

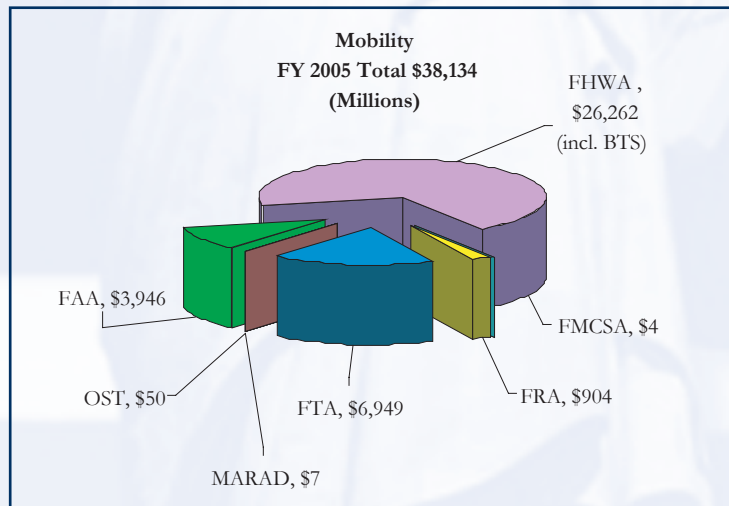
their jobs and communities. Transit ridership has increased every year since 1995, taking riders off city streets, commuting thoroughfares, and freight routes, and curbing the rise in road congestion.

Aviation Mobility

The aviation industry is responsible for moving people and products, and it contributes approximately \$900 billion to our economy. Nearly two million people a day travel on our Nation's airlines and more than one-third of the value of all goods is moved by air. Because travel demand for air service will return to pre-9/11 levels as the national economy rebounds, we cannot afford to reduce our commitment to investing in the Nation's air traffic control system and our airports.

- Improve Access to Transportation Service. To allow Americans living in rural areas to have reasonable access to air travel, the Department of Transportation is requesting \$50 million for the Office of the Secretary to fund payments to air carriers serving rural airports.
- Improve On-Time Flight Arrival Performance. To achieve an on-time arrival rate of 82.2 percent of flights in FY 2005, the President's budget requests \$3.9 billion primarily for FAA Facilities and Equipment and Airport Improvement Grants. This includes funds to replace obsolescent radars and to continue automating terminal control facilities, and \$143.4 million for Free Flight and oceanic automation to improve flight route flexibility. OMB's PART reviews for the Airport Improvement Grants program affirmed that this program is well managed and effective in providing support to airport authorities for moving people and goods. FAA airport grant funding for FY 2005 will emphasize increasing capacity through the construction of additional runways and terminal expansions.

DOT's Mobility Performance Budget is distributed as follows:



Global Connectivity

The U.S. and global transportation systems are inextricably linked to the Nation's economic growth. Transportation is a key economic and productivity enabler, connecting people with work, school, and community services, and connecting American enterprise with domestic and global markets. The U.S. transportation system handles over 4.9 trillion passenger-miles of travel and 3.8 trillion ton-miles of freight every year - generated by more than 281 million people and 7.1 million businesses.

An intermodal domestic and international approach is central to DOT's role in promoting global connectivity. For the freight industry, efficient connections between transportation modes, and efficient transport within each mode, are essential to the competitive position of U.S. products in global markets. Increasing foreign trade requires transportation system capacity around our ports and borders. The U.S. freight system currently carries about 15 billion tons of cargo each year that has a value of \$9.1 trillion, and forecasts suggest a doubling in tonnage of general cargo and international trade movements, and a tripling of freight by value by 2020.

Our strategies to address transportation in the global economy have two synergistic thrusts: (1) opening international transportation markets; and (2) the improvement of essential, intermodal transportation linkages. Both are needed to achieve the outcomes that will yield better global connectivity and a more competitive, cost-effective transportation marketplace. The President's FY 2005 budget request includes \$272.7 million in FY 2005 to meet this challenge.

