

Overview

Introduction

The American people deserve a safe, secure, and efficient transportation system. The quality of our lives, the shape of our communities, and the productivity of our Nation's economy depend on the U.S. Department of Transportation's (DOT) success in fulfilling these goals.

Established in 1967, DOT sets Federal transportation policy and works with State, local, and private sector partners to promote a safe, secure, efficient, and interconnected national transportation system of roads, railways, pipelines, airways, and waterways. DOT's overall objective of creating a safer, simpler, and smarter transportation program is the guiding principle as we move forward to achieve specific goals.

The fiscal year (FY) 2006 budget request for the Department of Transportation totals \$59.5 billion in appropriations, obligation limitation, user fees, and exempt obligations. The Department's five key strategic objectives are to: (1) improve safety; (2) increase mobility for all Americans; (3) increase global transportation connectivity in support of the Nation's economy; (4) protect the environment; and, (5) support national security. These five goals, along with furthering the objectives outlined in the President's Management Agenda through organizational excellence, form the foundation for the FY 2006 budget request.

NET BUDGETARY RESOURCES BY STRATEGIC AND ORGANIZATIONAL GOALS

(Dollars In Millions)

FY 2006 Request ^{1/}

| | TOTAL | Safety | Mobility | Global Connectivity | Environmental Stewardship | Security | Organizational Excellence |
|--|---------------|---------------|---------------|---------------------|---------------------------|------------|---------------------------|
| Federal Aviation Administration | 13,779 | 9,746 | 3,066 | 33 | 380 | 118 | 436 |
| Federal Highway Administration | 34,406 | 4,326 | 26,421 | 179 | 3,295 | 138 | 48 |
| Federal Motor Carrier Safety Administration | 465 | 431 | 2 | 0 | 0 | 8 | 24 |
| National Highway Traffic Safety Administration | 696 | 694 | 0 | 0 | 2 | 0 | 0 |
| Federal Transit Administration | 8,781 | 16 | 8,459 | 1 | 236 | 40 | 29 |
| Federal Railroad Administration | 552 | 189 | 360 | 0 | 1 | 1 | 2 |
| Research & Innovative Technology Administration: ^{2/} | 39 | 2 | 11 | 15 | 0 | 0 | 11 |
| Bureau of Transportation Statistics [non-add] | [33] | [1] | [9] | [14] | [0] | [0] | [9] |
| Pipeline & Hazardous Materials Safety Administration | 131 | 104 | 0 | 0 | 23 | 0 | 4 |
| Maritime Administration | 294 | 0 | 13 | 9 | 23 | 248 | 1 |
| St. Lawrence Seaway Development Corporation | 16 | 0 | 0 | 16 | 0 | 0 | 0 |
| Office of the Secretary | 259 | 2 | 57 | 21 | 0 | 9 | 170 |
| Office of Inspector General | 62 | 0 | 0 | 0 | 0 | 0 | 62 |
| Surface Transportation Board | 24 | 0 | 12 | 0 | 0 | 0 | 12 |
| TOTAL, Department of Transportation | 59,506 | 15,508 | 38,388 | 274 | 3,961 | 561 | 800 |
| Share of Total DOT Budgetary Resources | 100% | 26.1% | 64.5% | 0.5% | 6.7% | 0.9% | 1.3% |

1/ Totals may not add due to rounding.

2/ Includes \$33 million allocation received from the Federal Highway Administration.

Safety

Transportation safety is the Department of Transportation's top strategic priority. Because the human toll and economic cost of transportation accidents are massive, sustaining continuous progress in improving transportation safety is the first objective of all DOT operations. Evaluations using the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) support DOT's decision to retain safety as the number one strategic objective and forms the foundation for much of this resource request.

The FY 2006 budget request proposes overall transportation safety funding of \$15.5 billion. This request will fund the aviation and surface transportation safety programs and initiatives of the Federal Aviation Administration (FAA), the Federal Highway Administration (FHWA), the Federal Motor Carrier Safety Administration (FMCSA), the National Highway Traffic Safety Administration (NHTSA), the Federal Railroad Administration (FRA), the Federal Transit Administration (FTA), and the Pipeline and Hazardous Materials Safety Administration (PHMSA).

Surface Transportation Safety

In 2003, an estimated 42,643 lives were lost in traffic crashes. The economic cost of motor vehicle crashes is estimated to be more than \$230 billion annually. Within DOT, FMCSA and NHTSA are the two operating administrations primarily focused on regulating highway safety, and FHWA supports highway safety through its infrastructure programs. Almost exclusively, FRA's focus is on improving the railroad safety record, and PHMSA's focus is on hazardous material (hazmat) and pipeline safety.

- ❖ Improve Motor Vehicle and Driver Safety. In 2003, the fatality rate per 100 million vehicle-miles traveled experienced the largest drop since 1999, falling to 1.48. Early estimates for 2004 show a further improvement in the highway fatality rate, dropping to 1.45. OMB's PART review for NHTSA's operations and research program indicated that steady progress has been made in reducing highway fatalities, which is evidenced by the 2003 statistics. While progress has been made, NHTSA will continue to focus on two significant areas to further reduce the overall highway fatality rate to 1.0 per 100 million vehicle-miles traveled by 2008: (1) increasing safety belt usage from 69 percent in 1998 to 82 percent in 2006, depending on how many additional States pass primary safety belt laws; and (2) reducing the rate of fatalities in high blood alcohol concentration (BAC 0.08 or above) crashes per 100 million vehicle-miles traveled from 0.61 in 1996 to 0.51 in 2006. The FY 2006 budget request includes \$229.4 million for NHTSA safety operations and research programs, and \$465 million for grants to States for targeted highway safety programs to counter drugged and drunk driving and to enforce safety belt use. This funding level is consistent with the Administration's Safe, Accountable, Flexible, and Efficient Transportation Equity Act (SAFETEA) proposal to consolidate NHTSA highway safety grant programs to the States. The Research and Innovative Technology Administration (RITA) will continue its efforts, in concert with the Department of Energy, to develop safe hydrogen fuel infrastructure and vehicles for transportation use.
- ❖ Safer and Smarter Highway and Intersection Infrastructure. FHWA's FY 2006 safety request of \$4.3 billion continues the Administration's policy of providing increased flexibility in safety funding to the States to tailor their resources to address unique factors that impact highway safety, such as highway design and operation. These funds also enable FHWA to increase its research focus on safety and concentrate efforts on reducing the number of fatalities in three types of crashes: roadway departures, crashes at or near intersections, and collisions involv-

