

**SECTION 4: FY 2009 PERFORMANCE BUDGET
REQUEST**

EXHIBIT IV-1
FY 2009 BUDGET REQUEST BY STRATEGIC GOAL AND PERFORMANCE GOAL
OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)

	(A)	(B)	(C)	(D)
			FY 2009	TOTAL
	FY 2007	FY 2008	PROGRAM	FY 2009
STRATEGIC & PERFORMANCE GOALS by Performance Measure	<u>ACTUAL</u>	<u>ENACTED</u>	<u>CHANGES</u>	<u>REQUEST (B+C)</u>
1. SAFETY STRATEGIC GOAL				
A. Highway Safety				
a. Other	914	1,806	328	2,134
Subtotal Performance Goal	914	1,806	328	2,134
B. Aviation Safety				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
C. Rail Safety				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
D. Transit Safety				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
E. Pipeline Safety				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
F. Hazmat Safety				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
Total - Safety Strategic Goal	914	1,806	328	2,134
2. REDUCED CONGESTION STRATEGIC GOAL				
A. Increased Access				
a. Other	110,255	113,369	-59,500	53,869
Subtotal Performance Goal	110,255	113,369	-59,500	53,869
B. Meet Air Transportation Demand				
a. Other	1,316	2,495	391	2,886
Subtotal Performance Goal	1,316	2,495	391	2,886
C. Urban Congestion				
a. Other	0	1,941	-993	948
Subtotal Performance Goal	0	1,941	-993	948

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	(A)	(B)	(C)	(D)
			FY 2009	TOTAL
	FY 2007	FY 2008	PROGRAM	FY 2009
STRATEGIC & PERFORMANCE GOALS by Performance Measure	<u>ACTUAL</u>	<u>ENACTED</u>	<u>CHANGES</u>	<u>REQUEST (B+C)</u>
<u>D. Freight Performance</u>				
a. Other	0	1,378	-65	1,313
Subtotal Performance Goal	0	1,378	-65	1,313
<u>E. High Performance Trans. Infrastructure</u>				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
<u>F. Increased Transportation Capacity</u>				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
Total – Reduced Congestion Strategic Goal	111,571	119,183	-60,167	59,016
3. GLOBAL CONNECTIVITY STRATEGIC GOAL				
<u>A. Reduced Barriers to Trade</u>				
a. Number of international negotiations conducted annually to remove market distorting barriers to trade in air transportation.	2,609	3,124	-1,027	2,097
b. Number of new or expanded bilateral and multilateral aviation agreements completed.	1,744	1,838	-1,158	680
c. Number of potential air transportation consumers (in billions) in international markets between the U.S. and countries with open skies agreements.	1,744	1,838	-1,158	680
d. Number of proceedings to award U.S. carriers newly available international route rights.	0	0	0	0
e. Other	0	0	0	0
Subtotal Performance Goal	6,097	6,800	-3,343	3,457
<u>B. Increase the Efficiency of Passenger and Cargo Movement</u>				
a. Other	0	3,425	4,191	7,616
Subtotal Performance Goal	0	3,425	4,191	7,616
<u>C. Enhance Competitiveness</u>				
a. Other	3,505	1,522	-1,522	0
Subtotal Performance Goal	3,505	1,522	-1,522	0
<u>D. Regulatory and Facilitation Requirements</u>				
a. Other	1,543	0	0	0
Subtotal Performance Goal	1,543	0	0	0

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	(A)	(B)	(C)	(D)
			FY 2009	TOTAL
	FY 2007	FY 2008	PROGRAM	FY 2009
STRATEGIC & PERFORMANCE GOALS by Performance Measure	<u>ACTUAL</u>	<u>ENACTED</u>	<u>CHANGES</u>	<u>REQUEST</u>
				<u>(B+C)</u>
E. <u>Expand Business Opportunities</u>				
a. Percent of total dollar value of DOT direct contracts awarded to women owned businesses.	2,563	2,599	69	2,668
b. Percent of total dollar value of DOT direct contracts awarded to small disadvantaged businesses.	2,563	2,599	69	2,668
c. Other	0	0	0	0
Subtotal Performance Goal	5,126	5,198	139	5,337
Total – Global Connectivity Strategic Goal	16,271	16,945	-535	16,410
4. ENVIRONMENTAL STEWARDSHIP				
A. <u>Reduction in Pollution</u>				
a. Percent of DOT facilities characterized as 'No Further Remedial Action' under the Superfund Amendments Reauthorization Act.	0	0	0	0
b. Other	0	4,061	-1,178	2,883
Subtotal Performance Goal	0	4,061	-1,178	2,883
B. <u>Streamline Environmental Review</u>				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
Total – Environmental Stewardship Strategic Goal	0	4,061	-1,178	2,883
5. SECURITY, PREPAREDNESS AND RESPONSE				
A. <u>Expert Transportation Sector Intelligence</u>				
a. Intelligence, Preparedness and Response	8,916	12,434	1,788	14,222
b. Other	0	0	0	0
Subtotal Performance Goal	8,916	12,434	1,788	14,222
B. <u>Hazmat Emergency Response</u>				
a. Other	0	0	0	0
Subtotal Performance Goal	0	0	0	0
Total – Security, Preparedness and Response Strategic Goal	8,916	12,434	1,788	14,222
6. ORGANIZATIONAL EXCELLENCE				
A. Fulfill the President's Management Agenda	128,802	74,241	12,335	86,576
a. Other	0	0	0	0
Subtotal Performance Goal	128,802	74,241	12,335	86,576
Total – Org. Excellence Strategic Goal	128,802	74,241	12,335	86,576
GRAND TOTAL	266,474	228,670	-47,429	181,239

Safety

SAFETY

Performance Goal: Reduction in transportation-related deaths and injuries.

This funding request contributes to the DOT Safety strategic objective and to the reduction in transportation-related deaths and injuries performance outcome goal.

This request would allow DOT to continue its progress in improving transportation safety.

The resources requested to achieve this goal are:

**OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)**

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
1. Safety			
A. Reduce transportation-related accidents and incidents			
a. Transportation Planning, Research and Development	914	842	2,134
b. Salaries and Expenses (S-3)	<u>0</u>	<u>964</u>	<u>0</u>
Subtotal	\$914	\$1,806	\$2,134

SAFETY

Performance Goal: Reduction in transportation-related deaths and injuries.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT

(In thousands of dollars)

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
Office of the Under Secretary for Policy	914	842	2,134
Total	\$914	\$842	\$2,134

PERFORMANCE ISSUE:

The Office mission supports the overall strategic goal of Safety, “Enhance public health and safety by working towards the elimination of transportation-related deaths and injuries” by formulating and recommending departmental policies, plans and guidelines to enhance public health and safety.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Office conducts research and development under the TPR&D appropriation to support the strategic goal of Safety, “Enhance public health and safety by working toward the elimination of transportation-related deaths and injuries”. Projects performed are in the areas of hazardous material safety; safety for users with special needs; safety for aging Americans; methods of accelerating application/adoption of safety equipment and technology; warning systems for transportation conveyances; Federal systems for “Safety of Life” operations; GPS civil matters; and support for national/international interactions on radio-navigation and spectrum issues among other topics. This research augments the safety research carried out in individual modes, addresses topics that are multimodal, or that need attention beyond what they receive at the operating administration level. The following research and development projects are proposed for funding:

Senior Mobility.....\$75,000
 Building on action to address the White House Conference on Aging recommendation that identified Transportation as No. 3 of the top 50, this study will examine policy gaps and identify strategies to address them. This supports the safety goal.

