

**U.S. Department of
Transportation**

**BUDGET
ESTIMATES
FISCAL YEAR 2012**

**OFFICE OF
THE SECRETARY
OF TRANSPORTATION**

**SUBMITTED FOR THE USE OF
THE COMMITTEES ON APPROPRIATIONS**

**DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY**

FY 2012 CONGRESSIONAL BUDGET JUSTIFICATION

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<p style="text-align: center;">GENERAL NOTES Detail in this document may not add to the totals due to rounding.</p>
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OFFICE OF THE SECRETARY

OVERVIEW

FY 2012 resources requested for the Office of the Secretary total \$2.3 billion -- \$289 million of discretionary resources and \$2.05 billion of mandatory resources.

The FY 2012 request includes:

- \$118.8 million for Salaries and Expenses for the Department's Secretarial offices. The Office of the Chief Information Officer is requesting \$17.75 million, including an increase of \$2.2 million for cyber security and \$0.25 million for OST CIO support. The Office of the Under Secretary of Transportation for Policy is requesting \$12.8 million, including \$1.5 million in additional funding to support Afghanistan and Iraq reconstruction and stabilization initiatives. In addition, the Office of the Assistant Secretary for Administration is requesting \$27.7 million, including a .7 million increase for contractor support for the Department's Environmental Sustainability Program.
- \$2 billion of mandatory funding to continue the National Infrastructure Investments grant program. This \$2 billion is part of the up-front \$50 billion surface transportation reauthorization proposal. Funds are provided to State and local governments and transit agencies for capital investments in the Nation's surface transportation infrastructure, including roads and highways, public transportation facilities, freight and passenger rail, and port infrastructure. Projects are competitively awarded based on merit and must make a significant impact on the Nation, a metropolitan area, or a region.
- A total of \$195 million for the Essential Air Service (EAS) program, including \$50 million of mandatory resources from overflight fees collected by the Federal Aviation Administration as authorized in the Federal Aviation Reauthorization Act of 1996 (P.L. 104-264), \$123.3 million of newly appropriated Payments to Air Carriers discretionary funding, and an estimated \$22 million of Payments to Air Carriers unobligated balances. If these funds are insufficient to meet the cost of the EAS program, the budget request proposes that amounts to cover the shortfall would be transferred from funds available in the Department. It also proposes to eliminate the 15 - passenger seat aircraft requirement and cap the program for the 48 contiguous States by limiting the program size to communities that are receiving subsidized service as of October 1, 2011. This removes the contingent liability of tens of millions of dollars that currently exists due to the requirement that all communities that received service on the date the Airline Deregulation Act was signed are guaranteed air service, with subsidy if necessary.
- \$17 million for a multi-year project to upgrade DOT's financial systems and processes as part of the Financial Management Business Transformation (FMBT) initiative focused on achieving three goals: (1) improving standardization and consistency through major business process reengineering, (2) improving financial data

management, and (3) modernizing DOT’s financial management systems to better meet financial system standards. The initiative is structured around major targeted solution milestones, called “waves,” that allow tangible modernization to be attained throughout the project. By the end of FY 2012, the first two waves -- a grants payment solution, and an integrated vendor payment solution – will be completed.

- \$10 million for the Livable Communities program administered by the Office of the Assistant Secretary for Transportation Policy. Funding would be used to coordinate livability and sustainability work throughout the Department and with the Environmental Protection Agency and the Department of Housing and Urban Development. FY 2012 activities will include technical assistance; increased coordination with the Operating Administrations, particularly coordination of field office outreach; and oversight of livability tool development, including an affordability index, an on-line livability database, and training for Federal employees working on livability initiatives.
- \$9.8 million for the Department’s Transportation Planning, Research and Development program, including activities and studies needed to support the Secretary’s responsibilities in the formulation of national transportation policies.
- \$9.7 million for the Departmental Office of Civil Rights (DOCR) to continue to support and advance internal and external civil rights initiatives, administer Federal civil rights statutes, investigate EEO complaints, support the Disability Resource Center and the Shared Neutrals Alternative Dispute Resolution Program, and oversee and ensure compliance of environmental justice programs throughout the Department.
- \$4 million for the Minority Business Resource Center (MRBC) and Minority Business Outreach (MBO) activities. Both the MBRC and MBO programs encourage and assist small, disadvantaged, and women-owned businesses to participate in DOT and DOT-assisted contracts and grants and provide them assistance in obtaining short-term working capital.

The FY 2012 request includes the following funding levels to support the Department’s key strategic objectives: \$403 million for Safety; \$404 million for Environmental Sustainability; \$400 million for State of Good Repair; \$580 million for Livable Communities; \$421 million for Economic Competitiveness; and \$131 million for Organizational Excellence.

Exhibit I

U.S. Department of Transportation

Office of the Secretary – Direct Positions/FTEs

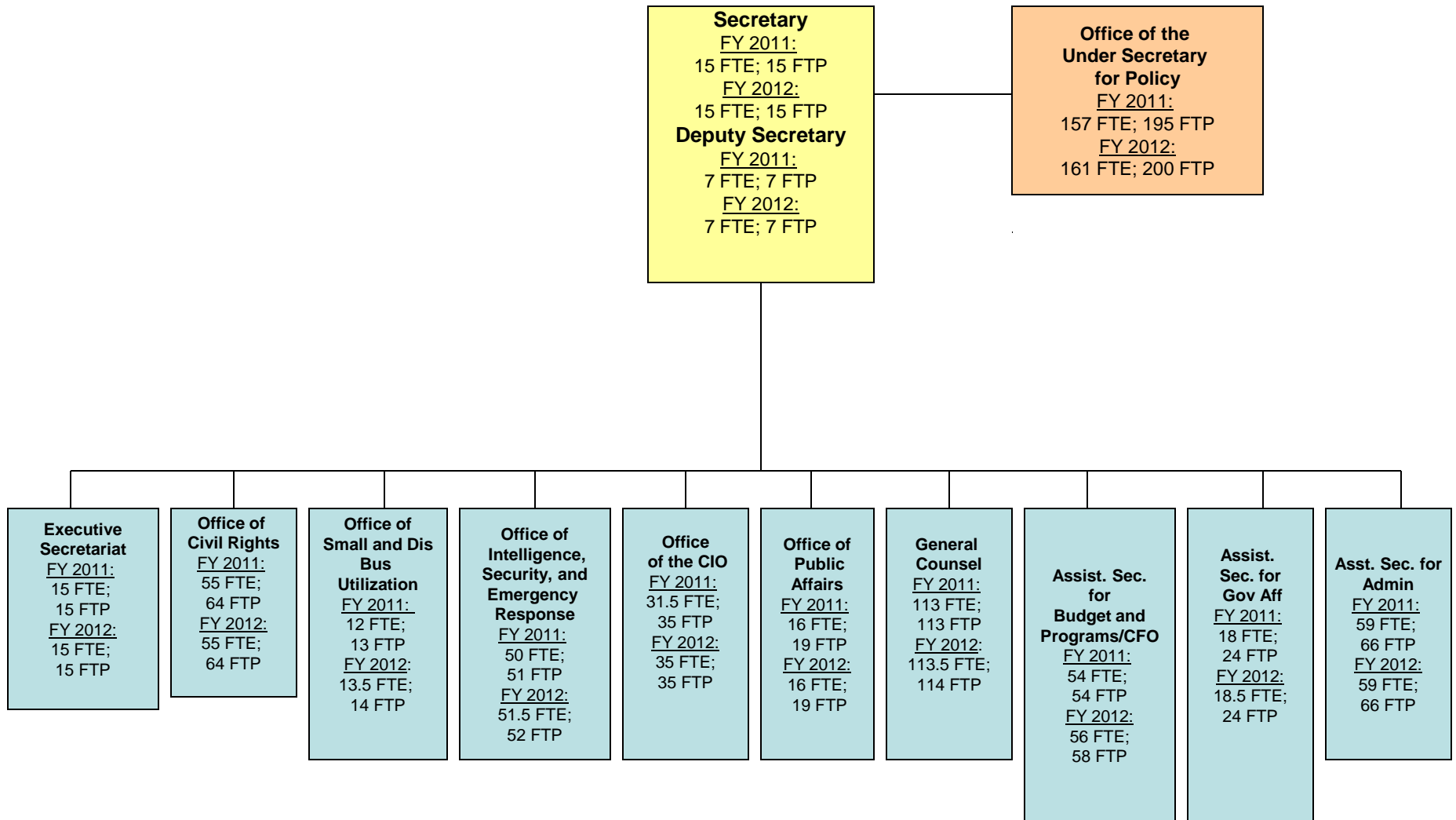


EXHIBIT II - 1
FY 2012 NEW BUDGET AUTHORITY
OFFICE OF THE SECRETARY of TRANSPORTATION
(\$000)

<u>ACCOUNTS</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 CR ANNUALIZED</u>	<u>FY 2012 REQUEST</u>
<u>SALARIES & EXPENSES</u>	<u>102,686</u>	<u>102,686</u>	<u>118,842</u>
Office of the Secretary (S-1)	2,631	2,631	2,623
Office of the Deputy Secretary (S-2)	986	986	988
Office of the Executive Secretariat (S-10)	1,658	1,658	1,682
Office of the Under Secretary for Transportation Policy (S-3)	11,100	11,100	12,831
Office of Small and Disadvantaged Business Utilization (S-40)	1,499	1,499	1,520
Office of Intelligence and Security and Emergency Response (S-60)	10,600	10,600	10,797
Office of the Chief Information Officer (S-80)	13,215	13,215	17,750
Office of the General Counsel (C)	20,359	20,359	19,615
Office of the Assistant Secretary for Governmental Affairs (I)	2,504	2,504	2,630
Office of the Assistant Secretary for Budget and Programs/CFO (B)	10,559	10,559	10,949
Office of the Assistant Secretary for Administration (M)	25,520	25,520	27,697
Office of Public Affairs (A)	2,055	2,055	2,137
Acquisition Workforce Development	0	0	7,623
<u>TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT</u>	<u>18,168</u> ^{1/}	<u>18,168</u> ^{1/}	<u>9,824</u>
<u>OFFICE OF CIVIL RIGHTS</u>	<u>9,667</u>	<u>9,667</u>	<u>9,661</u>
<u>MINORITY BUSINESS OUTREACH</u>	<u>3,074</u>	<u>3,074</u>	<u>3,100</u>
<u>MINORITY BUSINESS RESOURCE CENTER PROGRAM (MBRC)</u>	<u>924</u>	<u>938</u>	<u>922</u>
Minority Business Resource Center Program - Discretionary	923	923	922
Guaranteed Loan Subsidy	353	353	333
Administrative Expenses	570	570	589
MBRC Guaranteed Loan Subsidy reestimate- Mandatory (Limitation on guaranteed loans)	1 [18,367]	15 [18,367]	0 [18,367]
<u>FINANCIAL MANAGEMENT CAPITAL</u>	<u>5,000</u>	<u>5,000</u>	<u>17,000</u>
<u>ESSENTIAL AIR SERVICE PROGRAM</u>	<u>200,000</u>	<u>200,000</u>	<u>173,254</u>
Payments to Air Carriers (<i>Airport & Airway Trust Fund</i>) - Discretionary	150,000	150,000	123,254 ^{2/}
Essential Air Service - Mandatory	50,000	50,000	50,000
<u>COMPENSATION FOR GENERAL AVIATION OPERATIONS (discretionary)</u>	<u>0</u>	<u>0</u>	<u>-3,254</u>
<u>LIVABLE COMMUNITIES</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
<u>NATIONAL INFRASTRUCTURE INVESTMENT (NII)</u>	<u>600,000</u>	<u>600,000</u>	<u>2,000,000</u>
NII - Mandatory	600,000 ^{3/}	600,000 ^{3/}	2,000,000
<u>WORKING CAPITAL FUND (Limitation)</u>	<u>[147,596]</u>	<u>[147,596]</u>	<u>0</u>
TOTAL	<u>939,519</u>	<u>939,533</u>	<u>2,339,349</u>
<u>PROPRIETARY AND OTHER GOVERNMENTAL RECIEPTS:</u>			
MBRC Guaranteed Loans Downward Subsidy Reestimate	58	47	0

^{1/} Includes \$2 million for the Mississippi-Missouri Rivers study pursuant to P.L. 111-117 Section 195.