Reduced barriers to trade in transportation goods and services, and enhanced international competitiveness of U.S. transport providers and manufacturers

- Increase International Aviation Service. The 2005 budget requests \$8 million for the Office of the Secretary to increase opportunities for air transportation consumers in international markets traveling by expanding open skies and open transborder aviation agreements. 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 airline practices, mergers, and international alliances. As the United States moves towards a multilateral approach to air service agreements, the Department of Transportation is seeking an understanding of the long-term trends in the airline industry's operating and competitive structures in order to formulate and execute effective negotiating strategies that will ensure pro-competitive liberalization.
- Preserve and Expand International Cargo Carrying Opportunities for U.S.-Flag Vessels. The budget request includes \$2.8 million for maritime programs that preserve and enhance market opportunities for U.S.-flag vessels. The budget request will allow MARAD to continue to ensure that Federal agencies and other shippers comply with cargo preference laws designed to assure appropriate use of U.S.-flag ships in the carriage of certain cargoes to foreign locations. MARAD also continues its efforts to reduce and eliminate international trade barriers that impede the competitiveness of U.S. shipping companies in the international market. A recent example was a sweeping five-year bilateral maritime agreement signed in December 2003. A historic reform that expands trade between the United States and China, the agreement allows U.S.-registered shipping companies and their partners the flexibility to perform an extensive range of new business activities.

Efficient movement of cargo throughout the domestic and international supply chain

- Increase Freight Travel Efficiency. Consistent with Secretary Mineta's Freight Action Plan, the President's budget request includes \$181.3 million in FY 2005 for FHWA, BTS, and the Office of the Secretary to improve global connectivity in freight, reduce travel time in major freight corridors, and reduce border-crossing delays. The FHWA programs include the border and corridor programs, which work together to reduce bottlenecks in and around seaports and land borders with Canada and Mexico, and parts of the ITS program implementing intelligent trans-



portation systems for improved freight technology, efficiency, and security. This request also includes funds being requested by FHWA and BTS to improve the quality and availability of freight data, freight professional capacity-building efforts, and freight technology development and evaluation. In addition, the MARAD budget request includes a request for funds - identified under the Mobility goal - to support the development and evaluation of short-sea shipping as a means of enhancing the U.S. freight transportation system capacity.

- Maintain a High Level of Seaway System Availability. The President's FY 2005 budget requests \$15.7 million in FY 2005 for the Saint Lawrence Seaway Development Corporation to maintain 99 percent system and lock availability in the U.S. portion of the St. Lawrence Seaway during the navigation season.

Harmonized and standardized regulatory and facilitation requirements

- Increase the Standardization and Harmonization of Transportation Standards and Practices. The Department of Transportation is requesting \$50.1 million in FY 2005 for FAA, NHTSA, and the Office of the Secretary to increase the number of bilateral and multilateral agreements that standardize transportation practices and harmonize standards to a level set in FY 2005. FAA will expand its training and technical assistance programs that help civil aviation authorities around the world meet international safety standards. FAA continues to work with its international partners and the International Civil Aviation Organization to harmonize global technological standards, such as the use of global satellite navigation systems. NHTSA will also continue its efforts within the United Nations Working Party 29 to develop international standards for vehicle safety.

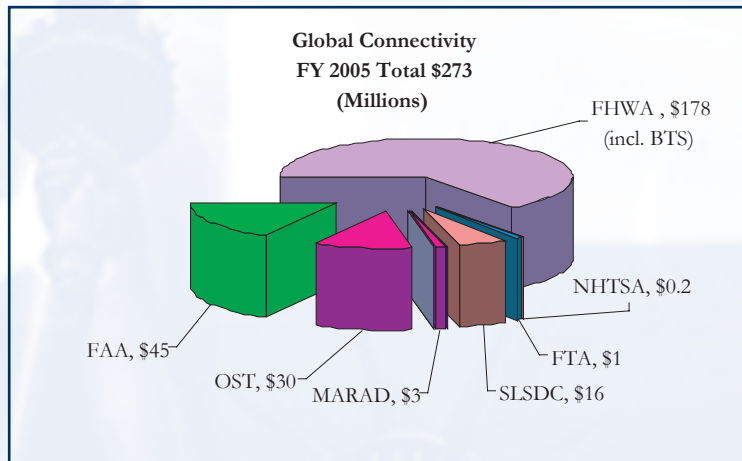
Achieve the most competitive, cost-effective, and efficient environment for passenger travel