Safety Program Innovation.....\$500,000

Highway fatalities in the U.S. have totaled over 40,000 annually for the past decade. While there are numerous aggressive efforts underway by many partners to reduce these fatalities, the number of highway deaths each year remains unacceptably high. The fatality rate is currently at the lowest in our Nation’s history, 1.41 fatalities per 100M VMT, but there has yet to be a drop below the 40,000-fatality threshold. This study will inform policy efforts by exploring analytical approaches that would achieve a better understanding of options for restructuring DOT’S surface safety programs that are most likely to achieve significant reductions in the number of highway fatalities, injuries and crashes in the time frame from 2010 to 2020. This supports the safety goal.

Maintaining Older Transportation Operator Performance.....\$125,000

This research project will develop and evaluate the effectiveness of policies to maintain safety across modes that employ aging transportation sector operators. As they mature, the operators in the nation’s private and commercial transportation systems gain valuable experience, but also undergo age-related changes in their abilities. Departmental policies need to be developed and evaluated based on a common understanding of human aging effects on operator performance, including an operator’s psychomotor, sensory, and cognitive function. Such an approach will help assure that the science of aging will guide policies and solutions applicable to all modes that keep operator performance within appropriate safety margins.

Proposed Research Study:

- Phase I: Identification and prioritization of older operator safety problems.
- Phase II: Operator Analysis -- Based on the problems identified in Phase I determine the age-dependent knowledge, skills and abilities for the operation of transportation systems.
- Phase III: Policy Summary -- The relevant modal policies and initiatives that address older operator safety will be summarized, including such items as: training, operator aids, system automation, equipment design, and cessation from duty.
- Phase IV: Research Summary -- Existing literature, technologies (i.e., automation) and safety data will be presented to provide support and recommendations for the various strategies that could be used to address the safety problems discovered in Phase I.

Expected Outcomes and Impact:

The research would generate:

- A summary of DOT older operator policies, policy justifications, and knowledge gaps,
- A common modal understanding of older operator transportation-related abilities, limitations and needs, and
- An improved ability to evaluate policies relating to older operators.

Administrative Costs\$1,434,000

- FY 2009 BUDGET REQUEST

SALARIES & EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY FOR POLICY

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>
Office of the Under Secretary for Policy	<u>0</u>	<u>964</u>	<u>0</u>
Total	\$0	\$964	\$0

Reduced Congestion

REDUCED CONGESTION
Performance Goal: Reduction in urban congestion.

This funding request contributes to the DOT Reduced Congestion strategic objective and to the reduction in urban congestion performance outcome goal.

The resources requested to achieve this goal are:

OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
 (\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
2. Reduced Congestion			
C. Reduction in urban congestion			
a. Salaries and Expenses (S-3)	0	1,016	0
b. Transportation Planning, Research and Development	<u>0</u>	<u>925</u>	<u>948</u>
Subtotal	\$0	\$1,941	\$948

REDUCED CONGESTION
Performance Goal: Reduction in urban congestion.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY FOR POLICY

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>
Office of the Under Secretary for Policy	<u>0</u>	<u>1,016</u>	<u>0</u>
Total	\$0	\$1,016	\$0

REDUCED CONGESTION
Performance Goal: Reduction in urban congestion.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Office of the Under Secretary for Policy	<u>0</u>	<u>925</u>	<u>948</u>
Total	\$0	\$925	\$948

PERFORMANCE ISSUE:

Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year. Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of every day – time that could be spent with families, friends, and neighbors. Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. Therefore, the Department has taken a new strategic direction, a new approach to solving congestion called the *National Strategy to Reduce Congestion on America’s Transportation Network* – a national congestion relief initiative that directs the entire leadership of DOT to make congestion relief a top priority, and to take action.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested for the following proposed research and development projects and to fund staff to formulate and evaluate policy to reduce urban congestion and associated operating expenses.

***Aggregate Costs and Benefits of Surface and Aviation Transportation Infrastructure Investment Programs*\$150,000**

To improve analysis of the aggregate costs and benefits of surface and aviation infrastructure investment programs enabling better decision-making when these programs are up for reauthorization. This program supports the Reduction in Urban Congestion performance goal and the Secretarial priority of Assessing the Impacts of Congestion.

***Estimating the Costs of Congestion*\$125,000**

To provide funding to develop estimates of the costs of congestion that are not included in currently available estimates, including costs relating to lost productivity, reduced reliability, shipment delays, reduced safety, and increased environmental emissions. This project supports the Reduction in Urban Congestion performance goal and the Secretarial priority of assessing the Impacts of Congestion.

***Mobility Management*\$125,000**

While a few small, start-up efforts are currently underway to develop and test various aspects of mobility management (the concept of getting people to the transportation services they need while reducing congestion by expanding the use of van pools, ride-sharing, and links between fixed route and employment/shopping centers), there is no single, coordinated effort to pull all the pieces together and develop a national policy with guidelines. This proposed 1 year project would pull all of these separate efforts together into a single, comprehensive strategy that expands access to transportation services and options for all users while reducing congestion. It would disseminate this strategy and make recommendations to assist those community and business organizations wishing to initiate mobility management services. This project supports the Reduction in Urban Congestion performance goal and the Secretarial priority of Congestion Relief.

***Transportation Productivity*\$100,000**

To provide funding to develop multi-factor productivity estimates for aviation. This work will advance a joint research program with the Research and Innovative Technology Administration to develop multifactor productivity estimates for aviation, which in turn will allow analysis of the contribution of improved airport and air traffic control infrastructure to increasing productivity. This project supports the Reduction in Urban Congestion performance goal and the Secretarial priorities of Congestion Relief and Next Generation Air Transportation/Joint Planning and Development Office.

***Economic Impact of Intelligent Transportation Systems*\$50,000**

To provide funding to improve knowledge of the economic impact of Intelligent Transportation Systems (ITS) technology, allowing more informed decisions about how much to invest in various ITS technologies. This project supports the Reduction in Urban Congestion and Increased use of Integrated Intelligent Transportation System (ITS) Networks performance goals and the Secretarial priority of Congestion Relief.

***Infrastructure Finance – Advance the Understanding of Barriers to Public/Private Partnerships and Other Innovative Financing Techniques*\$50,000**

This project will estimate cost savings and performance improvements associated with private-sector finance of transportation infrastructure and identify key public sector interests that need to be protected in public-private partnerships and other innovative financing techniques. Specifically, the project will estimate cost savings and performance improvements associated with private-sector finance of transportation infrastructure and identify key public sector interests that need to be protected in public-private partnerships and other innovative financing techniques. This project supports the Reduction in Urban

Congestion and Increased Number of States that Enable Public-Private Transportation
Investment Partnerships performance goals and the Secretarial priority of Congestion Relief.

Administrative Costs**\$348,000**

- REDUCED CONGESTION

Performance Goal: Reduced impediments to the efficient movement of freight over the transportation network, especially at key freight gateways.

This funding request contributes to the DOT Reduced Congestion strategic objective and to the efficient movement of freight over the transportation network, especially at key freight gateways performance outcome goal.