ing pedestrians. Roadway departures, including run off-the-road and head-on crashes, accounted for over 25,000 fatalities in 2003. Safer and smarter highway and intersection design and operation will remove roadside hazards and help keep vehicles on the roadway. Approximately 9,200 fatal crashes occurred in 2003 between vehicles in collisions at intersections. FHWA will continue to promote the use of comprehensive intersection design and operational tools and enforcement strategies, and will assist States in improving intersection safety problems at specific locations. Approximately 4,800 pedestrians are killed each year in collisions with one or more vehicles. To counter this trend, FHWA will continue to target crash causes in major urban areas and select rural locations and facilitate community-based programs that fully and safely accommodate pedestrians.

- ❖ Improve Motor Carrier Safety. OMB's FY 2005 PART review for FMCSA's safety grant program indicated that steady progress has been made in reducing truck-related fatalities. Further, the FY 2006 PART review for FMCSA's safety and operations programs found that FMCSA has continued to achieve reductions in the rate of fatalities involving large trucks. The large truck-related fatality rate in 2003 was 2.31 fatalities per 100 million truck vehicle-miles traveled (TVMT), which is 18 percent lower than the baseline rate of 2.81 fatalities per 100 million TVMT, established in 1996. Further, FMCSA's progress in reducing injuries in crashes involving trucks continues to be very significant. Estimates of 2003 truck-related injuries - 122,000 - represent a 7 percent decrease from 2002, and are the lowest level since 1995. The large truck injury rate of 55 per 100 million truck-miles is at the lowest level since injury data have been collected. Aggressive enforcement, FMCSA's primary safety mitigation strategy, has proven effective in reducing crashes, fatalities, hazardous materials releases, and injuries. Consistent with the Administration's SAFETEA proposal, the budget request of \$465 million includes \$233 million for Motor Carrier Safety Operations and Programs to support critical motor carrier program activities to reduce crashes, save lives, and prevent injuries on our Nation's highways. The request also includes \$232 million for Motor Carrier Safety Grants to maintain aggressive State enforcement of interstate commercial truck and bus regulations as part of a Federal-State partnership aimed at meeting the Department's strategic goals and performance targets.
- ❖ Improve Railroad Safety. OMB's FY 2005 PART review of FRA's rail safety program showed that this program is well managed and is making good progress in achieving rail safety goals. The FY 2006 PART review of its Research and Development program, with goals that also support safety, furthered these findings. The FY 2006 budget request for FRA safety includes \$151.7 million to support FRA's efforts to reduce rail accidents and incidents to 16.8 per million train-miles in FY 2006. By reducing accidents and incidents, fatalities, injuries, and serious rail hazardous materials incidents will also be avoided. The funds requested in FY 2006 will provide two new safety positions to provide an inspection function at tank car repair facilities, provide additional support in FRA's Research and Development program, and direct significant funding in the installation of the Nationwide Differential Global Positioning System for the continental United States.
- ❖ Improve Transit Safety. Public transit is one of the safest modes of transportation per passenger-mile traveled. The challenge is to further reduce the rate of fatalities and injuries, even as the total number of people using transit increases. To help meet this challenge, the President's budget requests more than \$16 million for FTA safety oversight, research projects, and associated administrative costs. Continuing to fund transit safety will support efforts to keep transit

fatalities at or below 0.477 per 100 million transit passenger-miles traveled in FY 2006. These funds will also contribute to reducing the rate of transit-related injuries and incidents.

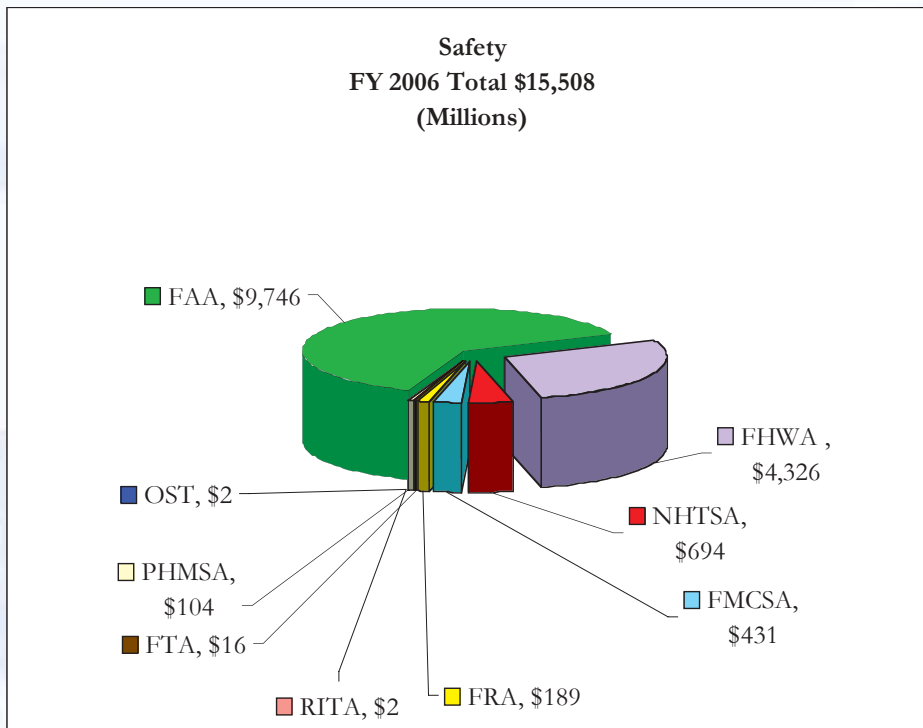
- ❖ Improve Pipeline and Hazardous Materials Safety. OMB's FY 2005 PART review of PHMSA's (formerly Research and Special Programs Administration) hazardous materials safety grant assistance program showed that this program is well-managed and making progress in achieving hazardous materials safety goals. Similarly, the FY 2006 PART review for PHMSA's pipeline safety program found that the program is effectively managed. In FY 2006, \$103.8 million is requested for PHMSA to support efforts to reduce the number of natural gas and hazardous liquid pipeline incidents to 280 in FY 2006, and for PHMSA's share of the overall DOT performance target of achieving no more than 498 serious hazardous materials transportation incidents in FY 2006.