^{2/} Will be supplemented by an estimated \$22 million of unobligated balances of prior year appropriations

^{3/} Originally appropriated as discretionary. Rebaselined as mandatory.

EXHIBIT II - 2
FY 2012 TOTAL BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT
OFFICE OF THE SECRETARY of TRANSPORTATION
Appropriations, Obligations Limitations, Exempt Obligations, Mandatory EAS, and Mandatory MBRC Reestimate

(\$000)

<u>ACCOUNTS</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 CR ANNUALIZED</u>	<u>FY 2012 REQUEST</u>
<u>SALARIES & EXPENSES</u>	102,686	102,686	118,842
Office of the Secretary (S-1)	2,631	2,631	2,623
Office of the Deputy Secretary (S-2)	986	986	988
Office of the Executive Secretariat (S-10)	1,658	1,658	1,682
Office of the Under Secretary for Transportation Policy (S-3)	11,100	11,100	12,831
Office of Small and Disadvantaged Business Utilization (S-40)	1,499	1,499	1,520
Office of Intelligence and Security and Emergency Response (S-60)	10,600	10,600	10,797
Office of the Chief Information Officer (S-80)	13,215	13,215	17,750
Office of the General Counsel (C)	20,359	20,359	19,615
Office of the Assistant Secretary for Governmental Affairs (I)	2,504	2,504	2,630
Office of the Assistant Secretary for Budget and Programs/CFO (B)	10,559	10,559	10,949
Office of the Assistant Secretary for Administration (M)	25,520	25,520	27,697
Office of Public Affairs (A)	2,055	2,055	2,137
Acquisition Workforce Development	0	0	7,623
<u>TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT</u>	18,168 ^{1/}	18,168 ^{1/}	9,824
<u>OFFICE OF CIVIL RIGHTS</u>	9,667	9,667	9,661
<u>MINORITY BUSINESS OUTREACH</u>	3,074	3,074	3,100
<u>MINORITY BUSINESS RESOURCE CENTER PROGRAM (MBRC)</u>	924	938	922
Minority Business Resource Center Program - Discretionary	923	923	922
Guaranteed Loan Subsidy	353	353	333
Administrative Expenses	570	570	589
MBRC Guaranteed Loan Subsidy reestimate- Mandatory	1	15	0
<u>FINANCIAL MANAGEMENT CAPITAL</u>	5,000	5,000	17,000
<u>ESSENTIAL AIR SERVICE PROGRAM:</u>	200,000	200,000	173,254
Payments to Air Carriers (<i>Airport & Airway Trust Fund</i>) - Discretionary	150,000	150,000	123,254 ^{2/}
Essential Air Service - Mandatory	50,000	50,000	50,000
<u>COMPENSATION FOR GENERAL AVIATION OPERATIONS (discretionary)</u>	0	0	-3,254
<u>LIVABLE COMMUNITIES</u>	0	0	10,000
<u>NATIONAL INFRASTRUCTURE INVESTMENT (NII)</u>	600,000	600,000	2,000,000
NII - Mandatory	600,000 ^{3/}	600,000 ^{3/}	2,000,000
<u>WORKING CAPITAL FUND (Limitation)</u>	[147,596]	[147,596]	0
TOTAL	939,519	939,533	2,339,349

^{1/} Includes \$2 million for the Mississippi-Missouri Rivers study pursuant to P.L. 111-117 Section 195.

^{2/} Will be supplemented by an estimated \$22 million of unobligated balances of prior year appropriations

^{3/} Originally appropriated as discretionary. Rebaselined as mandatory.

EXHIBIT II-3
FY 2012 BUDGETARY RESOURCES BY APPROPRIATION ACCOUNT AND STRATEGIC GOAL
OFFICE OF THE SECRETARY OF TRANSPORTATION
 Appropriation, Obligation Limitations, and Exempt Obligations
 (\$'000)

ACCOUNTS	Safety	Environmental Sustainability	State of Good Repair/Infrastructure	Livable Communities	Economic Competitiveness	Organizational Excellence	Total
Salaries & Expenses	67	1,848	-	-	12,280	104,646	118,842
Office of the Secretary (S-1)						2,623	2,623
Office of the Deputy Secretary (S-2)						988	988
Office of the Executive Secretariat (S-10)						1,682	1,682
Office of the Under Secretary for Transportation Policy (S-3)	67				4,898	7,865	12,831
Office of Small and Disadvantaged Business Utilization (S-40)					1,520		1,520
Office of Intelligence and Security and Emergency Response (S-60)						10,797	10,797
Office of the Chief Information Officer (S-80)						17,750	17,750
Office of the General Counsel (C)					5,862	13,753	19,615
Office of the Assistant Secretary for Governmental Affairs (I)						2,630	2,630
Office of the Assistant Secretary for Budget and Programs/CFO (B)						10,949	10,949
Office of the Assistant Secretary for Administration (M)		1,848				25,849	27,697
Office of Public Affairs (A)						2,137	2,137
Acquisition Workforce Development						7,623	7,623
TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT	2,511	2,511			4,802		9,824
OFFICE OF CIVIL RIGHTS						9,661	9,661
MINORITY BUSINESS OUTREACH					3,100		3,100
MINORITY BUSINESS RESOURCE CENTER PROGRAM (MBRC)					922		922
FINANCIAL MANAGEMENT CAPITAL						17,000	17,000
ESSENTIAL AIR SERVICE PROGRAM							
Payments to Air Carriers				173,254			173,254
Essential Air Service				123,254			123,254
				50,000			50,000
COMPENSATION FOR GENERAL AVIATION OPERATIONS				3,254			3,254
LIVABLE COMMUNITIES				10,000			10,000
NATIONAL INFRASTRUCTURE INVESTMENT (NII)	400,000	400,000	400,000	400,000	400,000		2,000,000
TOTAL	402,578	404,359	400,000	580,000	421,104	131,307	2,339,349

EXHIBIT II-3a
FY 2012 BUDGET EXECUTION BY DOT OUTCOMES
OFFICE OF THE SECRETARY of TRANSPORTATION
(\$000)

DOT Outcome	Program	FY 2012 Request
SAFETY		402,578
Reduction in injuries and fatalities		-
Improved safety experience		-
Other	Transportation Planning, Research & Development	2,511
	Office of the Under Secretary for Transportation Policy (S-3)	67
	National Infrastructure Investment	400,000
ENVIRONMENTAL SUSTAINABILITY		404,359
Reduced carbon/emissions and dependence on fossil fuels and improved energy efficiency.		
Reduced pollution impacts on ecosystems		
Environmentally sustainable practices and materials in transportation		
Environmentally sustainable practices in DOT services and facilities	Office of the Assistant Secretary for Administration (M)	1,848
Other	Transportation Planning, Research & Development	2,511
	National Infrastructure Investment	400,000
STATE OF GOOD REPAIR/INFRASTRUCTURE		400,000
Other	National Infrastructure Investment	400,000
LIVABLE COMMUNITIES		580,000
Convenient and affordable choices	Essential Air Services Program	50,000
	Payment to Air Carriers	123,254
	Compensation for General Aviation Operations	(3,254)
Improved public transit experience		
Improved access for special needs populations		
Other	Livable Communities	10,000
	National Infrastructure Investment	400,000
ECONOMIC COMPETITIVENESS		421,104
Maximize economic returns		
consumer needs	Office of General Counsel (C)- Aviation Enforcement Program	5,862
Advance U.S. transportation interests abroad		
Expanded opportunities for businesses	Office of Small and Disadvantaged Business Utilization (S-40)	1,520
	Minority Business Outreach	3,100
	Minority Business Resource Center Program	922
Other	Transportation Planning, Research & Development	4,802
	Office of the Under Secretary for Transportation Policy (S-3)	4,898
	National Infrastructure Investment	400,000
ORGANIZATIONAL EXCELLENCE		131,307
	Office of the Secretary (S-1)	2,623
	Office of the Deputy Secretary (S-2)	988
	Office of the Executive Secretariat (S-10)	1,682
	Office of the Under Secretary for Transportation Policy (S-3)	7,865
	Office of Small and Disadvantaged Business Utilization (S-40)	-
	Office of Intelligence and Security and Emergency Response (S-60)	10,797
	Office of the Chief Information Officer (S-80)	17,750
	Office of the General Counsel (C)	13,753
	Office of the Assistant Secretary for Governmental Affairs (I)	2,630
	Office of the Assistant Secretary for Budget and Programs/CFO (B)	10,949
	Office of the Assistant Secretary for Administration (M)	25,849
	Office of Public Affairs (A)	2,137
	Transportation Planning, Research & Development	-
	Office of Civil Rights	9,661
	Financial Management Capital	17,000
	Acquisition Workforce Development	7,623
OVERHEAD PROGRAMS/FUNCTIONS DISTRIBUTED TO PROGRAMS		
Total		2,339,349

EXHIBIT II - 4
FY 2012 TOTAL BUDGET AUTHORITY
OFFICE OF THE SECRETARY of TRANSPORTATION
(\$000)

