted from factors such as unallowable charges, insufficient supporting documentation, incorrect calculations, and duplicate payments. The FHWA has implemented its FIRE Program to monitor State and Territory payments and provide a mechanism for assisting these entities with effectively addressing operational issues that result or could result in improper payments.

### FTA FORMULA GRANTS PROGRAM

The sampling plan involved a multi-staged statistical approach that included the selection of 60 Federal payments, 30 transportation authorities' payments, and then 169 testable line items from those payments for testing.

Improper payments totaling \$2,326.16 were found in the sample of 169 tested items. The projection of this result to the population of program payments for the twelve-month period results in an improper payment estimate of \$2.77 million +/- \$0.03 million. This projection does not meet OMB's definition of significant improper payments (\$10 million and 2.5 percent of total program payments).

The improper payments reported resulted from factors such as miscalculated federal participation share and lack of supporting documentation.

#### **FAA AIRPORT IMPROVEMENT PROGRAM (AIP)**

The sampling plan involved a multi-staged statistical approach that included the selection of 50 Federal payments, 30 sponsor payments, and then 95 testable line items from those payments for testing.

The review found administrative and contractual compliance as addressed in the test model and no improper payments.

#### **FEDERAL REAL PROPERTY ASSET MANAGEMENT**

It is the policy of the United States to promote the efficient and economical use of America's real property assets and to ensure management accountability for implementing Federal real property management reforms. Based on this policy, executive branch departments and agencies shall recognize the importance of real property resources through increased management attention, the establishment of clear goals and objectives, improved policies and levels of accountability, and other appropriate action.

#### **FY 2007 ACCOMPLISHMENTS**

The FAA, on behalf of the Department, continued to provide inventory information and performance measures to the Federal Real Property Council. The data included metrics for the approximately 69,500 DOT real property assets and reported performance information on the following elements for each real property asset:

- ✧ Mission criticality;
- ✧ Facility condition index;
- ✧ Utilization Rate; and,
- ✧ Annual Operating Costs.

The data and performance measures are maintained in the Real Estate Management System application that serves as the single-point inventory database for DOT real property assets. During the first quarter of FY 2007, the Department established its first-ever full inventory of real property assets and transmitted the data to the Federal Real Property Profile for inclusion in the full federal real property inventory database.



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In accordance with the Department's Asset Management Plan and the Three-Year Timeline for Real Property, each of the Operating Administrations has participated in periodic reviews of the real property asset data. The Senior Real Property Officers throughout the Department have identified properties for disposition based on the mode's asset inventory and the Department's decision-making process and have also participated in reviews of both GSA and non-GSA leases. In addition to disposal activities, each Operating Administration has developed a priority investment list for their asset portfolios.

### **RESEARCH, DEVELOPMENT, AND TECHNOLOGY (RD&T)**

Through the Research and Innovative Technology Administration's (RITA) management of the RD&T coordination function, leadership has identified the emerging research priorities that the Department intends to pursue over the next several years. The plan incorporates the RD&T programs of all DOT Operating Administrations and considers how research by other Federal agencies, State DOTs, the private sector, and others contributes to DOT goals and how unnecessary duplication is avoided.

### **FY 2007 ACCOMPLISHMENTS**

The inter-modal RD&T Program Review Working Group, chaired by RITA, conducts annual reviews of the research programs of the modal administrations. At these reviews, modal administrations demonstrate how they are implementing the Department's *RD&T Strategic Plan*, applying the Administration's research and development investment criteria, and employing best practices in the management of their RD&T activities. The reviews also encourage collaboration and help prevent unnecessary duplication of effort across modes.

The Department continued its outreach to stakeholders by involving them in the entire Research and Technology (R&T) process from agenda setting and planning, through the conduct of research, technology and innovation deployment, implementation, and customer feedback. Specific mechanisms for stakeholder engagement include the Transportation Research Board (TRB) Research & Technology Coordinating Committee (RTCC), and other groups formed to provide advice on specific designated programs. For example, the TRB Pavement Technology Committee was established to provide advice on R&T in the areas of concrete pavements, asphalt pavements, and pavement materials.

## Acquisition Management FY 2007 Enacted Funds: \$279 Million

Lifecycle acquisition management is built around a logical sequence of phases and decision points. DOT uses these phases and decision points to determine and prioritize its needs, make sound investment decisions, implement solutions efficiently, and manage services and assets over their lifecycle. The overarching goal is continuous improvement in the delivery of safe, secure, and efficient services over time. DOT ensures that taxpayer dollars spent through DOT's acquisition programs achieve performance outcomes required by tracking, cost and schedule milestones.

**2007 Results** — DOT met these measures, which consists entirely of FAA projects. FAA tracked 67 milestones against 37 acquisition programs for this performance measure and met all variances for cost and schedule.

One of the most important steps in controlling costs is to ensure that capital programs are effectively managed. The FAA major capital programs are on track to meet established targets. These programs provide navigation, surveillance, computer processing capabilities, tools for air traffic controllers, telecommunications infrastructure and weather information to make the National Airspace System run smoother.