Aviation Safety

- ❖ Improve Aviation Safety. FAA's efforts to improve aviation safety have produced impressive results. The FY 2004 commercial air carrier accident rate of 0.021 per 100,000 departures was the lowest in history. FAA also exceeded its FY 2004 target for reducing general aviation accidents. Nevertheless, as OMB's FY 2005 PART reviews of FAA's Air Traffic Service and Research, Engineering and Development programs concluded, FAA needs to make better progress towards reducing the precursors of aircraft accidents (runway incursions and operational errors). More recently, the FY 2006 PART review for FAA Regulation and Certification found that the FAA is unable to determine if the cost of rule development is minimized at the least incremental cost. Steps are being taken to analyze the complexity of rulemakings, as well as the workload by organization, to better understand the cost of rule development and increase efficiency.

The FY 2006 budget request for FAA includes \$7.9 billion to reduce U.S. commercial air carrier fatal accidents to 0.018 per 100,000 departures in FY 2006, and to reduce all general aviation fatal accidents to 337 in FY 2006. The request supports FAA's efforts to provide the safest possible system through additional investments in personnel and airspace safety technology, including systems to reduce the most serious runway incursions to no more than 33, equivalent to a rate of 0.502 per million operations, and to reduce the most serious operational errors to no more than 618, equivalent to a rate of 3.72 per million activities. The request provides funding for inspecting aircraft, certifying new equipment, and ensuring the safety of flight procedures and the competence of airmen and women.

DOT's Safety Performance Budget is distributed as follows:



Mobility

The President's budget request includes \$38.3 billion in FY 2006 to continue improvements in transportation mobility. Mobility is essential to America's economic prosperity and quality of life. In today's global economy, it is more important than ever to have seamless transitions among the modes of transportation so that people and cargo can move effectively and efficiently. Over the past 20 years, congestion has increased for all modes of transportation. To address this problem and to enhance infrastructure conditions, the Department is concentrating on smart technology and system improvements. Initiatives supported by the FY 2006 budget request include expanding "intelligent highway system technology" and modernization of the airspace control system. The search for new innovative solutions to our mobility challenges is strongly supported in the FY 2006 budget request with overall investment in research, development, and technology proposed at \$1.1 billion.

Surface Mobility

- ❖ Improve Highway Infrastructure Condition and Relieve Congestion. OMB's FY 2004 and FY 2005 PART reviews for the Federal-aid Highway infrastructure program and the Federal Lands Highway program, respectively, affirm that these programs effectively support States in maintaining the good condition of highway infrastructure and ensuring that there is sufficient capacity and access to transportation to move people and goods.

Consistent with the Administration's SAFETEA proposal, the FY 2006 budget requests \$26.4 billion for FHWA to improve highway infrastructure conditions and relieve congestion. Of this amount, \$19.9 billion is requested to improve pavement conditions on the National Highway System (NHS) and thus increase to 94 percent in FY 2006 the share of travel on the NHS that meets pavement performance standards for acceptable ride. Another \$6.5 billion will be used to limit the growth in total annual urban-area road travel that occurs in congested conditions to no more than 33.7 percent in FY 2006. The goal in FY 2006 is to slow the annual

rate of increase to less than the 0.7 percent projection. Within the mobility budget request are funds for an infrastructure performance and maintenance initiative, which targets "ready-to-go" highway projects that address traffic bottlenecks and improve infrastructure conditions. The NHS is comprised of the most important national routes for trade and commerce, including all Interstates and over 68 percent of other principal arterials. While the NHS accounts for only 4.1 percent of total road mileage in the United States, it handles 44.3 percent of total vehicle-miles traveled. Improving the condition of highways and bridges is critical to transportation mobility and key indicators of system performance. Consequently, the condition of the NHS significantly impacts congestion, wear-and-tear on vehicles and fuel consumption.

- ❖ Improve Mobility through the Maritime Transportation System. The budget request includes \$2.9 million for MARAD's efforts to improve mobility through the maritime transportation system. Greater use of marine transportation, specifically the Nation's waterways, offers the potential to reduce passenger and freight congestion for surface transportation and make the best use of highways, railways, airways, and waterways.
- ❖ Restructure Intercity Passenger Rail Service. In July 2003, Secretary Mineta transmitted to Congress the Passenger Rail Investment Reform Act (PRIRA). The purpose of PRIRA is to undertake a restructuring of intercity passenger rail transportation in the United States that will increase management accountability and encourage responses to market forces. Consistent with the PRIRA, the Department of Transportation continues to support passenger rail service and Federal-State partnerships to improve Amtrak's future viability, while facilitating vitally needed changes in Amtrak's operating model and capital infrastructure program. Until these reform actions are undertaken, however, intercity passenger rail remains in a state of flux. The budget does not provide any additional funding for Amtrak, but instead makes available \$360 million for the Surface Transportation Board to maintain existing commuter services along the Northeast Corridor and elsewhere while the future of intercity passenger rail is determined.
- ❖ Increase Transit Ridership and Improve Access to Transportation Services. OMB's FY 2005 and FY 2006 PART reviews for the Major Capital Investment (New Starts) and formula transit grant programs affirm that these programs are well managed and effective in meeting the demand for transit in communities nationwide. FTA requires all New Starts projects to conduct a rigorous "Before and After Study" to document the impact of the project on ridership and other performance indicators. In communities that have completed New Starts projects, significant regional transit ridership growth has been demonstrated after the beginning of revenue operations.