The resources requested to achieve this goal are:

**OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)**

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
2. Reduced Congestion			
D. Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways			
a. Salaries and Expenses (S-3)	0	145	50
b. Transportation Planning, Research and Development	<u>0</u>	<u>1,233</u>	<u>1,263</u>
Subtotal	\$0	\$1,378	\$1,313

- REDUCED CONGESTION

Performance Goal: Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY FOR POLICY

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
Office of the Under Secretary for Policy	0	145	50
Total	\$0	\$145	\$50

PERFORMANCE ISSUE:

Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year. Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of every day – time that could be spent with families, friends, and neighbors. Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. Therefore, the Department has taken a new strategic direction, a new approach to solving congestion called the *National Strategy to Reduce Congestion on America's Transportation Network* – a national congestion relief initiative that directs the entire leadership of DOT to make congestion relief a top priority, and to take action.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested to primarily fund staff to formulate and evaluate policies to reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways and associated operating expenses.

REDUCED CONGESTION

Performance Goal: Reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Office of the Under Secretary for Policy	<u>0</u>	<u>1,233</u>	<u>1,263</u>
Total	\$0	\$1,233	\$1,263

PERFORMANCE ISSUE:

Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year. Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of every day – time that could be spent with families, friends, and neighbors. Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. Therefore, the Department has taken a new strategic direction, a new approach to solving congestion called the *National Strategy to Reduce Congestion on America’s Transportation Network* – a national congestion relief initiative that directs the entire leadership of DOT to make congestion relief a top priority, and to take action.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested for the following proposed research and development projects and to fund staff to formulate and evaluate policy to reduce impediments to the efficient movement of freight over the transportation network, especially at key freight gateways and associated operating expenses.

***The National Freight Policy Framework*.....\$500,000**

To provide funding in support of the National Freight Policy Framework’s objectives of:

- Improve the operations of the existing freight transportation system.
- Add physical capacity to the freight transportation system in places where investment makes economic sense.

- Use pricing to better-align all costs and benefits between users and owners of the freight system and to encourage deployment of productivity-enhancing technologies.
- Reduce or remove statutory, regulatory, and institutional barriers to improved freight transportation performance.
- Proactively identify and address emerging transportation needs.
- Maximize the safety and security of the freight transportation system.
- Mitigate and better manage the environmental, health, and community impacts of freight transportation.

This program supports the Reduced Impediments to the Efficient Movement of Freight Over the Transportation Network, Especially at Key Freight Gateways performance goal and the Secretarial priorities of Congestion Relief and Freight and Port Capacity.

***The “Freightway”*\$500,000**

To provide funding to address freight congestion at the nation's busiest "Freightway": the seaport complex that includes the Ports of Los Angeles and Long Beach. In May 2006, the Administration’s new National Strategy to Reduce Congestion on America’s Transportation Network was announced. This National Strategy provides a comprehensive blueprint for Federal, state and local officials to follow to reduce traffic jams and relieve bottlenecks at American ports and on the nation’s roads, rails, and runways. One key initiative within the National Strategy is the establishment of an action team to specifically address freight congestion at the nation’s busiest “Freightway”: the seaport complex that includes the Ports of Los Angeles and Long Beach. The goal of this team is to secure the commitment of major Southern California freight-related stakeholders to a Memorandum of Agreement that establishes a consensus target for 2020 freight capacity through the combined ports, identifies projects required to meet that capacity, and details the steps that respective parties must take to get these projects completed. This project supports the Reduced Impediments to the Efficient Movement of Freight Over the Transportation Network, Especially at Key Freight Gateways performance goal and the Secretarial priorities of Congestion Relief and Freight and Port Capacity.

***Administrative Costs*\$263,000**

- REDUCED CONGESTION

Performance Goal: Meet new and growing demands for air transportation services through 2025 and beyond.

This funding request contributes to the DOT Reduced Congestion strategic objective and to the meet new and growing demands for air transportation services through 2025 and beyond performance outcome goal.

The resources requested to achieve this goal are:

**OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations**

(\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
2. Reduced Congestion			
B. Meet new and growing demands for air transportation services through 2025 and beyond			
a. Salaries and Expenses (S-3)	0	1,306	2,434
b. Transportation Planning, Research and Development	<u>1,316</u>	<u>1,189</u>	<u>452</u>
Subtotal	\$1,316	\$2,495	\$2,886

REDUCED CONGESTION

Performance Goal: Meet new and growing demands for air transportation services through 2025 and beyond.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY FOR POLICY

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
Office of the Under Secretary for Policy	<u>0</u>	<u>1,306</u>	<u>2,434</u>
Total	\$0	\$1,306	\$2,434

PERFORMANCE ISSUE:

Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year. Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of every day – time that could be spent with families, friends, and neighbors. Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. Therefore, the Department has taken a new strategic direction, a new approach to solving congestion called the *National Strategy to Reduce Congestion on America's Transportation Network* – a national congestion relief initiative that directs the entire leadership of DOT to make congestion relief a top priority, and to take action.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested to primarily fund staff to formulate and evaluate policies relating to meeting new and growing demands for air transportation services through 2025 and beyond and associated operating expenses.

- REDUCED CONGESTION

Performance Goal: Meet new and growing demands for air transportation services through 2025 and beyond.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 Actual	FY 2008 Enacted	FY 2009 Request
Office of the Under Secretary for Policy	<u>1,316</u>	<u>1,189</u>	<u>452</u>
Total	\$1,316	\$1,189	\$452

PERFORMANCE ISSUE:

Whether it takes the form of trucks stalled in traffic, cargo sitting on the dock at overwhelmed seaports, or airplanes circling over crowded airports, congestion is costing America an estimated \$200 billion a year. Americans squander 3.7 billion hours and 2.3 billion gallons of fuel each year sitting in traffic jams and waste \$9.4 billion as a result of airline delays. Even worse, congestion takes a major bite out of every day – time that could be spent with families, friends, and neighbors. Congestion is not a scientific mystery, nor is it an uncontrollable force. Congestion results from poor policy choices and a failure to separate solutions that are effective from those that are not. Therefore, the Department has taken a new strategic direction, a new approach to solving congestion called the *National Strategy to Reduce Congestion on America’s Transportation Network* – a national congestion relief initiative that directs the entire leadership of DOT to make congestion relief a top priority, and to take action.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested for the following proposed research and development projects and to fund staff to formulate and evaluate policy to meet new and growing demands for air transportation services through 2025 and beyond and associated operating expenses.

***Economic Impact of Air Service Provided Under the Department’s Small Community Air Service Development Program*\$125,000**

Assess effectiveness of the financial grant awards made under the Small Community Air Service Development Program (SCASDP). This project would engage modeling experts to develop a metric methodology to assess the effectiveness of the financial grant awards made under SCASDP. The purpose of this project is two-fold. First, the Government Accountability Office has recommended that DOT evaluate the effectiveness of the program

(a grant-in-aid program that provides financial assistance to small communities to improve their air service and air fares). The experts would help DOT set up the proper measures and model for the evaluation. Second, a core of “best practices” that could be used by small communities across the country in addressing their own air service and air fare issues would be developed. This project supports the Meet New and Growing Demands for Air Transportation Services through 2025 and Beyond performance goal.

***Administrative Costs*\$327,000**

REDUCED CONGESTION
Performance Goal: Increase access for all Americans.