<u>ACCOUNTS</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 CR ANNUALIZED</u>	<u>FY 2012 REQUEST</u>
<u>SALARIES & EXPENSES</u>	102,686	102,686	118,842
Office of the Secretary (S-1)	2,631	2,631	2,623
Office of the Deputy Secretary (S-2)	986	986	988
Office of the Executive Secretariat (S-10)	1,658	1,658	1,682
Office of the Under Secretary for Transportation Policy (S-3)	11,100	11,100	12,831
Office of Small and Disadvantaged Business Utilization (S-40)	1,499	1,499	1,520
Office of Intelligence and Security and Emergency Response (S-60)	10,600	10,600	10,797
Office of the Chief Information Officer (S-80)	13,215	13,215	17,750
Office of the General Counsel (C)	20,359	20,359	19,615
Office of the Assistant Secretary for Governmental Affairs (I)	2,504	2,504	2,630
Office of the Assistant Secretary for Budget and Programs/CFO (B)	10,559	10,559	10,949
Office of the Assistant Secretary for Administration (M)	25,520	25,520	27,697
Office of Public Affairs (A)	2,055	2,055	2,137
Acquisition Workforce Development	0	0	7,623
<u>TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT</u>	18,168 ^{1/}	18,168 ^{1/}	9,824
<u>OFFICE OF CIVIL RIGHTS</u>	9,667	9,667	9,661
<u>MINORITY BUSINESS OUTREACH</u>	3,074	3,074	3,100
<u>MINORITY BUSINESS RESOURCE CENTER PROGRAM (MBRC)</u>	923	923	922
Minority Business Resource Center Program - Discretionary	923	923	922
Guaranteed Loan Subsidy	353	353	333
Administrative Expenses	570	570	589
MBRC Guaranteed Loan Subsidy reestimate- Mandatory	1	15	0
(Limitation on guaranteed loans)	[18,367]	[18,367]	[18,367]
<u>FINANCIAL MANAGEMENT CAPITAL</u>	5,000	5,000	17,000
<u>ESSENTIAL AIR SERVICE PROGRAM</u>	200,000	200,000	173,254
Payments to Air Carriers (<i>Airport & Airway Trust Fund</i>) - Discretionary	150,000	150,000	123,254 ^{2/}
Essential Air Service - Mandatory	50,000	50,000	50,000
<u>COMPENSATION FOR GENERAL AVIATION OPERATIONS (discretionary)</u>	0	0	-3,254
<u>LIVABLE COMMUNITIES</u>	0	0	10,000
<u>NATIONAL INFRASTRUCTURE INVESTMENT (NII)</u>	600,000	600,000	2,000,000
NII - Mandatory	600,000 ^{3/}	600,000 ^{3/}	2,000,000
<u>WORKING CAPITAL FUND (Limitation)</u>	[147,596]	[147,596]	0
TOTAL	939,519	939,533	2,339,349
[Mandatory]	650,001	650,015	2,050,000
[Discretionary]	289,518	289,518	289,349
<u>PROPRIETARY AND OTHER GOVERNMENTAL RECIEPTS:</u>			
MBRC Guaranteed Loans Downward Subsidy Reestimate	58	47	0

^{1/} Includes \$2 million for the Mississippi-Missouri Rivers study pursuant to P.L. 111-117 Section 195.

^{2/} Will be supplemented by an estimated \$22 million of unobligated balances of prior year appropriations

^{3/} Originally appropriated as discretionary. Rebaselined as mandatory.

EXHIBIT II-5
FY 2012 OUTLAYS
OFFICE OF THE SECRETARY of TRANSPORTATION
(\$000)

ACCOUNT	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 REQUEST
Salaries & Expenses	96,588	141,977	117,226
Transportation Planning, Research & Development	20,313	36,349	14,830
Office of Civil Rights	8,012	11,515	9,644
Minority Business Outreach	2,707	17,094	3,097
MBRC Program (loan subsidy & admin)	384	1,457	922
Financial Management Capital	1,801	12,199	14,600
Payments to Air Carriers	130,209	139,050	133,952
Livable Communities	0	0	4,000
New Headquarters Building	1,651	3,186	0
ARRA - National Surface Transportation System	9,765	710,236	420,000
Working Capital Fund	-3,706	-0	0
Subtotal, Discretionary	267,723	1,073,063	718,271
<i>MBRC Guaranteed Loan Subsidy Upward Reestimate [mandatory]</i>	<i>1</i>	<i>15</i>	<i>0</i>
<i>Essential Air Service & Rural Airport Funding [mandatory]</i>	<i>35,341</i>	<i>57,549</i>	<i>50,000</i>
<i>Compensation for Air Carriers [mandatory]</i>	<i>-5,257</i>	<i>-969</i>	<i>0</i>
<i>Compensation for General Aviation Operations</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>National Infrastructure Investment [mandatory]</i>	<i>242</i>	<i>137,758</i>	<i>350,000</i>
Subtotal, Mandatory	30,326	194,353	400,000
Grand Total	298,049	1,267,416	1,118,271

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

SALARIES AND EXPENSES

	(A)	(B)	(D)	(E)	(F)	(G)	(H)												
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	Acquisition Workforce	FY 2012 Request						
PERSONNEL RESOURCES																			
Total FTE <i>I/</i>	508.5			3.50					512.0	(8.5)			503.5						
Direct FTE	477.5			3.50					481.0	0.5			481.5						
FINANCIAL RESOURCES																			
Salaries and Benefits	\$64,594	\$1,644	\$66,238	\$579	(263)			\$0	66,554	\$1,997	\$219		\$68,770						
-WCF Transit Benefits	\$381	\$25	\$407				(\$1)		408	\$0			\$408						
Travel	\$1,778	\$67	\$1,846					\$8	1,854	\$5			\$1,859						
Transportation	\$6		\$6					\$0	6				\$6						
GSA Rent	\$8,820	(\$70)	\$8,750			\$827		\$44	9,621				\$9,621						
Communications, Utilities & Misc.	\$6	\$3	\$10					\$0	10				\$10						
Printing	\$870	(\$186)	\$684					\$3	687				\$687						
Other Services																			
-WCF	\$14,283	(\$222)	\$14,061				\$2,055	\$68	16,185				\$16,185						
-Other	\$10,860	(\$561)	\$10,299					\$137	10,436	\$3,807	(\$927)		\$7,623						
Supplies	\$223	\$0	\$223					\$2	325				\$325						
Equipment	\$763	(\$701)	\$63					\$0	63				\$63						
Admin Subtotal	\$102,686	\$0	\$102,686	\$579	(\$263)	\$827	\$2,055	\$264	\$106,148	\$5,809	(\$738)	\$7,623	\$118,842						
PROGRAMS																			
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0						
Total	\$102,686	\$0	\$102,686	\$579	(\$263)	\$827	\$2,055	\$264	\$106,148	\$5,809	(\$738)	\$7,623	\$118,842						
GRAND TOTAL	\$102,686	\$0	\$102,686	\$579	(\$263)	\$827	\$2,055	\$264	\$106,148	\$5,809	(\$738)	\$7,623	\$118,842						

I/ Includes SCASDP FTE's

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

TRANSPORTATION PLANNING, RESEARCH & DEVELOPMENT

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)												
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request								
PERSONNEL RESOURCES																				
Total FTE	32.0		32.0						32.0			33.0								33.0
Direct FTE	32.0		32.0						32.0			33.0								33.0
FINANCIAL RESOURCES																				
Salaries and Benefits	\$5,445	\$125	\$5,370		(21)				5,549		\$125	\$5,674								
-WCF Transit Benefits	\$66	(\$42)	\$24				(\$0)		24			\$24								
Travel	\$151		\$151						152			\$152								
Transportation	\$1		\$1						1			\$1								
GSA Rent	\$0		\$0						0			\$0								
Communications, Utilities & Misc.	\$0		\$0						0			\$0								
Printing	\$19		\$19						0			\$0								
Other Services	\$586	(\$48)	\$538				\$19		560			\$560								
-WCF	\$48	(\$34)	\$14						14			\$14								
-Other	\$20		\$20						20			\$20								
Supplies	\$15		\$15						15			\$15								
Equipment	\$6,352	\$0	\$6,352		(\$21)		\$19		\$6,354		\$0	\$6,479								
Admin Subtotal	\$6,352	\$0	\$6,352		(\$21)		\$19		\$6,354		\$0	\$6,479								
PROGRAMS																				
Research and Development	\$3,881		\$3,881					\$11	3,892		(\$470)	\$3,345								
Exemptions	\$7,935	\$0	\$7,935					\$48	7,983		(\$7,935)	\$0								
Programs Subtotal	\$11,816	\$0	\$11,816		\$0	\$0	\$0	\$59	\$11,875		(\$8,405)	\$3,345								
Total:	\$18,168	\$0	\$18,168		(\$21)	\$0	\$19	\$63	\$18,229		(\$8,405)	\$9,824								

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)												
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request								
GRAND TOTAL	\$18,168	\$0	\$18,168		(\$21)	\$0	\$19	\$63	\$18,229		(\$8,405)	\$9,824								

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

OFFICE OF CIVIL RIGHTS

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)						
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request		
PERSONNEL RESOURCES														
Total FTE			55.0						55.0			55.0		
Direct FTE			55.0						55.0			55.0		
FINANCIAL RESOURCES														
Salaries and Benefits	\$7,031		\$7,031		(27)				7,004			\$7,004		
-WCF Transit Benefits	\$5		\$5						\$5			\$5		
Travel	\$54		\$54						\$54			\$54		
Transportation	\$0		\$0						\$0			\$0		
GSA Rent	\$251		\$251						\$1			\$253		
Communications, Utilities & Misc.	\$77		\$77						\$0			\$78		
Printing	\$2		\$2						\$0			\$2		
Other Services	\$822	(\$101)	\$721						\$4			\$755		
-WCF							\$30		\$7			\$1,472		(\$22)
-Other	\$1,369	\$96	\$1,465						\$0			\$20		
Supplies	\$20		\$20						\$0			\$20		
Equipment	\$10		\$10						\$0			\$10		
Admin Subtotal	\$9,667	\$0	\$9,667	\$0	(\$27)	\$0	\$30	\$13	\$9,683	(\$22)	\$0	\$9,661		
PROGRAMS														
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
Total:	\$9,667	\$0	\$9,667	\$0	(\$27)	\$0	\$30	\$13	\$9,683	(\$22)	\$0	\$9,661		
GRAND TOTAL	\$9,667	\$0	\$9,667	\$0	(\$27)	\$0	\$30	\$13	\$9,683	(\$22)	\$0	\$9,661		

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

MINORITY BUSINESS OUTREACH

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)	(R)	(S)	(T)
2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request								
PERSONNEL RESOURCES																			
Total FTE		2.0						2.0			1.5								3.5
Direct FTE		2.0						2.0			1.5								3.5
FINANCIAL RESOURCES																			
Salaries and Benefits	\$133	\$133	\$266	(1)				265		\$214	\$478								
-WCF Transit Benefits	\$2	(\$2)	\$0								\$0								
Travel	\$124	\$124	\$124					124		\$4	\$128								
Transportation		\$0	\$0								\$0								
GSA Rent		\$0	\$0								\$0								
Communications, Utilities & Misc.		\$0	\$0								\$0								
Printing		\$0	\$0								\$0								
Other Services		\$0	\$0								\$0								
-WCF	\$18	(\$2)	\$16					16		(\$0)	\$16								
-Other	\$1,235	\$1,235	\$1,235					1,242		\$7	\$1,040								
Supplies	\$5	\$5	\$5					5		\$0	\$5								
Equipment	\$0	\$0	\$0								\$0								
-Subsidy	\$1,557	(\$128)	\$1,429					1,437		\$8	\$1,433								
Admin Subtotal	\$3,074	\$0	\$3,074	(\$1)				\$3,088		\$16	\$3,100								
PROGRAMS																			
	\$0	\$0	\$0								\$0								
Programs Subtotal	\$0	\$0	\$0							\$0	\$0								
Total:	\$3,074	\$0	\$3,074	(\$1)				\$3,088		\$16	\$3,100								
GRAND TOTAL																			
	\$3,074	\$0	\$3,074	(\$1)				\$3,088		\$16	\$3,100								