Consistent with the Administration's SAFETEA proposal, the Department of Transportation is requesting more than \$7.9 billion for FTA to increase by 1 percent the average yearly number of transit boardings per transit market adjusted for changes in employment; maintain at 50,000 in FY 2006 the number of employment sites made accessible by Job Access and Reverse Commute (JARC) transportation services; increase to 97 percent in FY 2006 the proportion of bus fleets that are compliant with the Americans with Disabilities Act (ADA); and increase to 86 percent in FY 2006 the proportion of key rail stations that are ADA-compliant. Transit formula programs are essential to maintaining and upgrading the condition and performance of the Nation's transit infrastructure so that America's transit systems continue to move millions of people safely and efficiently every day, thereby reducing congestion, facilitating economic development, and connecting people to their jobs and communities. Passenger miles traveled on transit have increased every year since 1995, taking riders off city streets, commuting thor-

oughfares, and freight routes, and curbing the rise in road congestion.

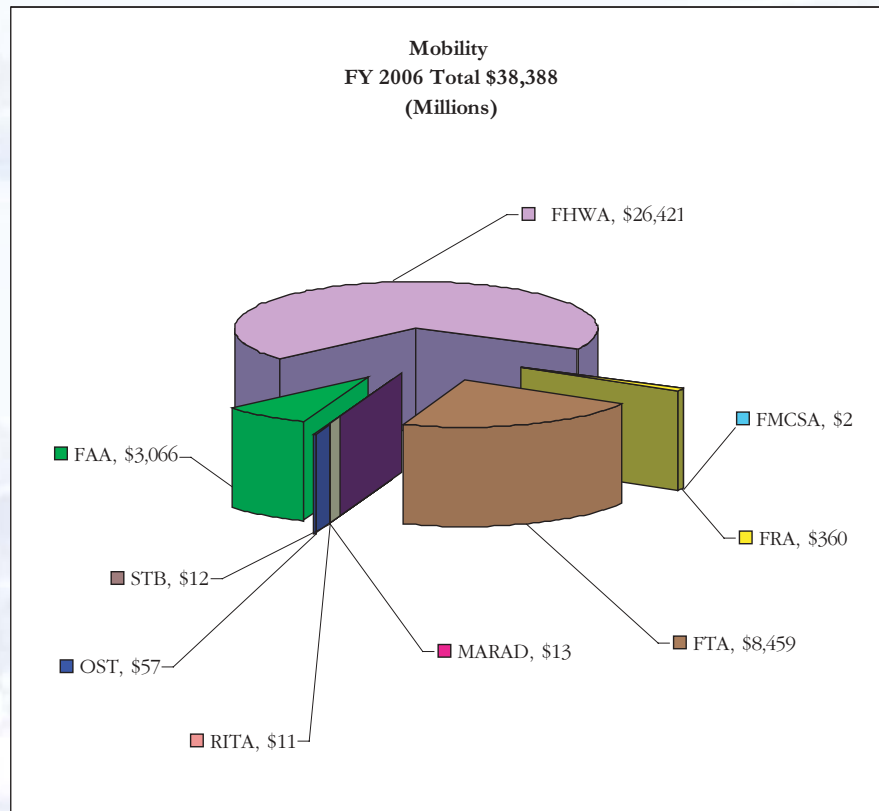
Consistent with the national commitment to improve coordination and access to specialized transportation, the President signed Executive Order 13330 on Human Service Transportation Coordination in February 2004, to improve human service transportation coordination for individuals with disabilities, older adults, and people with lower incomes. The Executive Order established the Interagency Transportation Coordinating Council on Access and Mobility (CCAM) representing 11 Federal departments, with Secretary Mineta as the Chairman. With DOT leadership, the CCAM has launched “United We Ride,” a nationwide initiative to implement the Executive Order, which requires Federal agencies to simplify access, reduce duplication of Federal rules and regulations, and increase cost efficiencies using existing resources.

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. As the economy rebounds and travel demand for air service meets or exceeds pre-9/11 levels, 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's FY 2006 budget request assumes \$50 million of overflight fees collected by the FAA will fund a program managed by the Office of the Secretary to make payments to air carriers serving rural airports.
- ❖ Improve NAS On-Time Arrival Performance. To achieve an on-time arrival rate of 88.4 percent of flights in FY 2006, the President's budget requests \$2.7 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 \$109 million for the User Request Evaluation Tool and oceanic automation to improve flight route flexibility. OMB's FY 2004 PART review 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.

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 FY 2006 budget request includes \$274 million 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 2006 budget requests \$5.9 million for the Office

of the Secretary to increase opportunities for air transportation consumers traveling in international markets 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 \$1.8 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.

Efficient movement of cargo throughout the domestic and international supply chain

- ❖ Increase Freight Travel Efficiency. Consistent with Secretary Mineta's Freight Action Plan, the budget request includes \$209 million in FY 2006 for FHWA, RITA, FMCSA and the Office of the Secretary to improve global connectivity in freight, reduce travel time in major freight corridors, and reduce border-crossing delays. 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 transportation systems for improved freight technology, efficiency, and security. This request also includes funds being requested by FHWA and RITA to improve the quality and availability of freight data, freight professional capacity-building efforts, and freight technology development and evaluation.
- ❖ Maintain a High Level of Seaway System Availability. The FY 2006 budget requests \$16.3 million for the Saint Lawrence Seaway Development Corporation (SLSDC) to maintain 99 percent system and lock availability in the U.S. portion of the St. Lawrence Seaway during the navigation season. The request includes an appropriation request of \$8.0 million from the Harbor Maintenance Trust Fund, plus \$8.3 million through the proposed re-establishment of U.S. Seaway commercial tolls. A legislative proposal to re-establish U.S. Seaway commercial tolls as a self-funding mechanism for the SLSDC will be transmitted during this Congress.

Harmonized and standardized regulatory and facilitation requirements

- ❖ Increase the Standardization and Harmonization of Transportation Standards and Practices. The Department of Transportation is requesting \$38.4 million in FY 2006 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. 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 and Working Party 1 to share best practices for traffic safety.