This funding request contributes to the DOT Reduced Congestion strategic objective and to the increased access to transportation for all Americans performance outcome goal.

The resources requested to achieve this goal are:

OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	<u>FY 2007 ACTUAL</u>	<u>FY 2008 ENACTED</u>	<u>FY 2009 REQUEST</u>
2. Reduced Congestion			
A. Increase access to transportation services			
a. Salaries and Expenses (C)	2,727	3,369	3,869
b. Salaries and Expenses (S-3)	1,797	0	0
c. Essential Air Service Program			
Overflight Fees [mandatory]	46,331	50,000 ^{1/}	50,000
Payments to Air Carriers [discretionary]	<u>59,400</u>	<u>60,000</u>	<u>0</u>
Subtotal	\$110,255	\$113,369	\$53,869

^{1/} P.L. 109-171 provides an additional \$15 million from the sale of spectrum

REDUCED CONGESTION
Performance Goal: Increase access to transportation.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY FOR POLICY

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>
Office of the Under Secretary for Policy	<u>1,797</u>	<u>0</u>	<u>0</u>
Total	\$1,797	\$0	\$0

- FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE GENERAL COUNSEL

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Office of General Counsel	<u>2,727</u>	<u>3,369</u>	<u>3,869</u>
Total	\$2,727	\$3,369	\$3,869

Office of the Assistant General Counsel for Aviation Enforcement and Proceedings**PERFORMANCE ISSUE:**

The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings (Enforcement Office) carries out enforcement and fitness activities which can be divided into four basic areas: (1) aviation economic and civil rights enforcement activities; (2) legal guidance and air carrier fitness review; (3) Public Counsel activities; and (4) program fraud enforcement. The Aviation Consumer Protection Division (ACPD), part of the Enforcement Office, plays an important role in assisting, educating, and protecting consumers. ACPD undertakes a wide variety of tasks, such as handling consumer complaints about air travel, responding to Congressional inquiries regarding constituent travel problems (e.g., 500-1,000 inquiries are received each fiscal year) and conducting investigations of airlines for violations of DOT rules.

A top priority for the Office is to ensure all persons have full access to air transportation irrespective of race, color, ethnicity, religion, sex, or disability. The Office is actively engaged in initiatives to enhance civil rights compliance and enforcement, which has required increasing attention in the past four years, especially in light of new airline civil rights and consumer protection legislation enacted by Congress and implemented by DOT.

As part of the Enforcement Office's ongoing effort to ensure nondiscrimination in air travel based on disability, the office has continued to pursue the series of cases against air carriers for violations of the Air Carrier Access Act (ACAA). In addition, the Enforcement Office has been working to improve the air travel environment for persons with disabilities by issuing regulations containing standards for improving access to facilities and services, and issuing guidance materials when there appears to be confusion or ambiguity about what is required by our rules.

ACPD has also been instrumental in protecting disabled air travelers from unlawful discrimination. ACPD administers a tracking system for monitoring carrier compliance with

DOT's rule implementing the ACAA and investigates each such complaint it receives. The number of disability complaints received remains high. In FY 2007 (through June 30, 2007), 297 disability-related complaints were registered. The absolute number of such complaints is significant, since these complaints are among the most sensitive and resource-intensive matters handled by the Office. This trend is expected to continue.

The events of September 11, 2001, which have resulted in increased aviation security, have also led to increased office workload. Between September 11, 2001, and June 30, 2007, ACPD received 767 non disability-related discrimination complaints, including 280 that involved allegations of security-related civil rights violations. Consistent with the Department's continuing responsibility to vigorously investigate all allegations of illegal discrimination in air transportation, the Enforcement Office instituted an in-depth investigation of six major air carriers based on complaints alleging the removal and denied boarding of passengers from flights because, or primarily because, the passengers are or were perceived to be of Arab, Middle Eastern, or South Asian descent and/or Muslim. Four of those investigations have resulted in separate settlements under which the carriers were either directed or agreed to cease and desist from further violations and to provide civil rights training to their employees at a total cost of more than \$4 million. One other case has concluded with no finding of violations and the case involving the remaining airline ended with it agreeing to enhance its civil rights training for crew members and gate agents. Work continues on the individual security discrimination complaints filed with the Enforcement Office, which are among the most sensitive and resource-intensive matters handled by the Office.

In FY 2007, the Enforcement Office began to investigate the chronic flight delays of the 20 largest air carriers. The purpose of the investigations is to discover any unrealistic scheduling by carriers that is prohibited by regulation and statute. In addition, during FY 2007, air carriers were involved in a number of situations of lengthy tarmac delays and the DOT Inspector General recommended the establishment of an industry/government task force to address the issue.

ANTICIPATED FY 2008 ACCOMPLISHMENTS:

- Continue to improve the air travel environment and the mobility of passengers by investigating civil rights complaints and pursuing enforcement action as appropriate.
- Continue its investigations of chronically delayed flights and unrealistic scheduling to reduce congestion.
- Reduce lengthy airport tarmac delays through the development of recommendations by DOT's Tarmac Delay Task Force being headed by the Enforcement Office.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Office of the General Counsel is requesting \$3.869 million to support DOT's efforts to eliminate barriers to air travel by disabled individuals and ensure compliance with the civil

rights laws applicable to airlines. The requested funding and staffing will permit the office to continue to investigate disability-related and other consumer civil rights complaints against airlines as required by statute. The funds and staffing will also be used to conduct investigations of unrealistic scheduling and pursue other initiatives to reduce airline congestion.

REDUCED CONGESTION
Performance Goal: Increase access to transportation.

FY 2009 BUDGET REQUEST

ESSENTIAL AIR SERVICE AND RURAL IMPROVEMENT PROGRAM
 PAYMENTS TO AIR CARRIERS

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Overflight Fees [mandatory]	46,331	50,000	50,000
Payments to Air Carriers [discretionary]	<u>59,400</u>	<u>60,000</u>	<u>0</u>
Total	\$105,731	\$110,000	\$50,000
P.L. 109-171-- Sale of Spectrum	<u>0</u>	<u>15,000</u> ^{1/}	<u>0</u>
Total Program Funding	\$105,731	\$125,000	\$50,000

1/ P.L. 109-171 provides an additional \$15 million from the sale of spectrum

PERFORMANCE ISSUE:

The Essential Air Service program guarantees that eligible communities receive at least a minimum level of air service by subsidizing carriers to provide that service when the marketplace does not provide it.

The program assessment conducted by the Department of Transportation and the Office of Management and Budget showed the program did not use annual and long-term goals to manage the program and it received a rating of Results not Demonstrated.

FY 2009 PERFORMANCE BUDGET REQUEST:

For FY 2009, the Department proposes a \$50 million EAS program to be funded by overflight fees collected by the Federal Aviation Administration. The budget proposes needed revisions to the EAS program in order to administer the program more efficiently and to ensure the most isolated small communities maintain access to the national air transportation system.

Communities' eligibility for inclusion in the EAS program has never been based on individual needs, but, rather, based only on whether the community was receiving scheduled air service on October 24, 1978. The EAS program has remained fundamentally unchanged since its inception with the Airline Deregulation Act of 1978 while the aviation landscape has

changed dramatically with the spread of the hub-and-spoke system, regional jets, and low-fare carriers. Without fundamental change, subsidy costs will continue to rise.