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

MINORITY BUSINESS RESOURCE CENTER

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)					
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request	
PERSONNEL RESOURCES													
Total FTE			1.0						1.0			1.0	
Direct FTE			1.0						1.0			1.0	
FINANCIAL RESOURCES													
Salaries and Benefits	\$148		\$148		(1)				147			\$147	
-WCF Transit Benefits	\$2	\$1	\$3					\$0	3			\$3	
Travel	\$24		\$24						24			\$24	
Transportation	\$0		\$0									\$0	
GSA Rent	\$0		\$0									\$0	
Communications, Utilities & Misc.	\$0		\$0									\$0	
Printing	\$0		\$0									\$0	
Other Services	\$18	(\$2)	\$16					\$2	2			\$2	
-WCF	\$378	\$26	\$404				\$1		16			\$16	
-Other	\$26	\$26	\$52						404			\$400	
Supplies	\$0		\$0									\$0	
Equipment	\$0		\$0									\$0	
Admin Subtotal	\$570	\$24	\$594	\$0	(\$1)	\$0	\$1	\$2	\$596	(\$3)	\$0	\$593	
PROGRAMS													
Guaranteed Loan Subsidy	\$353	(\$24)	\$329					\$2	331			\$329	
Programs Subtotal	\$353	(\$24)	\$329	\$0	\$0	\$0	\$0	\$2	\$331	(\$2)	\$0	\$329	
Total:	\$923	\$0	\$923	\$0	(\$1)	\$0	\$1	\$4	\$927	(\$5)	\$0	\$922	
GRAND TOTAL	\$923	\$0	\$923	\$0	(\$1)	\$0	\$1	\$4	\$927	(\$5)	\$0	\$922	

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)						
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request		
PERSONNEL RESOURCES														
Total FTE	0.0		0.0						0.0			0.0		
Direct FTE	0.0		0.0						0.0			0.0		
FINANCIAL RESOURCES														
Salaries and Benefits	\$0		\$0											\$0
-WCF Transit Benefits	\$0		\$0											\$0
Travel	\$0		\$0											\$0
Transportation	\$0		\$0											\$0
GSA Rent	\$0		\$0											\$0
Communications, Utilities & Misc.	\$0		\$0											\$0
Printing	\$0		\$0											\$0
Other Services	\$0		\$0											\$0
-WCF	\$5,000		\$5,000						5,025	\$11,975		\$17,000		\$0
-Other	\$0		\$0											\$0
Supplies	\$0		\$0											\$0
Equipment	\$0		\$0											\$0
Admin Subtotal	\$5,000	\$0	\$5,000	\$0	\$0	\$0	\$0	\$25	\$5,025	\$11,975	\$0	\$17,000		\$0
PROGRAMS														
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		\$0
Total:	\$5,000	\$0	\$5,000	\$0	\$0	\$0	\$0	\$25	\$5,025	\$11,975	\$0	\$17,000		\$0
GRAND TOTAL														
	\$5,000	\$0	\$5,000	\$0	\$0	\$0	\$0	\$25	\$5,025	\$11,975	\$0	\$17,000		\$0

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

ESSENTIAL AIR SERVICE

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)					
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request	
PERSONNEL RESOURCES													
Total FTE	14.0		14.0						14.0			14.0	
Direct FTE	14.0		14.0						14.0			14.0	
FINANCIAL RESOURCES													
Salaries and Benefits	\$2,016		\$2,016		(8)				2,008			\$2,008	
-WCF Transit Benefits	\$2	\$8	\$10				(\$0)	\$0	10			\$10	
Travel	\$11		\$11						11			\$11	
Transportation	\$0		\$0									\$0	
GSA Rent	\$0		\$0									\$0	
Communications, Utilities & Misc.	\$29		\$29						29			\$29	
Printing	\$0		\$0									\$0	
Other Services	\$221	(\$6)	\$215				\$9	\$1	225			\$225	
-WCF	\$3		\$3						3			\$3	
-Other	\$5		\$5						5			\$5	
Supplies	\$3		\$3						3			\$3	
Equipment	\$5		\$5						5			\$5	
Admin Subtotal	\$2,287	\$2	\$2,289	\$0	(\$8)	\$0	\$9	\$1	\$2,291	\$0	\$0	\$2,291	
PROGRAMS													
Essential Air Service Subsidy	\$47,713	(\$2)	\$47,711					\$239	47,950		(\$241)	\$47,709	
Programs Subtotal	\$47,713	(\$2)	\$47,711	\$0	\$0	\$0	\$0	\$239	\$47,950	\$0	(\$241)	\$47,709	
Total:	\$50,000	\$0	\$50,000	\$0	(\$8)	\$0	\$9	\$240	\$50,241	\$0	(\$241)	\$50,000	
GRAND TOTAL	\$50,000	\$0	\$50,000	\$0	(\$8)	\$0	\$9	\$240	\$50,241	\$0	(\$241)	\$50,000	

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(S000)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)					
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request	
PERSONNEL RESOURCES													
Total FTE	0.0		0.0						0.0			0.0	
Direct FTE	0.0		0.0						0.0			0.0	
FINANCIAL RESOURCES													
Salaries and Benefits	\$0		\$0						\$0			\$0	
-WCF Transit Benefits	\$0		\$0						\$0			\$0	
Travel	\$0		\$0						\$0			\$0	
Transportation	\$0		\$0						\$0			\$0	
GSA Rent	\$0		\$0						\$0			\$0	
Communications, Utilities & Misc.	\$0		\$0						\$0			\$0	
Printing	\$0		\$0						\$0			\$0	
Other Services	\$0		\$0						\$0			\$0	
-WCF	\$0		\$0						\$0			\$0	
-Other	\$0		\$0						\$0			\$0	
Supplies	\$0		\$0						\$0			\$0	
Equipment	\$0		\$0						\$0			\$0	
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS													
Air Carrier Payments	\$150,000	\$0	\$150,000					\$750	\$150,750	(\$27,496)		\$123,254	
Programs Subtotal	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$750	\$150,750	(\$27,496)	\$0	\$123,254	
Total:	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$750	\$150,750	(\$27,496)	\$0	\$123,254	
GRAND TOTAL	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$0	\$750	\$150,750	(\$27,496)	\$0	\$123,254	

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

LIVABLE COMMUNITIES

	(A) 2010 Enacted	(B) Redirection of Resources	(C) 2011 CR Annualized	(D) Annualization of 2011 FTE	(E) One Less Compensable Day	(F) GSA Rent	(G) WCF Increase/Decrease	(H) Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request
PERSONNEL RESOURCES												
Total FTE	0.0		0.0						0.0	3.0		3.0
Direct FTE	0.0		0.0						0.0	3.0		3.0
FINANCIAL RESOURCES												
Salaries and Benefits	\$0		\$0						-	\$669		\$669
-WCF Transit Benefits	\$0		\$0						-	\$0		\$0
Travel	\$0		\$0						-	\$250		\$250
Transportation	\$0		\$0						-	\$0		\$0
GSA Rent	\$0		\$0						-	\$0		\$0
Communications, Utilities & Misc.	\$0		\$0						-	\$6		\$6
Printing	\$0		\$0						-	\$0		\$0
Other Services	\$0		\$0						-	\$0		\$0
-WCF	\$0		\$0						-	\$166		\$166
-Other	\$0		\$0						-	\$5,963		\$5,963
Supplies	\$0		\$0						-	\$20		\$20
Equipment	\$0		\$0						-	\$50		\$50
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,124	\$0	\$7,124
PROGRAMS												
Livable Communities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,876	\$0	\$2,876
Programs Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,876	\$0	\$2,876
Total:	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000
GRAND TOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0	\$10,000

EXHIBIT II-6

SUMMARY OF REQUESTED FUNDING CHANGES FROM BASE
OFFICE OF THE SECRETARY OF TRANSPORTATION
Appropriations, Obligation Limitations, and Exempt Obligations
(\$000)

NATIONAL INFRASTRUCTURE INVESTMENT (NII)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)				
	2010 Enacted	Redirection of Resources	2011 CR Annualized	Annualization of 2011 FTE	One Less Compensable Day	GSA Rent	WCF Increase/Decrease	Inflation/Deflation	FY 2012 Baseline Estimate	Program Increases/Decreases	Redirection of Resources	FY 2012 Request
PERSONNEL RESOURCES												
Total FTE	18.0		18.0						18.0	7.0		25.0
Direct FTE	18.0		18.0						18.0	7.0		25.0
FINANCIAL RESOURCES												
Salaries and Benefits												\$0
-WCF Transit Benefits												\$0
Travel												\$0
Transportation												\$0
GSA Rent												\$0
Communications, Utilities & Misc.												\$0
Printing												\$0
Other Services												\$0
-WCF												\$0
-Other												\$0
Supplies												\$0
Equipment												\$0
Admin Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
PROGRAMS												
Infrastructure Investment Grants and Subsidy Assistance	\$375,000	\$0	\$575,000						\$575,000	\$1,395,000	\$0	\$1,970,000
Administrative Oversight	\$25,000	\$0	\$25,000						\$25,000	\$5,000	\$0	\$30,000
Programs Subtotal	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$0	\$0	\$600,000	\$1,400,000	\$0	\$2,000,000
Total:	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$0	\$0	\$600,000	\$1,400,000	\$0	\$2,000,000
GRAND TOTAL	\$600,000	\$0	\$600,000	\$0	\$0	\$0	\$0	\$0	\$600,000	\$1,400,000	\$0	\$2,000,000

EXHIBIT II-7

WORKING CAPITAL FUND
Office of the Secretary of Transportation
(\$000)

	<u>FY 2010 ACTUAL</u>	<u>FY 2011 CR ANNUALIZED</u>	<u>FY 2012 REQUEST</u>	<u>CHANGE</u>
DIRECT:				
Salaries and Expenses	14,665	14,481	16,593	1,928
Transportation, Planning, Research & Development	667	561	583	-84
Office of Civil Rights	852	756	790	-62
Minority Business Outreach	20	16	16	-4
Minority Business Resource Center Program	20	18	19	-1
Essential Air Service	188	225	235	47
Livable Communities	0	0	166	166
National Infrastructure Investment	0	0	550	550
SUBTOTAL	<u>16,412</u>	<u>16,057</u>	<u>18,951</u>	<u>2,539</u>
REIMBURSABLE/OTHER:				
Salaries and Expenses	564	500	314	-250
SUBTOTAL	<u>564</u>	<u>500</u>	<u>314</u>	<u>-250</u>
TOTAL	<u>16,977</u>	<u>16,557</u>	<u>19,266</u>	<u>2,288</u>