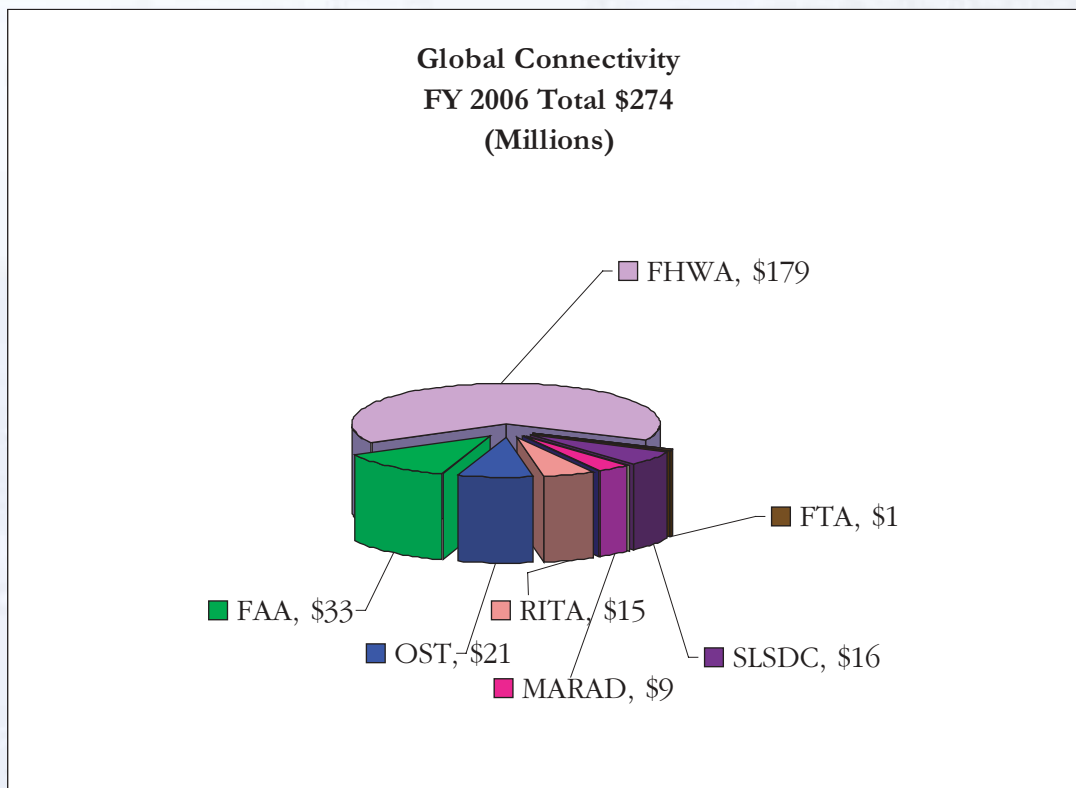
Achieve the most competitive, cost-effective, and efficient environment for passenger travel

- ❖ Improve the efficiency and cost-effectiveness of passenger travel. The budget includes \$6.3 million for the Office of the Secretary and FTA to promote the opening of transportation markets to competition through multilateral or regional agreements in FY 2006.

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

- ❖ Increase Opportunities for Small Disadvantaged (SDB) and Women-Owned Businesses (WOB). The budget request includes \$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 2006, and 14.5 percent of the total dollar value of DOT direct contracts to small disadvantaged businesses in FY 2006. DOT's SDB and WOB percentage goals are set in cooperation with the Small Business Administration. 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. At the same time, 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 FY 2006 budget request includes \$4.0 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 budget requests \$278.3 million for FHWA in FY 2006 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 2006. This goal was exceeded in 2004, with over 2 acres replacing every acre adversely impacted.

Wetlands are important natural ecosystems that filter pollutants, minimize potential floodwater damage 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. An exemplary ecosystem is an action or measure that will help sustain or restore natural systems and their function and values. Examples include mitigation projects that support wildlife movement and habitat connectivity, the development of watershed-based environmental assessment and mitigation approaches, the use of wetland banking, and the use of special measures to prevent invasive species along highway right-of-ways.

- ❖ Reduce Emissions. The President's budget requests \$3.2 billion in FY 2006 for FHWA, FRA, FTA, and MARAD for environmental programs that help to reduce emissions. One of DOT's performance goals for FHWA and FTA is to ensure that the 12-month moving average of the number of areas with transportation emissions conformity lapses in FY 2006 is no greater than six. DOT aims to reduce mobile source emissions by encouraging the use of less polluting transportation; designing and implementing infrastructure that reduces congestion and emissions; researching and modeling the emissions impacts of investment choices; and supporting the development of fuel- and emission-efficient vehicles. FHWA and FTA will fund improvement projects in States to ease congestion, reduce emissions, improve highway planning, and

expand transportation options. Funds will also be used for research, technical assistance, and public education initiatives to improve air quality. In 2006, MARAD will implement an Environmental Management System and continue to work to mitigate air quality problems and evaluate ballast water treatment technologies.

- ❖ Reduce Pipeline Spills. The FY 2006 budget request includes \$23.3 million for PHMSA to ensure that the amount of hazardous liquid materials spilled per million ton-miles shipped by pipelines in FY 2006 is no greater than 0.0060 tons. To reduce pipeline failures, thereby reducing hazardous liquids spills from pipelines, PHMSA reviews the compliance of large hazardous liquid pipeline operators subject to PHMSA's integrity management program (IMP). PHMSA will increase IMP reviews to 75 percent of pipeline miles operated by the Nation's 65 largest hazardous liquid pipeline operators, accelerate integrity testing, comprehensively evaluate all pipeline risks, and strengthen Federal and State pipeline safety oversight. Testing, evaluation, and repair will result in finding and solving problems before they lead to failures, thereby directly supporting the goal of reducing spills. These initiatives support the National Energy Policy for energy infrastructure growth by improving the integrity of, and public confidence in, existing pipeline infrastructure.

- ❖ Limit Exposure to Aviation Noise. The budget request includes \$289 million for FAA in FY 2006 to ensure that the number of people in the United States who are exposed to significant aircraft noise levels - a Day/Night Average Sound Level (DNL) of 65 decibels or more - continues to decline. FAA will address the environmental impacts of airport projects, primarily aircraft noise. FAA will also provide expertise and funding to assist in abating the impacts of aircraft noise in neighborhoods surrounding airports by purchasing land, relocating persons and businesses, soundproofing residential homes or buildings used for educational and medical purposes, purchasing noise barriers and monitors, and researching new noise prediction and abatement models and new technologies.