Under the budget proposal, eligibility for subsidy in the future would be limited to communities: (1) that are currently being subsidized under EAS; (2) that are more than 70 driving miles from the nearest large- or medium-hub airport; and (3) at which the subsidy per passenger does not exceed \$200 if the community is less than 210 driving miles from the nearest large- or medium-hub airport. As \$50 million would not be sufficient to support all currently subsidized services, all communities would be ranked on the basis of isolation (i.e., driving distance to a medium- or large-hub airport) and the most isolated would receive subsidized air service to the extent allowed by the funds.

<i>Essential Air Service</i>	\$48,719,000
<i>Administrative Costs</i>	\$1,281,000

Global Connectivity

- GLOBAL CONNECTIVITY

Performance Goal: Reduced barriers to trade in transportation goods and services

This funding request contributes to the DOT Global Connectivity strategic objective and to the Reduced Barriers to Trade in Transportation Goods and Services performance outcome goal. Some international aviation markets continue to be the subject of restrictive bilateral agreements that adversely affect prices and limit growth. By removing these barriers, DOT provides the freedom for U.S. and foreign carriers to increase service, lower prices and promote economic growth.

The number of potential air transportation consumers (in billions) in international markets traveling between the U.S. and countries with open skies and open transborder aviation agreements.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Target:	1.51B	1.53B	2.99B*	3.05B*	3.85B	3.87B
Actual:	1.72B	2.97B	3.01B	3.83B		

Note: This measure replaces “Number of passengers (in millions) in international markets with open skies aviation agreements”.

* The targets for FY 2006 and FY 2007 have been updated to reflect the fact that OST had already surpassed the previous FY 2006 and FY 2007 targets for potential air transportation consumers in international markets with the Open-Skies agreements reached in 2004 and 2005.

The number of international negotiations conducted annually to remove market distorting barriers to trade in transportation.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Target:	N/A	10	10	12	11	12
		rounds	rounds	rounds	rounds	rounds
Actual:	N/A	10	10	23		
		rounds	rounds	rounds		

Note: This measure replaces “Passenger transportation markets opened to competition through multilateral or regional agreements.”

Number of new or expanded bilateral; and multilateral aviation agreements completed.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Target:	N/A	2	3	3	3	3
Actual:	3	2	8	7		

Number of proceeding to award U.S. carriers newly available international route rights.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Target:	N/A	N/A	N/A	N/A	8	8
Actual:	N/A	N/A	N/A	4		

This request will allow DOT to pursue strategies for reducing barriers between the U.S. and countries with which the U.S. has restrictive aviation agreements. Such restrictive agreements severely limit the access of U.S. air carriers and consumers to new markets. This funding request provides DOT with more accurate information on which to assess the number of consumers that benefit from liberalized bilateral and multilateral aviation agreements. With a further emphasis on and analysis of the potential database for new and expanded agreements (as measured by population) the DOT can better define its objectives, open skies or liberalized agreements, and direct its resources toward the goal of extending economic benefits to more consumers.

OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
3. Global Connectivity			
A. Reduce barriers to trade and enhanced intl. competitiveness			
a. Salaries and Expenses (S-3)	5,231	1,848	2,040
b. Salaries and Expenses (C)	757	936	1,417
c. Transportation Planning, Research and Development	109	4,016	0
Subtotal	\$6,097	\$6,800	\$3,457

Marginal Cost of Performance

Requested Program Changes from FY 2009 Baseline Associated with this Goal:

	FY 2008 BASELINE ESTIMATES (\$000)	FY 2009 PROGRAM CHANGES (\$000)	FY 2009 TOTAL REQUEST (\$000)
Salaries and Expenses (OST)	3,124	(1,027)	2,097

Agency Performance Measure: Number of international negotiations conducted annually to remove market distorting barriers to trade in transportation.

The Department of Transportation (DOT), along with the Department of State, arranges and conducts negotiating sessions with foreign governments and associations (such as the European Union) to try to reach less-restrictive agreements between the U.S. and these other parties regarding the rules governing future aviation operations and issues between the parties. The goal of the U.S. negotiations is to open up international markets either through unrestricted “open skies” agreements or less restrictive “liberalized” agreements. The performance measurement for this goal is the number of rounds of negotiations planned and conducted to reach agreement on liberalized aviation principles. A negotiating round is counted whether or not it results in the successful conclusion of a new agreement.

	2005	2006	2007	2008	2009
<u>Baseline Performance Level</u>					
Target	10	10	12	11	12
Actual	10	10	23		
<u>Incremental Performance Target</u>					
<u>With Program Changes</u>	----	----	----	1	- 2
<u>(Total) Performance Target</u>					
<u>With Program Changes</u>	----	----	----	12	10

Discussion: The FY 2006 budget enacted \$2.5 million and the OST conducted 10 rounds of negotiation. In FY 2007, funding was \$2.6 million (4.5% increase) with 23 rounds of negotiation completed (130% increase). The FY 2007 increase is unusual and occurred when partners requested new agreements which required more meetings (in this case China and the European Union). For FY 2008 OST’s funding level is \$3.1 million, an approximate increase of 16% from FY 2007. The FY 2009 request is \$2.1 million, approximately a 33% decrease from FY 2008.

- GLOBAL CONNECTIVITY

Performance Goal: Reduced barriers to trade in transportation goods and services.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY OF TRANSPORTATION FOR POLICY

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Under Secretary of Transportation for Policy	<u>5,231</u>	<u>1,848</u>	<u>2,040</u>
Total	5,231	1,848	2,040

PERFORMANCE ISSUE:

Our Nation’s prosperity relies on access to foreign markets, and access requires efficient and competitive global transportation networks. International trade in transportation goods and services continues to play an increasingly important role in the Nation’s economic well-being. The globalization of the American economy has put pressure on our ports, borders, and airports. Many of the Nation’s most important infrastructure facilities (truck terminals, port facilities, rail yards, and airports) are located in major urban areas. When combined with growing local traffic volumes, greater volumes of international freight and passenger traffic will result in more congestion and delay and, as a result, higher shipping and travel costs. Continued restrictions that prevent access to foreign markets for transportation services are harmful to U.S. commercial interests. Unless new technologies and operating procedures are adopted, heightened security requirements will increase transit times for passenger and freight movements, which would result in higher operating costs for transportation operators and higher costs for U.S. shippers and the traveling public. Higher transportation costs would make it more difficult for U.S. business to compete in international markets.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested to primarily fund staff to formulate and evaluate policy relating to reducing barriers to trade in transportation goods and services and associated operating expenses.

OFFICE OF THE GENERAL COUNSEL

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
General Counsel (C)	<u>757</u>	<u>936</u>	<u>1,417</u>
Total	757	936	1,417

Office of the Assistant General Counsel for Aviation Enforcement and Proceedings**PERFORMANCE ISSUE:**

The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings (Enforcement Office) carries out enforcement and fitness activities which can be divided into four basic areas: (1) aviation economic and civil rights enforcement activities; (2) legal guidance and air carrier fitness review; (3) Public Counsel activities; and (4) program fraud enforcement. The Aviation Consumer Protection Division (ACPD), part of the Enforcement Office, plays an important role in assisting, educating, and protecting consumers. ACPD undertakes a wide variety of tasks, such as handling consumer complaints about air travel, responding to Congressional inquiries regarding constituent travel problems (e.g., 500-1,000 inquiries are received each fiscal year) and conducting investigations of airlines for violations of DOT rules.