- Improve the efficiency and cost-effectiveness of passenger travel. The budget includes \$9.4 million for the Office of the Secretary, FTA, and BTS for planning and policy development that will result in the opening of passenger travel markets to competition through multilateral or regional agreements in FY 2005.

Expanded opportunities for all businesses, especially women-owned and disadvantaged businesses

- Increase Opportunities for Small Disadvantaged (SDB) and Women-Owned Businesses (WOB). The President's budget requests \$5.2 million for outreach and technical assistance to small businesses in general, including disadvantaged and women-owned businesses. These resources will promote the goals of awarding 5.1 percent of the total dollar value of DOT direct contracts to women-owned businesses in FY 2005, and 14.5 percent of the total dollar value of DOT direct contracts to small disadvantaged businesses in FY 2005. DOT's SDB and WOB percentage goals are set in cooperation with the Small Business Administration (SBA). WOBs do not have a special set-aside authority allowing them to compete in a restricted market for Federal procurements. Therefore, WOBs must successfully compete with other small businesses for small business set-aside procurements or with all businesses for full and open procurements. To assist WOBs to successfully compete, DOT and the Office of Small and Disadvantaged Business Utilization (OSDBU) conduct outreach, training and offer financial assistance.

DOT's Global Connectivity Performance Budget is distributed as follows:



Environmental Stewardship

Transportation makes our communities more livable, enhancing the quality of our lives and our society. However, transportation generates pollution and noise, and uses valuable land and aquatic habitat on which fisheries depend. Approximately two-thirds of transportation-related emissions of those pollutants originate from on-road motor vehicles. However, total on-road mobile source emissions declined from 87 million tons in 1988 to 62 million tons in 2000, marking a 29 percent improvement in a little more than a decade. No matter how much is done to improve the capacity and efficiency of our transportation system, we cannot consider our programs to be successful unless we also manage the effects on our environment and our quality of life.

DOT's objective is to reduce the time it takes to gain benefits from transportation projects while minimizing negative environmental impacts. The President's FY 2005 budget requests \$4.7 billion in funding to continue progress in achieving our environmental outcomes. This will require further streamlining of the environmental review process and greater emphasis on program level and major-project oversight activities in conjunction with the Federal, State and local agencies involved.

Reduce pollution and other adverse environmental effects of transportation

- Reduce the Impacts of Transportation on Wetlands and Ecosystems.** The President's budget requests \$439 million for FHWA in FY 2005 to ensure that the program-wide ratio of wetland acres replaced per acre that are unavoidably affected by Federal-aid Highway projects is at least 1.5-to-1 in FY 2005. This goal was exceeded in 2003, with over 2 acres replacing every acre adversely impacted. Wetlands are important natural ecosystems and provide essential habitat for the maintenance of diverse plant and animal life. FHWA works with the States to ensure that transportation infrastructure projects do as little harm as possible to the Nation's wetlands. FHWA will support activities in the States to improve highway planning and project development, thereby enhancing the scenic beauty of facilities, promoting native habitat conservation, protecting wildlife populations, and reducing impacts on land and water resources in general. Funds will also be used for research, technical assistance, and public education initiatives to support further implementation of exemplary ecosystem and habitat conservation initiatives. FHWA encourages States to use Surface Transportation Program funds and National Highway System program funds for projects to control invasive species and encourage adoption of native plants on projects, for pollution abatement and environmental restoration projects, and for brownfield site remediation efforts. FHWA will increase the number of exemplary environ-