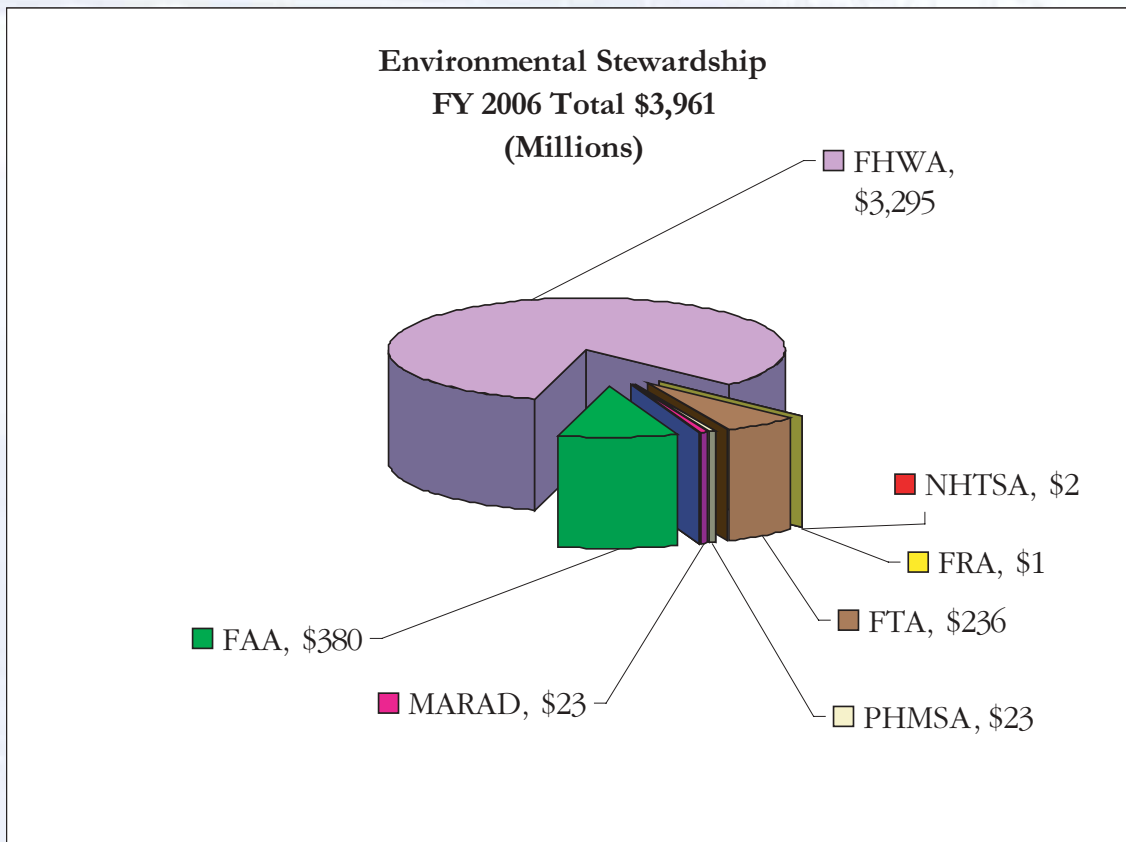
- ❖ Clean Up DOT Facilities. The budget request includes \$75.1 million for FAA, MARAD, and OST in FY 2006 to ensure that the percentage of DOT facilities categorized as No Further Remedial Action Planned (NFRAP) under the Superfund Amendments and Reauthorization Act (SARA) is no less than 93 percent in FY 2006. Facility cleanup will comply with the SARA process and the requirements of the National Oil and Hazardous Substances Pollution Contingency Plan. A "worst first" prioritization system is used to assign higher priority to those facilities representing the greatest potential hazard to the public health and the environment.

Regulatory factors at the local, State, and Federal levels are also considered in the decision-making process. FAA funds pollution prevention; complies with occupational safety, health and environmental regulations; promotes good energy management practices; and conducts environmental impact analyses. In addition, MARAD conducts an obsolete ship disposal program in support of DOT's strategy to improve DOT-owned or controlled facilities. MARAD has a statutory deadline of September 30, 2006, to dispose of all obsolete ships on hand. In 2006, MARAD proposes to remove approximately 13 ships from the reserve ship fleet sites for disposal, and to relocate the N/S SAVANNAH to Charleston, South Carolina, closer to where the reactor decommissioning project will occur.

Improve timeliness of environmental review for federally funded infrastructure projects

- ❖ Improve Project Review Efficiency. The budget requests \$81.5 million in FY 2006 for FAA and FHWA to streamline the completion of an environmental impact statement or environmental assessment on all infrastructure projects. The overall performance target is to reduce the median time for completing an environmental impact or environmental assessment on all DOT-funded infrastructure projects to 30 months in FY 2006, and to reduce the percentage of Environmental Justice cases that remain unresolved after one year to 35 percent in FY 2006. Executive Order 13274 contains a mandate for DOT to reduce the time required for decision-making for transportation infrastructure projects. Environmental reviews consume a significant amount of time in project review and final decisions. A key challenge to DOT's stewardship of the environment vis-à-vis the Nation's transportation system is to strike a better balance between adding capacity and doing so at the smallest reasonable impact to the human and natural environment. Executive Order 12898 directs each Federal agency to identify and address disproportionately high and adverse human health or environmental effects of its programs, policies, and activities on minority and low-income populations. To achieve this objective, DOT operates under existing authorities, such as the National Environmental Policy Act (NEPA) and Title VI of the Civil Rights Act of 1964. DOT's Environmental Justice policy incorporates these considerations in all DOT programs, policies, and activities.