The office is heavily involved in initiatives begun by the Department to address unfair competitive practices in the airline industry and, if necessary, pursue compliance and/or enforcement action. Staff members are working with the Office of the Assistant Secretary for Aviation and International Affairs on anticompetitive practices in the airline industry.

The two other areas of significant enforcement compliance activity relating to eliminating unfair methods of competition involve unauthorized operations, deceptive advertising, and violations of Public Charter and other consumer protection rules. Unauthorized operations may involve unlicensed common carriage or operations by a licensed carrier for which it has no authority. Deceptive advertising involves a number of different situations which could result in unfair competition such as a foreign carrier advertising service for which it lacks the requisite economic authority from the Department or a carrier failing to disclose in its fare advertisement the full price of flights it promotes. Public Charter rule violations involve the failure of a charter operator or airline to properly protect passenger payments as required by Department rules and result in situations where consumers may be stranded, including at foreign points, when a charter operator or airline goes out of business. Other consumer protection rules cover areas such as refunds, denied boarding compensation, on time performance disclosure and baggage liability.

In FY 2007 (through the first week of June 2007), 18 cease and desist orders were issued covering unauthorized operations, deceptive practices, and Public Charter violations and nearly \$1.5 million in civil penalties were assessed. The orders set precedent and provide the industry

guidance on unacceptable conduct involving unauthorized air transportation, unfair and deceptive practices, and Public Charter rules, and other consumer protection rules.

The Enforcement Office will also continue working to educate, and where necessary support negotiations with, regulatory bodies in other countries on matters involving fractional ownership aviation programs. This continuing work will both assure foreign states that fractional operations meet appropriate economic and safety standards and ensure that they appreciate the rationale, which includes efficiencies and broad benefits to the economy as a whole, behind the U.S. treatment of fractional ownership operations as “private” rather than “commercial” operations, and encourage similar recognition of such operations by the foreign states.

ANTICIPATED FY 2008 ACCOMPLISHMENTS:

- Address unfair competitive practices in the airline industry and, if necessary, pursue compliance and/or enforcement action.
- Eliminate unfair methods of competition that involve unauthorized operations or deceptive advertising.
- Pursue investigations of other consumer protection rule violations.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Office of the General Counsel is requesting \$1.417 thousand to support DOT’s continuing efforts to reduce trade barriers in transportation of goods and services and enhance international competitiveness of U.S. transport providers and manufacturers, and protect aviation consumers.

- **GLOBAL CONNECTIVITY**

Performance Goal: Reduced barriers to trade in transportation goods and services.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Under Secretary of Transportation for Policy	<u>109</u>	<u>4,016</u>	<u>0</u>
Total	\$109	\$4,016	\$0

- GLOBAL CONNECTIVITY

Performance Goal: Safe, more efficient and cost effective movement of passengers and cargo throughout international and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains.

This funding request contributes to the DOT Global Connectivity strategic objective and to the safer, more efficient and cost effective movement of passengers and cargo throughout international and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains performance outcome goal. Some international aviation markets continue to be the subject of restrictive bilateral agreements that adversely affect prices and limit growth. By removing these barriers, DOT provides the freedom for U.S. and foreign carriers to increase service, lower prices and promote economic growth.

This request will allow DOT to pursue strategies for reducing barriers between the U.S. and countries with which the U.S. has restrictive aviation agreements. Such restrictive agreements severely limit the access of U.S. air carriers and consumers to new markets. This funding request provides DOT with more accurate information on which to assess the number of consumers that benefit from liberalized bilateral and multilateral aviation agreements. With a further emphasis on and analysis of the potential database for new and expanded agreements (as measured by population) the DOT can better define its objectives, open skies or liberalized agreements, and direct its resources toward the goal of extending economic benefits to more consumers.

The resources requested to achieve this goal follow:

OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
3. Global Connectivity			
B. Safe, more efficient and cost effective movement of passengers and cargo throughout international and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains			
a. Salaries and Expenses (S-3)	0	1,448	4,539
b. Transportation Planning, Research and Development	<u>0</u>	<u>1,977</u>	<u>3,077</u>
Subtotal	\$0	\$3,425	\$7,616

- GLOBAL CONNECTIVITY

Performance Goal: Safe, more efficient and cost effective movement of passengers and cargo throughout international and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY OF TRANSPORTATION FOR POLICY

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>
Under Secretary of Transportation for Policy (S-3)	<u>0</u>	<u>1,448</u>	<u>4,539</u>
Total	\$0	\$1,448	\$4,539

PERFORMANCE ISSUE:

To improve the safety, security, and efficiency of the nation’s international transportation systems and gateways, DOT will continue to work to liberalize transportation markets; expand the capacity and efficiency of our freight and passenger transportation systems; improve intermodal connections and linkages; ensure that new technologies, procedures, and infrastructure improvements are adopted to improve security and operating efficiency; and practice positive engagement with key foreign partners to maximize improvement of system linkages on both the foreign and domestic sectors of the transportation chain.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested to primarily fund staff to formulate and evaluate policy relating to providing safer, more efficient and cost effective movement of passengers and cargo throughout International and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains and associated operating expenses.

- GLOBAL CONNECTIVITY

Performance Goal: Safe, more efficient and cost effective movement of passengers and cargo throughout international and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	<u>FY 2007</u> <u>Actual</u>	<u>FY 2008</u> <u>Enacted</u>	<u>FY 2009</u> <u>Request</u>
Under Secretary of Transportation for Policy	<u>0</u>	<u>1,977</u>	<u>3,077</u>
Total	\$0	\$1,977	\$3,077

PERFORMANCE ISSUE:

To improve the safety, security, and efficiency of the nation’s international transportation systems and gateways, DOT will continue to work to liberalize transportation markets; expand the capacity and efficiency of our freight and passenger transportation systems; improve intermodal connections and linkages; ensure that new technologies, procedures, and infrastructure improvements are adopted to improve security and operating efficiency; and practice positive engagement with key foreign partners to maximize improvement of system linkages on both the foreign and domestic sectors of the transportation chain.

FY 2009 PERFORMANCE BUDGET REQUEST:

Funding is requested for the proposed research and development projects and to fund staff to formulate and evaluate policy relating to providing safer, more efficient and cost effective movement of passengers and cargo throughout International and domestic transportation systems, including U.S. ports of entry, modal and intermodal supply chains and associated operating expenses.

***Aviation Data Modernization*\$945,300**

To establish an updated and enhanced airline traffic and financial data collection system that is mission-critical to national aviation infrastructure planning and development. The requested funding will be used to design and construct a computer system to implement the redesign of the traffic and financial data collected by the Department from the airlines as required by statute, based on industry consensus developed through the rulemaking process. The Data Modernization Program will provide the appropriate data required to administer statutorily mandated aviation programs. It seeks to reduce the reporting burden on the airline industry that also uses this data intensively in planning its business, while enhancing the quality, utility, and accessibility of the data. This project supports the Safer, More Efficient and Cost Effective Movement of Passengers and Cargo Throughout International and Domestic Transportation

Systems, Including U.S. Ports of Entry, Modal and Intermodal Supply Chains performance goal, the President’s Second Term Priority of the International Trade Data System, and the Secretarial priorities of International Transportation Liberalization and the Next Generation Air Transportation/Joint Planning and Development Office.