EXHIBIT II-8
OFFICE OF THE SECRETARY OF TRANSPORTATION
PERSONNEL RESOURCE -- SUMMARY
TOTAL FULL-TIME EQUIVALENTS

<u>DIRECT FUNDED BY APPROPRIATION</u>	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 REQUEST
Salaries and Expenses <u>1/</u>	409.96	477.50	481.50
Transportation Planning, Research and Development	27.77	32.00	33.00
Office of Civil Rights	42.26	55.00	55.00
Minority Business Outreach	1.00	2.00	3.50
Minority Business Resource Center Program	1.00	1.00	1.00
Essential Air Service	9.94	14.00	14.00
Livable Communities	0.00	0.00	3.00
National Infrastructure Investment (NII)	0.50	18.00	25.00
ARRA-National Surface Transportation System Grants	0.46	3.00	0.00
SUBTOTAL, DIRECT FUNDED	492.89	602.50	616.00
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
Salaries and Expenses	23.47	31.00	22.00
Working Capital Fund	196.00	271.00	262.00
SUBTOTAL, REIMBURSEMENTS/ALLOCATIONS/OTHER	219.47	302.00	284.00
TOTAL FTEs	712.36	904.50	900.00

1/ Includes SCASDP FTE's

EXHIBIT II-9
OFFICE OF THE SECRETARY OF TRANSPORTATION
RESOURCE SUMMARY - STAFFING
FULL-TIME PERMANENT POSITIONS

<u>DIRECT FUNDED BY APPROPRIATION</u>	<u>FY 2010 ACTUAL</u>	<u>FY 2011 CR ANNUALIZED</u>	<u>FY 2012 REQUEST</u>
Salaries and Expenses <u>1/</u>	526	535	536
Transportation Planning, Research and Development	31	33	33
Office Civil Rights	64	64	64
Minority Business Outreach	1	3	4
Minority Business Resource Center Program	1	1	1
Essential Air Service	14	14	14
Livable Communitiues	0	0	6
National Infastructure Investment (NII)	14	18	25
ARRA-National Surface Transportation System Grants	3	3	0
SUBTOTAL, DIRECT FUNDED	654	671	683
<u>REIMBURSEMENTS/ALLOCATIONS/OTHER</u>			
Salaries and Expenses	33	32	22
Working Capital Fund	224	271	268
SUBTOTAL, REIMBURSEMENTS/ALLOCATIONS/OTHER	257	303	290
TOTAL POSITIONS	911	974	973

1/ Includes SCASDP Positions

EXHIBIT III-1
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

For necessary expenses of the Office of the Secretary, \$118,842,000: Provided, That not to exceed \$60,000 shall be for allocation within the Department for official reception and representation expenses as the Secretary may determine: Provided further, That notwithstanding any other provision of law, excluding fees authorized in Public Law 107-71, there may be credited to this appropriation up to \$2,500,000 in funds received in user fees: Provided further, That of the funds made available under this heading, \$7,623,000 shall be for strengthening the capacity and capabilities of the acquisition workforce, as defined by the Office of Federal Procurement Policy Act, as amended (41 U.S.C. 401 et seq.) including the recruitment, hiring, training, and retention of such workforce and information technology in support of acquisition workforce effectiveness or for management solutions to improve acquisition management.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

EXHIBIT III-1
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SALARIES AND EXPENSES

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010-2012
Office of the Secretary	2,631	2,631	2,623	-8
Office of the Deputy Secretary	986	986	988	2
Office of the Executive Secretariat	1,658	1,658	1,682	24
Office of the Under Secretary Transportation Policy	11,100	11,100	12,831	1,731
Office of Small and Disadvantaged Business	1,499	1,499	1,520	21
Office of Intel., Sec. and Emergency Resp.	10,600	10,600	10,797	197
Office of the Chief Information Officer	13,215	13,215	17,750	4,535
Office of General Counsel	20,359	20,359	19,615	-744
Office of the Asst. Sec. for Governmental Affairs	2,504	2,504	2,630	126
Office of the Asst. Sec. for Budget and Programs	10,559	10,559	10,949	390
Office of the Asst. Sec. for Administration	25,520	25,520	27,697	2,177
Office of Public Affairs	2,055	2,055	2,137	82
Acquisition Workforce Development	0	0	7,623	7,623
Total	102,686	102,686	118,842	16,156
FTEs				
Direct Funded <u>1/</u>	466.25	477.50	481.50	15.3
Reimbursable, allocated, other	32	36	22.0	-10

Program and Performance Statement

The Office of the Secretary is responsible for the overall planning, coordination and administration of the Department's programs. Funding supports the Secretary, Deputy Secretary, Under Secretary for Policy, Assistant Secretaries, and their immediate staffs, who provide federal transportation policy development and guidance, institutional and public liaison activities, and other program support to ensure effective management and operation of the Department.

TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

For necessary expenses for conducting transportation planning, research, systems development, development activities, and making grants, to remain available until expended, \$9,824,000.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010-2012
Transportation Planning, Research and Development	18,168	18,168	9,824	-8,344
Total	18,168 ^{1/}	18,168 ^{1/}	9,824	-8,344
FTEs				
Direct Funded	31	32 0	33	2
Reimbursable, allocated, other	0	0 0	0	0

^{1/} Includes \$2 million for the Mississippi-Missouri River study pursuant to P.L. 111-117, Section 195.

Program and Performance Statement

This appropriation finances research activities and studies concerned with planning, analysis, and information development needed to support the Secretary's responsibilities in the formulation of national transportation policies. Funding also supports departmental leadership in areas such as regulatory modernization, energy conservation, environmental and safety impacts of transportation, aviation economic policy and international transportation issues. The program is carried out primarily through contracts with other Federal agencies, educational institutions, non-profit research organizations, and private firms.

OFFICE OF CIVIL RIGHTS

For necessary expenses of the Office of Civil Rights, \$9,661,000.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF CIVIL RIGHTS

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010-2012
Office of Civil Rights	9,667	9,667	9,661	-6
Total	9,667	9,667	9,661	-6
FTEs				
Direct Funded	55	55	55	0
Reimbursable, allocated, c	0	0	0	0

Program and Performance Statement

The Office of Civil Rights provides Department-wide leadership for all civil rights activities, including employment opportunity and enforcement of laws and regulations that prohibit discrimination in the financing and operation of transportation programs with federal resources. The Office also is responsible for non-discrimination policy development, analysis, coordination and compliance, promotes an organizational culture that values workforce diversity, and handles all civil right cases related to Department of Transportation employees.

MINORITY BUSINESS OUTREACH

For necessary expenses of Minority Business Resource Center outreach activities, \$3,100,000, to remain available until September 30, [2012] 2013: Provided, That notwithstanding 49 U.S.C. 332, these funds may be used for business opportunities related to any mode of transportation.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS OUTREACH

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010-2012
Minority Business Outreach	3,074	3,074	3,100	26
Total	3,074	3,074	3,100	26
FTEs				
Direct Funded	1	2	3.5	2.5
Reimbursable, allocated, othe	0	0	0	0

Program and Performance Statement

This activity provides contractual support to assist small, women-owned, Native American, and other disadvantaged business firms in securing contracts and subcontracts resulting from transportation-related Federal support.

MINORITY BUSINESS RESOURCE CENTER PROGRAM

For the cost of guaranteed loans, \$333,000, as authorized by 49 U.S.C. 332: Provided, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$18,367,000. In addition, for administrative expenses to carry out the guaranteed loan program, \$589,000.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER PROGRAM
GUARANTEED LOAN FINANCING ACCOUNT

PROGRAM AND PERFORMANCE

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all the cash flows to and from the Government resulting from guaranteed loan commitments. The amounts in this account are a means of financing and are not included in the budget totals.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER PROGRAM
APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010- 2012
Minority Business Resource Center Program	923	923	922	-1
Total	923	923	922	-1
FTEs				
Direct Funded	1	1	1	0
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

This program provides assistance in obtaining short-term working capital for minority, women-owned and other disadvantaged businesses and Small Business Administration 8(a) firms. As required by the Federal Credit Reform Act of 1990, this account records the subsidy costs for this program associated with guaranteed loans, as well as administrative expenses of this program.

FINANCIAL MANAGEMENT CAPITAL

For necessary expenses for upgrading and enhancing the Department of Transportation's financial systems and re-engineering business processes, \$17,000,000, to remain available until expended.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

FINANCIAL MANAGEMENT CAPITAL

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010-2012
Financial Management Capital	5,000	5,000	17,000	12,000
Total	5,000	5,000	17,000	12,000
FTEs				
Direct Funded	0	0.0	0	0.0
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

This appropriation provides funds for a multi-year business transformation effort to streamline and standardize the financial systems and business processes across the Department of Transportation. This effort includes upgrading and enhancing the commercial software used for DOT's financial systems, improving the cost and performance data provided to managers, implementing a budget line of business, and instituting new accounting standards and mandates.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

ESSENTIAL AIR SERVICE AND RURAL AIRPORT IMPROVEMENT FUND

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010-2012
Essential Air Service [Mandatory]	50,000	50,000	50,000	0
Total	50,000	50,000	50,000	0
FTEs				
Direct Funded	14	14	14	0
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

The Federal Aviation Reauthorization Act of 1996 (P.L. 104-264) authorized the collection of user fees for services provided by the FAA to aircraft that neither take off nor land in the United States, commonly known as overflight fees. The Act permanently appropriated the first \$50,000,000 of such fees for the Essential Air Service program and rural airport improvements. To the extent that fee collections fall below \$50,000,000 the law requires the difference to be covered by Federal Aviation Administration funds.

PAYMENTS TO AIR CARRIERS
(AIRPORT AND AIRWAY TRUST FUND)
(INCLUDING TRANSFER OF FUNDS)

In addition to funds made available from any other source to carry out the essential air service program under 49 U.S.C. 41731 through 41742, \$123,254,000, to be derived from the Airport and Airway Trust Fund, to remain available until expended: Provided, That, in determining between or among carriers competing to provide service to a community, the Secretary may consider the relative subsidy requirements of the carriers: Provided further, That, hereafter, no funds made available under section 41742 of Title 49, United States Code, and no funds made available in this Act or any other Act in any fiscal year, shall be available to carry out the essential air service program under sections 41731 through 41742 of such title in communities in the 48 contiguous States that were not receiving subsidies on October 1, 2011: Provided further, That, basic essential air service minimum requirements shall not include the 15-passenger capacity requirement under 49 U.S.C. 41732(b)(3): Provided further, That, if the funds under this heading are insufficient to meet the costs of the essential air service program in the current fiscal year, such sums as may be necessary to carry out the essential air service program shall be transferred from any available amounts appropriated to or directly administered by the Department of Transportation.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

PAYMENTS TO AIR CARRIERS
(AIRPORT AND AIRWAY TRUST FUND)

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010-2012
Payments to Air Carriers	150,000	150,000	123,254	-26,746
Total	150,000	150,000	123,254 ^{1/}	-26,746
FTEs				
Direct Funded	0	0	0	0
Reimbursable, allocated, other	0	0	0	0

^{1/} Will be supplemented by an estimated \$22 million of unobligated balances of prior year appropriations.