DOT's Environmental Stewardship Performance Budget is distributed as follows:



Security

The Department of Transportation is responsible for ensuring that the national transportation system remains operable in the face of natural and man-made disasters. DOT also manages the Civil Reserve Air Fleet and operates the Ready Reserve Force in support of the Department of Defense's strategic airlift and sealift needs. Under the current Federal Response Plan, DOT is the lead agent for Emergency Support Function One - Transportation. DOT will work with the Departments of Defense and Homeland Security, as well as State, local, and tribal governments, and private sector partners, to ensure that DOT's core competencies are used to meet critical transportation needs during any contingency. This involves such tasks as:

- ❖ operating national and field Movement Coordination Centers to obtain transportation services and provide transportation assets into and out of the disaster area;
- ❖ assessing transportation infrastructure damage and effects on the national and regional transportation system, monitoring the accessibility of transportation capacity and congestion in the transportation system, and implementing management controls as required;
- ❖ assisting in the design and implementation of alternate transportation services, such as mass transit systems, to replace system capacity temporarily lost to disaster damage; and
- ❖ coordinating the clearing and restoration of transportation infrastructure.

Rapid recovery of transportation in all modes from intentional harm and natural disasters

- ❖ Increase Overall Resilience of the National Transportation System. The FY 2006 budget requests \$313.2 million to improve the overall readiness of the Department to respond to acts of intentional harm and natural disasters and to prepare for a rapid recovery from such events.
- ❖ FAA insures the operability of the national airspace through the facilities, equipment and personnel of the air traffic control system, which is essential to the rapid recovery of transportation services in the event of a national crisis. The budget request includes \$117.5 million to continue upgrading and accrediting facilities, procure and implement additional security systems, and upgrade the Command and Control Communications equipment.
- ❖ FHWA works with a number of DOT agencies and the Department of Homeland Security and its Transportation Security Administration to improve highway-related security by assessing the vulnerability of critical highway infrastructure and developing measures to reduce vulnerability, ensuring State and local highway departments are prepared to respond to attacks on the highway system, improving the readiness of military and civilian authorities to support military deployments, and conducting security-related research. FHWA also administers the Emergency Relief Program, which provides funds to repair and reconstruct highways and bridges damaged as a result of catastrophic failures. The budget request includes \$138.5 million to support FHWA's security activities. Approximately \$125 million of the requested funds will be dedicated from the Emergency Relief Program and the remaining \$13 million will fund security activities such as vulnerability assessments and emergency operations, preparedness, and response.

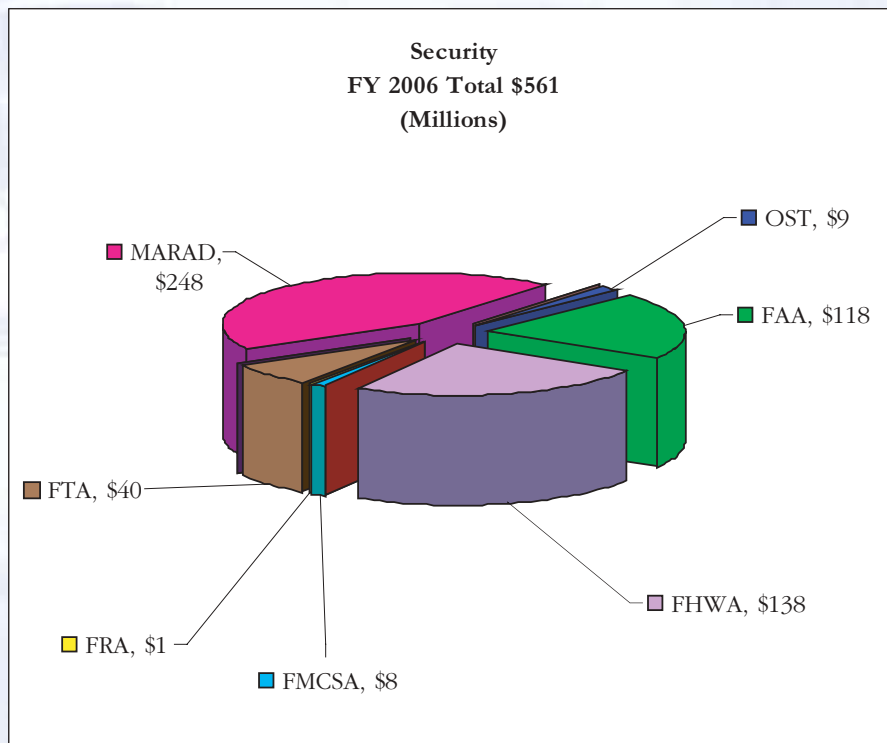
- ❖ FTA, in coordination with the Transportation Security Administration, works with transit agencies to enhance the security of public transportation systems. The Department of Transportation is requesting \$36.6 million to ensure that transit agencies address security needs and to provide assistance in the areas of emergency preparedness, employee training, and public awareness.
- ❖ DOT's Crisis Management Center assists DOT and the Nation in dealing with disruptions in the national transportation system due to man-made disasters by regularly and continuously coordinating State and local government planning, training, and disaster preparedness exercises; by ensuring that essential Secretarial functions can continue at an alternate site if the DOT Headquarters building is unavailable during a crisis; and by ensuring that essential DOT functions can continue at a secure location during national security emergencies. The budget request includes \$1.9 million for security-related activities of OST to improve DOT's ability to carry out essential national functions at the alternate site and to make improvements to the Crisis Management Center. The goal is to increase the Transportation Capability Assessment for Readiness rating for emergency preparedness from 67 in FY 2004 to 71 in FY 2006.
- ❖ FMCSA works in concert with the Transportation Security Administration to establish protocols enhancing the security of commercial motor vehicle transportation, including particularly the security of commercial motor vehicles carrying hazardous materials. The budget request includes nearly \$8 million to continue security compliance reviews of hazardous materials carriers and to continue an outreach initiative that communicates threat characteristics and security advice to commercial motor vehicle drivers, carriers and law enforcement agencies.
- ❖ The U.S. railroad system carries approximately 40 percent of the ton-miles of freight in the United States, making it imperative that the FRA reduce the vulnerability of the railroad infrastructure and systems to physical and cyber attack. The budget request includes \$0.7 million to coordinate all FRA-related security projects in addition to responding to notifications of bomb threats and criminal acts against railroads as they are reported to the National Response Center. Personnel monitor FRA's accident/incident database for reported acts of vandalism, sabotage, criminal mischief, and/or other malicious, intentional acts of destruction. FRA personnel also provide information to railroads regarding terrorist activity and threats or acts against rail transportation.
- ❖ The SLSDC is a critical transportation link to and from the agricultural and industrial heartland of the United States. A shutdown of any one of the Seaway's 15 U.S. and Canadian locks due to a security-related event or lock malfunction or failure would stop operations through the St. Lawrence Seaway System and severely disrupt traffic throughout the entire Great Lakes. The budget request includes \$0.3 million to continue SLSDC's physical security program around the U.S. Seaway lock facilities.