***Updated Study of Passenger Demand for Air Travel*\$100,000**

To study passenger demand for air travel. Previously, DOT conducted an internal study to examine how demand for air travel had changed in recent years, incorporating the industry downturn and identifying differences in passenger responses at different price levels. This study expanded the depth of understanding by exploring changes at different points (e.g. price ranges) along the demand curve. It also expanded the breadth (e.g. range of actual and potential demand) of understanding by considering demand that was unmet because prices were too high for the consumer. Together, these approaches tracked how the relationship between price and quantity had changed over time at different points on the curve for different market types and passenger segments. We seek funding for an update of this study, including access to updated, relevant, non-U.S. DOT data. This project supports the Safer, More Efficient and Cost Effective Movement of Passengers and Cargo Throughout International and Domestic Transportation Systems, Including U.S. Ports of Entry, Modal and Intermodal Supply Chains performance goal and the Secretarial priority of the Next Generation Air Transportation/Joint Planning and Development Office.

***Maintenance and Calibration of the Planet Airline Network Analysis Model*.....\$85,000**

This project provides for the maintenance and calibration of a sophisticated airline network computer evaluation model previously purchased and currently being used by DOT analysts. The annual costs cover maintenance, training, support, upgrades, calibration, and remote hosting. The model has a broad range of applications for providing critical assessments of the evolving competitiveness of domestic and international aviation markets, rational economic bases for carrier selection decisions, forecasts on the effects on competition of proposed mergers and alliances, and assessments of airport improvement funding requirements. This project supports the Safer, More Efficient and Cost Effective Movement of Passengers and Cargo throughout International and Domestic Transportation System, Including U.S. Ports of Entry, Modal and Intermodal Supply Chains performance goal and the Secretarial priority of International Transportation Liberalization.

***Administrative Costs*\$1,947,000**

- GLOBAL CONNECTIVITY

Performance Goal: Enhance the international competitiveness of U.S. transport providers and manufacturers.

This funding request contributes to the DOT Global Connectivity strategic objective and to the enhanced competitiveness of U.S. transport providers and manufacturers, in the global marketplace performance outcome goal. Some international aviation markets continue to be the subject of restrictive bilateral agreements that adversely affect prices and limit growth. By removing these barriers, DOT provides the freedom for U.S. and foreign carriers to increase service, lower prices and promote economic growth.

This request will allow DOT to pursue strategies for reducing barriers between the U.S. and countries with which the U.S. has restrictive aviation agreements. Such restrictive agreements severely limit the access of U.S. air carriers and consumers to new markets. This funding request provides DOT with more accurate information on which to assess the number of consumers that benefit from liberalized bilateral and multilateral aviation agreements. With a further emphasis on and analysis of the potential database for new and expanded agreements (as measured by population) the DOT can better define its objectives, open skies or liberalized agreements, and direct its resources toward the goal of extending economic benefits to more consumers.

The resources requested to achieve this goal follow:

OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
 (\$000)

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	<u>FY 2007 ACTUAL</u>	<u>FY 2008 ENACTED</u>	<u>FY 2009 REQUEST</u>
3. Global Connectivity			
C. Enhance the international competitiveness of U.S. transport providers and manufacturers			
a. Salaries and Expenses (S-3)	2,496	1,092	0
b. Transportation Planning, Research and Development	<u>1,009</u>	<u>430</u>	<u>0</u>
Subtotal	\$3,505	\$1,522	\$0

- **GLOBAL CONNECTIVITY**

Performance Goal: Enhance the international competitiveness of U.S. transport providers and manufacturers.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF THE UNDER SECRETARY OF TRANSPORTATION FOR POLICY

	FY 2007	FY 2008	FY 2009
	<u>Actual</u>	<u>Enacted</u>	<u>Request</u>
Under Secretary of Transportation for Policy (S-3)	<u>2,496</u>	<u>1,092</u>	<u>0</u>
Total	2,496	1,092	0

- GLOBAL CONNECTIVITY

Performance Goal: Enhance the international competitiveness of U.S. transport providers and manufacturers.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Under Secretary of Transportation for Policy	<u>1,009</u>	<u>430</u>	<u>0</u>
Total	\$1,009	\$430	\$0

- GLOBAL CONNECTIVITY

Performance Goal: Increase the harmonization and standardization of regulatory and facilitation requirements.

This funding request contributes to the DOT Global Connectivity strategic objective and to the harmonized and standardized regulatory and facilitation requirements performance outcome goal.

The resources requested to achieve this goal are:

**OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)**

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
3. Global Connectivity			
D. Increase the harmonization and standardization of regulatory and transportation practices and standards			
a. Transportation Planning, Research and Development	<u>1,543</u>	<u>0</u>	<u>0</u>
Subtotal	\$1,543	\$0	\$0

- GLOBAL CONNECTIVITY

Performance Goal: Increase the harmonization and standardization of regulatory and facilitation requirements.

FY 2009 BUDGET REQUEST

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Under Secretary of Transportation for Policy	<u>1,543</u>	<u>0</u>	<u>0</u>
Total	\$1,543	\$0	\$0

- GLOBAL CONNECTIVITY

Performance Goal: Expand opportunities for all businesses in the transportation sector, especially women-owned and disadvantaged businesses.

This funding request contributes to the DOT Global Connectivity strategic objective and to the extend opportunities for all businesses especially women-owned and disadvantaged businesses performance outcome goal.

Percent share of the total dollar value of DOT direct contracts that are awarded to women-owned businesses.

Target:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	5.1	5.1	5.1	5.1	5.0	5.0
Actual:	3.8r	6.6r	6.7*	6.3**		

r = revised; * = preliminary estimate, **= preliminary estimate through June

Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses.

Target:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
	14.5	14.5	14.5	14.5	14.0	14.0
Actual:	15.6r	12.7r	11.8*	14.5**		

r = revised; * = preliminary estimate, **= preliminary estimate through December

This request would allow DOT to increase the percentage of contracts awarded to women-owned and small disadvantaged businesses.

The resources requested to achieve this goal are:

**OFFICE OF THE SECRETARY
Appropriations, Obligation Limitations, & Exempt Obligations
(\$000)**

PERFORMANCE GOALS/MEASURES by PROGRAM ACTIVITIES	FY 2007 <u>ACTUAL</u>	FY 2008 <u>ENACTED</u>	FY 2009 <u>REQUEST</u>
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3. Global Connectivity

E. (a) Percent share of total dollar value of DOT-directd contracts awarded to women-owned businesses

(b) Percent share of total dollar value of DOT-directd contracts awarded to small, disadvantaged businesses

a. Salaries and Expenses (S-40)	1,264	1,335	1,368
b. Minority Business Outreach	2,970	2,970	3,056
c. Minority Business Resource Center Program	<u>893</u>	<u>893</u>	<u>912</u>
Subtotal	\$5,126	\$5,198	\$5,337

GLOBAL CONNECTIVITY

Performance Goal: Expand opportunities for all businesses in the transportation sector, especially women-owned and disadvantaged businesses.