Program and Performance Statement

Through 1997, the Essential Air Service program was funded from the Airport and Airway Trust Fund. Starting in 1998, the FAA reauthorization funded it as a mandatory program supported by overflight fees under the Essential Air Service and Rural Airport Improvement Fund. In addition to mandatory funding supported by overflight fees, direct appropriations from the Airport and Airway Trust Fund to Payments to Air Carriers have been enacted every year beginning in 2002 to meet the needs of the essential air service program. For 2012, \$123,254,000 is requested from the Airport and Airway Trust Fund for Payments to Air Carriers. The Budget proposes to repeal the 15-passenger seat requirement under 49 U.S.C. 41732(b)(3) and to limit the program size, for the 48 contiguous States, to communities that are receiving Essential Air Service as of October 1, 2011.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR AIR CARRIERS

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 Request	Change FY 2010-2012
Compensation for Air Carriers [mandatory]	0	0	0	0
Total	0	0	0	0
FTEs				
Direct Funded	0	0	0	0
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

The Air Transportation Safety and System Stabilization Act (P.L. 107-42) provided \$5 billion to compensate air carriers for direct losses incurred during the Federal ground stop of civil aviation after the September 11, 2001, terrorist attacks, and for incremental losses incurred between September 11 and December 31, 2001. The remaining balance in this account is not needed for the purpose originally enacted. If needed, the remaining balance will be transferred to Payments to Air Carrier pursuant to the transfer authority included in that appropriation.

COMPENSATION FOR GENERAL AVIATION OPERATIONS

(CANCELLATION)

Of the amounts made available under this heading by section 185 of Public Law 109-115, all unobligated balances as of the date of enactment of this Act are hereby permanently cancelled.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR GENERAL AVIATION OPERATIONS

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 ENACTED	FY 2011 CR (ANNUALIZED)	FY 2012 REQUEST	Change FY 2010- 2012
Compensation for General Aviation Operations	0	0	-3	-3
Total	0	0	-3	-3
FTEs				
Direct Funded	0	0	0	0
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

The Transportation, Treasury and Housing and Urban Development, The Judiciary, District of Columbia and Independent Agencies Appropriations Act for Fiscal Year 2006 (P.L. 109-115) provided \$17 million to reimburse fixed-based general aviation operators and providers of general aviation ground support services at five facilities for the financial losses they incurred when the Federal Government closed the facilities due to the September 11, 2001 terrorist attacks. The remaining balance in this account is not needed for the purpose originally enacted and is being proposed for cancellation in FY 2012.

LIVABLE COMMUNITIES

For necessary expenses for livable communities initiatives, including coordinating livability and sustainability work with the Department of Transportation and with the Environmental Protection Agency and the Department of Housing and Urban Development; developing performance standards and metrics; building analytical capacity; and providing direct technical assistance to State governments, local governments and non-profit organizations, \$10,000,000, to remain available until September 30, 2014; Provided, That any technical assistance under this heading shall be for improved performance measurement capabilities, enhanced ability to perform alternatives analysis, and training and workshops for personnel.

Note.—A full-year 2011 appropriation for this account was not enacted at the time the budget was prepared; therefore, this account is operating under a continuing resolution (P.L. 111-242, as amended). The amounts included for 2011 reflect the annualized level provided by the continuing resolution.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

LIVABLE COMMUNITIES

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010-2012
Livable Communities	0	0	10,000	10,000
Total	0	0	10,000	10,000
FTEs				
Direct Funded	0	0	3	3
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

This appropriation provides funding to coordinate livability and sustainability work within the Department of Transportation and the Department of Housing and Urban Development and the Environmental Protection Agency. Activities will support developing performance standards and metrics; building analytical capacity; and providing direct technical assistance to State governments, local governments, and non-profit organizations for improved performance measurement capabilities, enhanced ability to perform alternatives analysis, and training and workshops for personnel.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

NATIONAL INFRASTRUCTURE INVESTMENT

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010- 2012
Infrastructure Investments: Mandatory	600,000 ^v	600,000 ^v	2,000,000	1,400,000
Total	600,000	600,000	2,000,000	1,400,000
FTEs				
Mandatory: Direct Funded	7	18	25	18
Reimbursable, allocated, other	0	0	0	0

^v Originally appropriated as discretionary. Rebaselined as mandatory.

Program and Performance Statement

The National Infrastructure Investments account reflects activity under the TIGER program. TIGER awards grants as well as TIFIA credit assistance to projects that demonstrate their ability to contribute to the long-term economic competitiveness of the nation, improve the condition of existing transportation facilities and systems, increase energy efficiency, reduce green-house gas emissions, improve the safety of U.S. transportation facilities, and/or enhance the quality of living and working environments of communities through increased transportation choices and connections.

Up-Front Investments.—To spur job growth and allow States to initiate sound multi-year investments, the Budget includes a \$50 billion boost above current law spending for roads, railways and runways. Within the up-front total, the Budget requests \$2 billion in 2012 for a single round of competitive funding awards under the TIGER program.

The Administration proposes to reclassify all surface transportation outlays, including the up-front \$50 billion, as mandatory, consistent with the recommendations of the President's National Commission on Fiscal Responsibility and Reform, and to also move a number of current General Fund programs into the Transportation Trust Fund.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SUPPLEMENTAL DISCRETIONARY GRANTS FOR NATIONAL SURFACE
TRANSPORTATION SYSTEM, RECOVERY ACT

APPROPRIATION SUMMARY BY PROGRAM ACTIVITY
(In thousands of dollars)

	FY 2010 Enacted	FY 2011 CR (Annualized)	FY 2012 Request	Change FY 2010-2012
Discretionary Grants	0	0	0	0
Total	0	0	0	0
FTEs				
Direct Funded	3	3	0	-3
Reimbursable, allocated, other	0	0	0	0

Program and Performance Statement

This American Recovery and Reinvestment Act program provided funding for grant awards to State and local governments or transit agencies on a competitive basis for capital investments in surface transportation infrastructure resulting in a significant impact on the Nation, a metropolitan area or a region. Of the amount appropriated, an amount not to exceed \$200,000,000 could be used to pay the subsidy and administrative costs of projects eligible for federal credit assistance under U.S.C. 23 Chapter 6, the Transportation Infrastructure Finance and Innovation Act. No funds are requested for this program for 2012.

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

WORKING CAPITAL FUND
(In thousands of dollars)

<u>Program</u>	<u>FY 2010 ENACTED</u>	<u>FY 2011 CR (ANNUALIZED)</u>	<u>FY 2012 REQUEST</u>	<u>Change FY 2010-2012</u>
WCF DOT Activities	147,596	147,596	192,395	44,799
WCF Non-DOT Activities	438,953	446,687	388,789	(50,164)
Total	\$586,549	\$594,283	\$581,184	-\$5,365
<u>Staffing</u>				
Direct FTE	0		0	0
Reimbursable FTE	216	271	262	46

Program and Performance Statement

The Working Capital Fund finances common administrative services and other services that are centrally performed in the interest of economy and efficiency. The fund is financed through agreements with the Department of Transportation operating administrations and other customers.

*ADMINISTRATIVE PROVISIONS--
OFFICE OF THE SECRETARY OF TRANSPORTATION*

Sec. 101. The Secretary or his designee may engage in activities with the States and State legislators to consider proposals related to the reduction of motorcycle fatalities.

**EXHIBIT III-2
ANNUAL PERFORMANCE RESULTS AND TARGETS**

Office of the Secretary of Transportation

The Office of the Secretary of Transportation (OST) integrates performance results into its budget request to demonstrate alignment with the Department of Transportation's Strategic Plan. OST tracks the following DOT level performance measures to demonstrate program results:

DOT Goal: Safety

DOT Outcome: Improved safety experience for all road users, including motorists, pedestrians and cyclists, with a focus on children, older adults, and individuals with disabilities

Increase the number of States and localities that adopt "complete streets" policies and "safe routes to schools" policies	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	N/A	*	*
Actual	N/A	N/A	N/A	N/A	*	*

*The target for this measure will be established for 2013 based on 2011 and 2012 actual data.

DOT Goal: Economic Competitiveness

DOT Outcome: A competitive air transportation system responsive to consumer needs

Percent of consumer complaints reviewed.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	100%	100%	100%
Actual	N/A	N/A	N/A	74%*		

*Preliminary as of January 2011.

DOT Goal: Economic Competitiveness

DOT Outcome: A competitive air transportation system responsive to consumer needs

Median investigation time (days) for civil rights complaints (disability and other discrimination)	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	180	180	180
Actual	N/A	N/A	N/A	150*		

*Preliminary as of January 2011.

Section 3: FY 2012 Budget Request by Appropriation

DOT Goal: Economic Competitiveness

DOT Outcome: A competitive air transportation system responsive to consumer needs

Review applications, and efficiently issue decisions concerning new entrant air carriers and currently operating air carriers to ensure that they meet the requisite standards for obtaining and retaining certificates of economic authority.	2007	2008	2009	2010	2011	2012
Target	3	3	3	3	3	3
Actual	8	8	3	9		

DOT Goal: Economic Competitiveness

DOT Outcome: A competitive air transportation system responsive to consumer needs

Increase technology transfer and capacity building programs.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	N/A	*	*
Actual	N/A	N/A	N/A	N/A	*	*

*The target for this measure will be established for 2013 based on 2011 and 2012 actual data.

DOT Goal: Economic Competitiveness

DOT Outcome: US transportation interests advanced in targeted markets around the world

Conduct international negotiations to remove market distorting barriers to trade in transportation.	2007	2008	2009	2010	2011	2012
Target	12	11	12	12	11	10
Actual	23	12	16	27		

Section 3: FY 2012 Budget Request by Appropriation

DOT Goal: Economic Competitiveness

DOT Outcome: US transportation interests advanced in targeted markets around the world

Reach new or expanded bilateral and multilateral agreements.	2007	2008	2009	2010	2011	2012
Target	3	2	3	3	3	2
Actual	3	4	3	7		

DOT Goal: Economic Competitiveness

DOT Outcome: Expanded opportunities for businesses in the transportation sector, especially small, women-owned and disadvantaged businesses

Percent of total dollar value of DOT direct contracts awarded to small, disadvantaged businesses.	2007	2008	2009	2010	2011	2012
Target	14.5%	14.5%	14.5%	14.5%	14.5%	14.5%
Actual	19.3%	16.1%	13%	26%*		

*Preliminary as of January 2011

DOT Goal: Economic Competitiveness

DOT Outcome: Expanded opportunities for businesses in the transportation sector, especially small, women-owned and disadvantaged businesses

Percent of total dollar value of DOT direct contracts awarded to women owned businesses.	2007	2008	2009	2010	2011	2012
Target	5%	5%	5.1%	5.1%	5.1%	5.1%
Actual	10.4%	6.5%	10.9%	12%*		

*Preliminary as of January 2011.