National Security Contingency Sealift

- ❖ Ensure the Availability of Contingency Strategic Sealift. The FY 2006 budget request includes \$247.7 million to achieve the goal that 94 percent of DOD-required shipping capacity, complete with crews, be available within mobilization timelines in FY 2006; and to maintain 93 percent of DOD-designated commercial ports available for military use within DOD established readiness timelines in FY 2006.

MARAD works closely with the Department of Defense to provide a seamless, time-phased transition from peacetime to wartime operations, while balancing the defense and commercial elements of the maritime transportation system. MARAD ensures that strategic port facilities are available and ready to move military cargo smoothly through commercial ports during DOD mobilizations. Through the Maritime Security Program, the Voluntary Intermodal Sealift Agreement, and the Ready Reserve Force, MARAD assures that DOD has access to commercial sealift capacity to support the rapid deployment of U.S. military forces. MARAD's contribution to Operation Enduring Freedom and Operation Iraqi Freedom underscores the critical importance of readiness to meet national security needs. The U.S. Merchant Marine Academy and six State Maritime Schools provide the skilled U.S. merchant marine officers essential to the success of its security activities.

DOT's Security Performance Budget is distributed as follows:



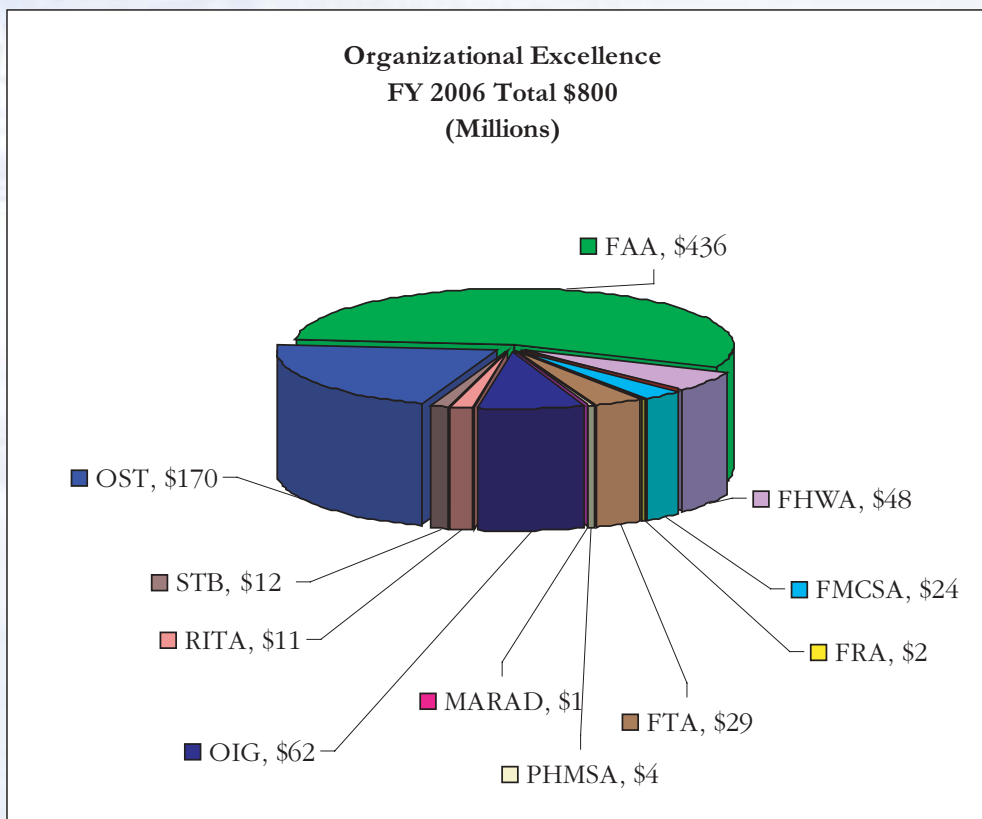
President's Management Agenda - Organizational Excellence

With approximately 60,000 employees and hundreds of programs, DOT faces significant challenges regarding customer satisfaction, employee effectiveness, and organizational performance and productivity. The FY 2006 budget requests an overall \$800 million, including \$12 million in the Office of the Secretary, to strengthen the management of the Department's large information technology investment portfolio and to improve the American public's access to information and services through electronic government. Also included is \$100 million to finance the FY 2006 costs for the new Department headquarters building that will consolidate headquarters operating functions into efficient leased office space.

Overall, the Secretary is improving Departmental management by ensuring that:

- ❖ All elements of the Human Capital, Competitive Sourcing, Improved Financial Management, Electronic Government, Budget and Performance Integration, and Research and Development Investment Criteria segments of the President's Management Agenda are accomplished.
- ❖ For major DOT systems acquisitions, a minimum of 80 percent of cost goals established in acquisition project baselines are met.
- ❖ At least 95 percent of major federally funded infrastructure projects meet schedule milestones established in project or contract agreements, or miss them by less than 10 percent.
- ❖ At least 80 percent of transit grants are obligated within 60 days after submission of a completed application.

The DOT Organizational Excellence Performance Budget is distributed as follows:



Conclusion

DOT's goal is to provide the resources necessary to support our Nation's transportation system. The funding requested for FY 2006 will help improve transportation safety, enhance homeland and national security, maintain and expand our transportation infrastructure and increase its capacity, reduce environmental degradation, and improve the quality of life for all citizens. The following pages provide highlights of the budget request by DOT operating administration.