FY 2009 BUDGET REQUEST

SALARIES AND EXPENSES

(In thousands of dollars)

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Office of Small and Disadvantaged Business Utilization (S-40)	<u>1,264</u>	<u>1,335</u>	<u>1,368</u>
Total	\$1,264	\$1,335	\$1,368

PERFORMANCE ISSUE:

The Office of Small and Disadvantaged Business Utilization has primary responsibility for providing policy direction for small and disadvantaged business participation in the Department’s procurement and grant program, and duties under sections 8 and 15 of the Small Business Act, as amended.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Office of Small and Disadvantaged Business Utilization is requesting \$1.372 million and 9 FTE in FY 2009 to continue to ensure that the small and small and disadvantaged business policies and goals of the Secretary of Transportation and the Department’s duties under sections 8 and 15 of the Small Business Act, as amended are implemented in a fair, efficient and effective manner and empower all small businesses, especially women-owned and disadvantaged businesses, to participate in DOT-funded transportation-related opportunities. The FY 2009 request for this area represents a small funding increase over its FY 2008 requested level to fund the FY 2009 estimated civilian pay increase. No other funding increases are requested. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

- GLOBAL CONNECTIVITY

Performance Goal: Expand opportunities for all businesses in the transportation sector, especially women-owned and disadvantaged businesses.

FY 2009 BUDGET REQUEST

MINORITY BUSINESS OUTREACH

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Minority Business Outreach	<u>2,970</u>	<u>2,970</u>	<u>3,056</u>
Total	\$2,970	\$2,970	\$3,056

PERFORMANCE ISSUE:

The Minority Business Outreach program encourages and assists small businesses, disadvantaged businesses, and women-owned businesses to participate in DOT and DOT-assisted contracts and grants. It operates under Title 49, subtitle 1, chapter 3, subchapter II, Sec. 332.

ANTICIPATED FY 2008 ACCOMPLISHMENTS:

In fiscal year 2008, the Minority Business Outreach program will continue to focus on the lending of working capital to DBE/WBEs for transportation-related projects in order to strengthen their competitive and productive capabilities.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Minority Business Outreach program is requesting \$3.056 million and 1 FTE in FY 2009 to further extend opportunities to all businesses, especially women-owned and disadvantaged businesses. The FTE is a position encumbered by the business training program manager that supports this activity. Its major programs are listed below.

Disadvantaged Business Enterprise--National Information Clearinghouse (NIC)

In 2009 the Minority Business Outreach program will continue to maintain a national information clearinghouse for minority entrepreneurs and businesses to disseminate information on business opportunities related to the maintenance, rehabilitation,

restructuring, improvement, and revitalization of the railroads of the United States. The program addresses capacity needs by conducting market research, planning, economic and business analyses, and feasibility studies to identify business opportunities and assist minority entrepreneurs and businesses in obtaining investment capital and debt financing. The program is designed to have a significant impact on the *Disadvantaged Business Enterprise (DBE)* program administered by the Department under 49 USC. The Center is responsible for the design and implementation of programs to encourage, promote, and assist DBE owners and small disadvantaged firms in receiving contracts and subcontracts related to transportation projects, and to develop support mechanisms, including venture capital, surety and bonding organizations. The Center provides assistance in obtaining short-term working capital and bonding for disadvantaged businesses, minority-owned businesses, and women-owned businesses DBE/WBEs.

Minority Educational Institutions (MEIs) Program

In FY 2009 the Minority Business Outreach program will continue to administer the *Entrepreneurial Training and Technical Assistance Program (ETTAP)* through Partnership Agreements with Minority Educational Institutions (MEIs), including Historically Black Colleges and Universities, Hispanic Serving Institutions and Tribal Colleges. The program combines the efforts of MEIs, the federal government, and the private sector to focus on providing transportation-related assistance and procurement information to women-owned firms, small disadvantaged firms, and DBEs. The program concentrates on the following three transportation-related areas: (1) Training/technical assistance on the use of and access to Electronic Commerce and the Internet; (2) Transportation-related student internships; and (3) Assistance for students in understanding the opportunities and challenges facing young entrepreneurs in the transportation industry.

Transportation Equity Act Model (TEAM) and Special Program Initiatives

In FY 2009, the Minority Business Outreach program will continue to operate a Disadvantaged Business Enterprise (DBE) outreach program, Small Business Resource Centers (SBTRCs), by means of cooperative agreements with chambers of commerce and trade associations. These SBTRCs offer a comprehensive delivery system that targets services toward DBEs to assist them in becoming successful transportation contractors. Service providers operating under the cooperative agreement identify opportunities for contracts with design-build projects and mega projects funded by DOT. Consulting services are necessary to assist the SBTRCs in conducting outreach events and conferences as part of a national effort to provide information to small businesses. The outreach events bring together Office of Small and Disadvantaged Business Utilization (OSDBU) officials, other representatives from DOT, prime contractors, city and state officials, and procurement officers to share a broad range of opportunities for women-owned firms, small disadvantaged firms, and DBEs.

Section 4 – FY 2009 Performance Budget Request

The FY 2009 request will also support ongoing research to identify areas where there is little or no participation from small and disadvantaged firms to provide advisory, financing, strategic partnering and business enhancement consulting to the targeted areas.

- GLOBAL CONNECTIVITY

Performance Goal: Expand opportunities for all businesses in the transportation sector, especially women-owned and disadvantaged businesses.

FY 2009 BUDGET REQUEST**MINORITY BUSINESS RESOURCE CENTER PROGRAM**

(In thousands of dollars)

	FY 2007 <u>Actual</u>	FY 2008 <u>Enacted</u>	FY 2009 <u>Request</u>
Guaranteed Loan Subsidy	495	370	353
Administrative Expenses	<u>398</u>	<u>523</u>	<u>559</u>
Total	\$893	\$893	\$912
Guaranteed Loan Limitation	[18,367]	[18,367]	[18,367]

PERFORMANCE ISSUE:

The Short Term Lending Program (STLP) offers certified DBEs including minority and women-owned businesses, the opportunity to obtain short-term working capital at an affordable interest rate for transportation-related projects. The program guarantees revolving lines of credit to finance accounts receivable arising from transportation-related contracts. The primary collateral is the proceeds of the contracts. Borrowing under the lines of credit allows the borrower to meet short-term operating costs. The lines of credit are generally \$750,000 or less, and DOT guarantees up to 75 percent of the loan. This program is one of the tools available to support achievement of the Departmental performance goals of (1) 5.1 percent of DOT direct contract dollar value awarded to women-owned businesses and (2) 14.5 percent of DOT direct contract total dollar value awarded to small disadvantaged businesses.

ANTICIPATED FY 2008 ACCOMPLISHMENTS:

In FY 2008, priority will be placed on broadening participation in the program through more focused outreach efforts and by increasing the number of banks participating in the program.

FY 2009 PERFORMANCE BUDGET REQUEST:

The Minority Resource Center is requesting \$912,000 in FY 2009 for the Short Term Lending Program (STLP). Of this, \$353,000 is requested for the guaranteed loan subsidy, and \$559,000 is requested for the program's administrative expenses, including

1 FTE. With this funding, the Minority Resource Center will be able to guarantee revolving lines of credit totaling \$18.367 million to Disadvantaged Business Enterprises (DBEs), including minority and women-owned businesses, working on transportation-related contracts.

As required by the Federal Credit Reform Act of 1990, this account records the subsidy costs and administrative expenses of the Short Term Lending Program.