Section 3: FY 2012 Budget Request by Appropriation

DOT Goal: Livable Communities

DOT Outcome: Increased access to convenient and affordable transportation choices

Maintain continuous air service at 98 percent of Essential Air Service eligible communities.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	98%	98%	98%
Actual	N/A	N/A	N/A	97.4%		

DOT Goal: Environmental Sustainability

DOT Outcome: Increased use of environmentally sustainable practices and a reduction in pollution and other adverse environmental effects from DOT owned or controlled transportation services and facilities.

95 percent of all applicable contracts will meet sustainability requirements by 2020.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	*	*	*
Actual	N/A	N/A	N/A			

*Baseline data are currently being collected for this measure. The annual fiscal year targets will be established starting in FY 2013.

DOT Goal: Environmental Sustainability

DOT Outcome: Increased use of environmentally sustainable practices and a reduction in pollution and other adverse environmental effects from DOT owned or controlled transportation services and facilities.

30 percent reduction in vehicle fleet petroleum use by 2020.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	*	*	*
Actual	N/A	N/A	N/A			

* Baseline data are currently being collected for this measure. The annual fiscal year targets will be established starting in FY 2013.

Section 3: FY 2012 Budget Request by Appropriation

DOT Goal: Environmental Sustainability

DOT Outcome: Increased use of environmentally sustainable practices and a reduction in pollution and other adverse environmental effects from DOT owned or controlled transportation services and facilities.

26 percent improvement in water efficiency by 2020.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	*	*	*
Actual	N/A	N/A	N/A			

* Baseline data are currently being collected for this measure. The annual fiscal year targets will be established starting in FY 2013.

DOT Goal: Environmental Sustainability

DOT Outcome: Increased use of environmentally sustainable practices and a reduction in pollution and other adverse environmental effects from DOT owned or controlled transportation services and facilities.

20 percent greenhouse gas reduction by 2020.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	*	*	*
Actual	N/A	N/A	N/A			

* Baseline data are currently being collected for this measure. The annual fiscal year targets will be established starting in FY 2013.

DOT Goal: Environmental Sustainability

DOT Outcome: Increased use of environmentally sustainable practices and a reduction in pollution and other adverse environmental effects from DOT owned or controlled transportation services and facilities.

50 percent recycling and waste diversion by 2015.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	*	*	*
Actual	N/A	N/A	N/A			

* Baseline data are currently being collected for this measure. The annual fiscal year targets will be established starting in FY 2012.

Section 3: FY 2012 Budget Request by Appropriation

DOT Goal: Organizational Excellence

DOT Outcome: Prevent Grant and Contract Award to Organizations

Identified on the Suspension and Debarment List (as documented in Excluded Parties List System (EPLS))

Percent of excluded party's information that is placed into EPLS within 5 business days of receiving notification from the modal administration and secretarial offices.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	100%	100%	100%
Actual	N/A	N/A	N/A			

DOT Goal: Organization Excellence

DOT Outcome: Improve the hiring process within the DOT

Reduce the DOT hiring benchmark of 167 days to 80 days.	2007	2008	2009	2010	2011	2012
Target	N/A	N/A	N/A	134-142	120	100
Actual	N/A	N/A	167	138*		

*Preliminary as of January 2011.

History of Budget Authority, Appropriations and User Fees
 (\$ in thousands)
 Office of the Secretary

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Enacted	CR (Annualized)	Request
Salaries & Expenses	59,497 ^{1/}	63,106	67,078	88,357	77,894	81,564	84,051	83,961	91,782	98,248	102,686	102,686	118,842
Transportation, Planning, Research & Development	5,217	10,976	11,580	23,463	31,810	20,997	14,850	14,893	13,884	18,300	18,168 ^{3/}	18,168	9,824
Office of Civil Rights	6,988	8,122	8,362	8,514	8,223	8,408	8,465	8,527	9,141	9,384	9,667	9,667	9,661
Minority Business Outreach	2,882	2,993	3,000	2,949	3,973	2,641	2,970	2,970	2,970	3,056	3,074	3,074	3,100
Minority Business Resource Center	1,900	1,896	900	894	895	522	891	893	893	912	923	923	922
Financial Management Capital	0	0	0	0	0	0	0	0	0	5,000	5,000	5,000	17,000
Essential Air Service	[50,000] ^{2/}	[50,000] ^{3/}	[50,000] ^{4/}	[50,000] ^{4/}	[50,000] ^{5/}	[50,000] ^{6/}	[50,000] ^{6/}	[50,000] ^{6/}	[65,000] ^{7/}	[112,286] ^{9/}	[50,000] ^{6/}	[50,000] ^{6/}	[50,000]
Payments to Air Carriers	0	0	62,952	51,761	51,662	51,628	0	59,400	60,000	86,213	150,000	150,000	123,254
Compensation to Air Carriers	0	5,000,000	0	0	0	0	0	-50,000	-22,000	-848	0	0	0
Compensation for General Aviation Operations	0	0	0	0	0	0	16,830	0	0	0	0	0	-3,254
New Headquarters Building	0	0	0	0	0	43,355	49,500	49,500	0	0	0	0	0
Livable Communities	0	0	0	0	0	0	0	0	0	0	0	0	10,000
National Infrastructure Investments	0	0	0	0	0	0	0	0	0	0	600,000	600,000	2,000,000
ARRA - National Surface Transportation System	0	0	0	0	0	0	0	0	0	1,500,000	0	0	0

^{1/} Does not reflect revision of prior year Y2K balances.

^{2/} Offsetting collection from FAA Operations TF account.

^{3/} BA transfer from FAA Operations GF.

^{4/} Offsetting collection from FAA F&E balances.

^{5/} Unobligated balances of overflight fees

^{6/} Overflight fees collected by FAA

^{7/} Overflight fees collected by FAA (\$50m) and funds from sale of spectrum (\$15m)

^{8/} Includes \$2 million for the Mississippi-Missouri Rivers project pursuant to P.L. 111-117 Section 195.

^{9/} A total of \$50 million of overflight fees was available to the EAS program during FY 2009. \$23 million was transferred by FAA as an unobligated balance at the start of FY 2009, and an additional \$27 million of overflight fees was transferred during FY 2009. In addition, \$15 million of collections from the sale of spectrum was transferred from the Department of Commerce into the EAS account in FY 2009. The \$15 million was used to pay back funds that were borrowed in FY 2008, pursuant to P.L. 109-171; however, for the purpose of budgetary presentation, the \$15 million offsets the \$27 million of overflight fees, resulting in a net amount of new budgetary authority of \$12 million.

Section 3 - FY 2012 Budget Request by Appropriation

**History of Obligation Limitations
(\$ in thousands)
Office of the Secretary**

	<u>TASC/ Working Capital Fund 1/</u>	<u>Direct Loans</u>	<u>Guaranteed Loans</u>
FY 1996	95,463	15,000	
FY 1997	114,812	15,000	
FY 1998	118,800	15,000	
FY 1999	109,124	13,775	
FY 2000	133,673	13,775	
FY 2001	126,887		13,775
FY 2002	116,023		18,367
FY 2003	118,391		18,367
FY 2004 Actual	98,899		18,367
FY 2005 Actual	94,881		18,367
FY 2006 Actual	99,006		18,367
FY 2007 Actual	118,014		18,367
FY 2008 Actual	128,094		18,367
FY 2009 Actual	128,094		18,367
FY 2010 Enacted	147,596		18,367
FY 2011 Request	147,596		18,367
FY 2012 Request	192,395		18,367

Notes:

- 1/ This account was titled "Working Capital Fund" prior to 1997, was renamed "Transportation Administrative Service Center" from 1998 through 2002, and was renamed "Working Capital Fund" in 2003.

**DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY**

FY 2012 CONGRESSIONAL JUSTIFICATION

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GENERAL NOTES

Detail in this document may not add to the totals due to rounding.

Detailed Justification for the Immediate Office of the Secretary

What Is The Request And What Will We Get For The Funds?

FY 2012 – Immediate Office of the Secretary

(\$000)

	<u>FY 2010</u>	<u>FY 2012</u>	<u>Change</u>
	<u>Enacted</u>	<u>Request</u>	<u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	2,294	2,284	-10
Travel	231	231	0
Other Costs	106	109	3
TOTAL	2,631	2,623	-8
<u>STAFFING</u>			
Direct Positions	15	15	0
Reimbursable Positions	7	7	0
Direct FTE	15	15	0
Reimbursable FTE	7	7	0

The Immediate Office of the Secretary is requesting \$2.623 million and 15 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Immediate Office of the Secretary supports the **Organizational Excellence** strategic goal by providing leadership for the Department and developing a shared understanding of the Department's vision, mission, and strategic goals. The Office is responsible for overall planning, direction, and control of the Department's agenda.

Why Is This Particular Program/Activity Necessary?

The Immediate Office of the Secretary is necessary to provide executive leadership to the Department of Transportation.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs. It also funds the 15 FTEs authorized for this office and associated costs. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Immediate Office of the Secretary
(\$000)**

FY 2010 Enacted	\$2,631
Redirection of Resources:	
Personnel, Compensation and Benefits:	-\$2
Other Costs:	\$2
FY 2011 Annualized CR	\$2,631
Adjustments to Base:	
Inflation:	\$1
One Less Compensable Day:	-\$9
WCF:	\$0
FY 2012 Adjusted Base:	\$2,623
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	\$0
Total FY 2012 Request:	\$2,623

Detailed Justification for the Office of the Deputy Secretary

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Deputy Secretary

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	948	948	-1
Travel	21	27	6
Other Costs	16	14	-3
TOTAL	986	988	2
<u>STAFFING</u>			
Direct Positions	7	7	0
Reimbursable Positions	0	0	0
Direct FTE	7	7	0
Reimbursable FTE	0	0	0

The Office of the Deputy Secretary is requesting \$.988 million and 7 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of the Deputy Secretary supports the **Organizational Excellence** strategic goal by assisting the Secretary in the overall planning, direction and control of the Department's agenda.

Why Is This Particular Program/Activity Necessary?