Performance Measure				
For major DOT aviation systems, percentage of cost goals established in the acquisition project baselines that are met.				
	2004	2005	2006	2007
Target	80	80	85	87.5
Actual	100	97	100	100
Associated FY 2007 Funding – \$ 56 million				

Performance Measure				
For major DOT aviation systems, percentage of scheduled milestones established in acquisition project baselines that are met.				
	2004	2005	2006	2007
Target	80	80	85	87.5
Actual	91.5	92	97.4	97
Associated FY 2007 Funding – \$ 223 million				

**FY 2008 Performance Forecast** — DOT anticipates meeting the performance targets in FY 2008.

## Financial Stewardship FY 2007 Enacted Funds: \$98.3 Million

DOT needs to ensure that infrastructure improvements are delivered on time and within budget. Infrastructure projects are not static, at any point conditions may change, which impact either the cost of the project or the delivery date. Monitoring cost, schedule, and performance of infrastructure



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projects is critical to identify problems and initiate action to mitigate risks. Three Operating Administrations have projects included in the following infrastructure project performance measures: FTA, FAA, and FHWA.

**2007 Results** — DOT missed the target for both performance measures. Twenty-two of the Department’s 25 major infrastructure projects were on schedule and twenty-one were on budget.

FHWA met the target for both the schedule milestones and cost estimates for 15 of its 18 major projects. The three projects that exceeded schedule milestones were approved prior to FY 2002. The three projects that exceeded their initial cost estimates were approved prior to FY 2004.

FHWA took aggressive steps to validate State cost estimates and thoroughly address potential risks. FHWA issued major project guidance that stresses the importance of developing reliable cost estimates. The agency conducted risk-based cost estimate validations for seven major projects and will continue the cost estimate validations during the coming year. A pilot test was completed for a new training course designed to address major project cost estimating needs and requirements. The course focuses on raising awareness of the significance of cost estimates throughout the project continuum and the need to accurately and thoroughly identify risks involved.

FTA met the target for schedule milestones and cost estimates for all five of its mega projects, which are defined as active New Starts projects with Full Funding Grant Agreements (FFGA) that exceed \$1 billion. The five projects are: New York East Side Access; Dallas Northwest/Southeast; Phoenix Light Rail; Denver Southeast Corridor Project; and, the Seattle Central Link Light Rail.

FAA has major runway projects at Seattle-Tacoma and Chicago O’Hare. The Seattle-Tacoma runway is on schedule to open in 2008. Phase 1 of the Chicago O’Hare Modernization Program (OMP), consisting of one new runway construction, relocation of an existing runway, and one runway extension, is on schedule for completion in 2009. For the two current major projects, Chicago OMP Phase 1 and the ongoing Seattle projects, the baseline of scheduled costs is \$3.2 billion. In FY 2007, the Seattle Runway project remains at its cost target as it moves into the final phases of construction.

<b>Performance Measure</b>				
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.				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Target	95	95	95	95
Actual	95	95	91	88
Associated FY 2007 Funding – \$ 47.9 million				

<b>Performance Measure</b>				
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.				
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Target	95	95	95	95
Actual	74	79	82	84
Associated FY 2007 Funding – \$ 47.9 million				

It is estimated that the OMP is \$400 million over its original estimate, which is a 15 percent increase. FAA had anticipated a 15 percent cost increase in its evaluation of the OMP Phase 1, because of the rise in the cost of materials and land.

**FY 2008 Performance Forecast** — DOT has adopted new measures for monitoring cost estimates and schedule milestones on major projects that are based on a comparison of status in the current year to the prior year. The new target is 2 percent or less growth in schedules and costs in 90 percent or more of all major projects with a Financial Plan. DOT anticipates that it will meet the new targets.

**2007 Results** — FTA met the target for FY 2007. The amount of time to process grants was reduced from an average of 67 days in 2001 to 29 days in 2007. Higher FTA program funding and the number of new programs have increased the workload and number of awards being processed through FTA's Transportation Electronic Award and Management (TEAM) system. In FY 2007, total

FTA grant projects were estimated at 2,500 with associated obligations of over \$10 billion. The improvements in the timeliness of grant processing have resulted in improved customer service. FTA has continued to build on and refine initiatives implemented in previous years to improve grant processing time, including:

- ✧ Implementing an electronic Grants Notification System for grants that are over \$1 million and processed for release by Congress;
- ✧ Opening the Transportation Electronic Award and Management (TEAM) system for grant obligation earlier in fiscal year 2007 as a result of monthly reconciliation of TEAM data during FY 2006;
- ✧ Developing a new functionality in TEAM to improve Earmark processing and tracking;
- ✧ Continuing to work with the Department of Labor (DOL) to streamline procedure for certifying grants;
- ✧ Continuing the expedited notification of certification by the DOL; and,
- ✧ Resolving mid-year problems with electronic notification to DOL resulting from new computer security firewall protections.

**FY 2008 Performance Forecast** — FTA anticipates meeting the FY 2008 target.

Performance Measure				
Percentage of transit grants obligated within 60 days after submission of a completed application.				
	2004	2005	2006	2007
Target	80	80	80	80
Actual	91	91	94	94 *
* Preliminary estimate				
Associated FY 2007 Funding – \$ 2.54 million				