The Office of the Deputy Secretary is necessary to provide leadership and administrative support to the Department of Transportation.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a small increase in Travel. It also funds the 7 FTEs authorized for this office and associated costs. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Office of the Deputy Secretary
(\$000)**

FY 2010 Enacted	\$986
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$3
Other Services:	-\$3
FY 2011 Annualized CR	\$986
Adjustments to Base:	
Inflation:	\$0
One Less Compensable Day:	-\$3
WCF:	\$0
FY 2012 Adjusted Base:	\$983
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	
Travel	\$5
Total FY 2012 Request:	\$988

Detailed Justification for the Office of the Executive Secretariat

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Executive Secretariat

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	1,625	1,618	-7
Travel	0	0	0
Other Costs	33	64	31
TOTAL	<u>1,658</u>	<u>1,682</u>	<u>24</u>
<u>STAFFING</u>			
Direct Positions	15	15	0
Reimbursable Positions	0	0	0
Direct FTE	15	15	0
Reimbursable FTE	0	0	0

The Office of Executive Secretariat is requesting \$1.682 million and 15 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of the Executive Secretariat supports the **Organizational Excellence** strategic goal by providing organized staff services to the Secretary and Deputy Secretary to assist them in carrying out their management functions and their responsibilities for formulating, coordinating and communicating major policy decisions. This office controls and coordinates internal and external material directed to the Secretary and Deputy Secretary and ensures that their decisions and instructions are implemented.

Why Is This Particular Program/Activity Necessary?

The Office of the Executive Secretariat is necessary to provide staff support for controlling and coordinating the flow of materials to the Secretary and Deputy Secretary.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a small increase to purchase needed resource materials for staff training. It also funds the 15 FTEs authorized for this office and associated costs. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Office of the Executive Secretariat
(\$000)**

FY 2010 Enacted	\$1,658
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$0
Other Services:	\$0
FY 2011 Annualized CR	\$1,658
Adjustment to Base:	
Inflation:	\$0
One Less Compensable Day:	(\$6)
FY 2012 Adjusted Base:	\$1,652
Program Changes (+/-):	\$30
Resource materials for staff training.	
Total FY 2012 Request:	\$1,682

Detailed Justification for the Office of the Under Secretary of Transportation for Policy

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Under Secretary of Transportation for Policy			
(\$000)			
	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	10,469	12,229	1,760
Travel	207	209	2
Other Costs	424	393	-31
TOTAL	11,100	12,831	1,731
 <u>STAFFING</u>			
Direct Positions	122	122	0
SCASDP Positions	5	0	-5
Reimbursable Positions	4	4	0
Direct FTE	84	86	2
SCASDP FTE's	5	0	-5
Reimbursable FTE	4	4	0

The Office of the Under Secretary for Policy is requesting \$12.831 million and 86 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of the Under Secretary is the primary office within the Office of the Secretary responsible for shaping policies and programs to protect and enhance the safety, adequacy, and efficiency of the transportation system and services. Within the Office of the Under Secretary are six subordinate offices, four of which primarily address the **Economic Competitiveness** strategic goal (Economic & Strategic Analyses, Aviation Analysis, International Transportation & Trade, International Aviation); one which addresses the **Safety and Environmental Sustainability** strategic goals, (Safety, Energy & the Environment); and one which addresses **State of Good Repair** and **Economic Competitiveness** strategic goals (Infrastructure, Finance & Innovation).

The **Office of Economic & Strategic Analysis (OESA)** analyzes the economic implications of public and private transportation policy issues. It also analyzes methods of increasing the economic efficiency of transportation, including congestion pricing, benefit-cost analysis, and accelerated deployment of transportation technologies, such as Intelligent Transportation

Systems and the Next Generation Air Transportation System. This office recommends improvements in freight and passenger transportation systems, and provides guidance to the operating administrations on procedures and economic assumptions to use in forecasting and economic analysis. OESA provides economic evaluation of significant regulations prepared in the Department. It also conducts economic analysis of key policy issues such as: factors affecting mode choice, external costs and benefits, interactions between transportation and land use, and financing of transportation infrastructure projects. OESA conducts or reviews analyses on the economic and financial viability of new transportation technologies and program proposals.

The **Office of Safety, Energy & Environment (OSEE)** formulates and recommends departmental policies, plans and guidelines on: safety, energy and the environment affecting all aspects of transportation. The office provides policy advice and technical expertise for the Department's legislative, regulatory, and research programs to enhance public health and safety related to the natural and human environment but are not limited to activities on air quality and water quality; ecosystem management; greenhouse gas emission reduction; noise; state and local quality of life; historic preservation; and bicycle and pedestrian transportation. The office serves as the Departmental focal point for domestic and international initiatives related to transportation safety, energy, and the environment.

The **Office of Infrastructure, Finance and Innovation (OIFI)** researches, develops, implements, and promotes innovative policies improving the funding and delivery of transportation infrastructure; and provides analysis of issues involving the financing of transportation infrastructure projects, including new institutional or financial arrangements. OIFI analyzes innovative international transportation financing programs and supports innovative jurisdictions in the United States by exploring alternative approaches to infrastructure finance.

The **Office of Aviation Analysis (OAA)** serves as an independent source of analytical input into the Department's aviation and international affairs policy making function; exercises the Department's economic oversight of the domestic and international aviation industries, and Air Carrier Economic Fitness Programs; and establishes international and Alaskan mail rates as required by law. The OAA analyzes and supports the Department's decision makers on major airline issues, including: airline mergers and acquisitions, domestic and international code-share alliances, immunized international alliances between U.S. and foreign carriers, airline distribution practices, airline strike and bankruptcy issues, and airline service at rural communities.

The **Office of International Aviation (OIA)** reviews, processes and disposes of applications for U.S. and foreign-flagged air carriers for permission to fly international travel; and reviews international fare, rate, rules agreements and tariffs filings. The office also conducts bilateral and multilateral aviation negotiations with foreign governments; coordinating within the Department of Transportation and with other federal agencies and foreign governments to execute effectively the international aviation policy of the United States.

The **Office of International Transportation and Trade (OITT)** provides departmental leadership, direction, and coordination on international surface and inter-modal transportation

and trade policies and programs, including trade facilitation, technical assistance and cooperation programs, trade promotion and advocacy, multimodal transportation issues, and international diplomatic and protocol activities. OITT also leads and coordinates departmental representation in global transportation and trade organizations. The office's international and security activities program supports the U.S. Government's Afghanistan and Iraq reconstruction efforts, by funding full-time professional staff reassigned from DOT to the embassies to support military and civil reconstruction activities. OITT is responsible for: negotiations on maritime services in the General Agreement on Trade in Services, science and technology cooperative programs with Japan and Russia, and promotion of transport-related U.S. business interests overseas.

FY 2011 Anticipated Program Accomplishments:

The Office of the Under Secretary will develop and coordinate new agency positions and coordinate initiatives in the areas of climate change, freight and other intermodal transportation, and international port and airport development. International outreach with major transport ministers will continue to develop policy positions on transport and transport related international trade matters. In addition, the Department will participate in the negotiation and implementation of trade agreements between the United States and other countries. The Office of the Under Secretary will continue to support the U.S. Government's Iraq and Afghanistan reconstruction effort by providing expertise and leadership on transportation related activity in all modes of transportation. Additionally, the Office will increase the competitiveness of U.S. companies by eliminating key transportation barriers to the export of US goods and services.

Performance Measures:

The performance of the Office of the Under Secretary will be evaluated against the following measures as listed in Exhibit III-2:

Economic Competitiveness

- Review applications and efficiently issue decisions concerning new entrant air carriers and currently operating air carriers to ensure that they meet the requisite standards for obtaining and retaining certificates of economic authority.
- Increase technology transfer and capacity building programs.
- Conduct international negotiations to remove market distorting barriers to trade in transportation.
- Reach new or expanded bilateral and multilateral agreements.

Safety

- Increase the number of States and localities that adopt "complete streets" and "safe routes to school" policies.

Why Is This Particular Program/Activity Necessary?

The three Aviation and International Offices provide the economic safety regulation for air carriers; determine their fitness to operate in the United States; and negotiate government-to-government to secure access and routes for U.S. air carriers overseas. The three Policy Offices develop and recommend policy positions to the Secretary; represent the Department's equities in intra- and inter-agency Climate Change and environmental impact discussions; coordinate and oversee the Department's multi-modal programs; and provide the necessary cost-benefit, economic and financial analysis to determine if regulations, rules and projects are meritorious.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs. It also includes a \$1.7 million increase for reconstruction support in Iraq and Afghanistan and \$104,800 for the funding of 2 FTEs (against existing positions) to be used for administration of existing SCASDP grants and close-out of the program.

An additional \$1.7 million is requested for increased support of the overseas reconstruction and stabilization missions in Iraq and Afghanistan for FY 2012. These funds will be used by the Department to address key transportation-related staffing needs and contribute to "whole-of-government" efforts by building new civilian transportation capability in Afghanistan and normalizing existing operations in Iraq. In Iraq, the effort involves covering all aspects of transportation (land, sea, and air), carefully balancing DOT resources to draw down the overall effort while compensating for the phase-out of military and State Department staffing support that has heretofore assisted in the DOT mission. In Afghanistan, DOT must also address all aspects of transportation, but with unknown support or capabilities on the part of other U.S. or coalition elements. Both situations imply changing staff requirements and the need to respond flexibly to those requirements as the situation evolves. The FY 2012 request will provide the resources necessary to meet existing and as yet unknown and unknowable contingencies to address both the build up (Afghanistan) and normalization (Iraq) processes.

A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Office of the Asst. Sec. for Trans. Policy
(\$000)**

FY 2010 Enacted	\$11,100
Redirection of Resources:	
Personnel Compensation & Benefits	8
Other Costs	(8)
FY 2011 Annualized CR	\$11,100
Adjustments to Base:	
Inflation	4
One Less Compensable Day	(46)
WCF	(31)
FY 2012 Adjusted Base	\$11,026
Base Offsets/Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
Program Increases/Decreases:	
Iraq and Afghanistan Reconstruction:	\$1,700
Funding is requested to support key staff assigned to the U.S. embassies	
2 FTE	\$105
2 FTE (2 existing positions) to administer existing SCASDP grants and close-out of the program	
Total FY 2012 Request	\$12,831

Detailed Justification for the Office of Small and Disadvantaged Business Utilization

What Is The Request And What Will We Get For The Funds?

FY 2012 - Office of Small and Disadvantaged Business Utilization

(\$000)

<u>FUNDING LEVELS</u>	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
Personnel Compensation and Benefits	1,386	1,385	- 1
Travel	0	0	0
Other Costs	113	135	22
TOTAL	1,499	1,520	21
<u>STAFFING</u>			
Direct Positions	9	9	0
Reimbursable Positions	0	0	0
Direct FTE	9	9	0
Reimbursable FTE	0	0	0

The Office of Small and Disadvantaged Business Utilization is requesting \$1.520 million and 9 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of Small and Disadvantaged Business Utilization's (OSDBU) supports the **Economic Competitiveness** Strategic Goal by ensuring the small and disadvantaged business policies and programs of the Secretary of Transportation are developed and implemented throughout the Department in a fair, efficient, and effective manner to serve small and disadvantaged businesses across the country. In this capacity, OSDBU is responsible for providing policy direction for small and disadvantaged business participation in the Department's procurement and grant programs and for implementing provisions of sections 8, 15 and 31 of the Small Business Act, as amended. OSDBU also provides oversight for the programs funded by the Minority Business Outreach and Minority Business Resource Center appropriations.

In support of implementing the Department's responsibilities under sections 8 and 15 and 31 of the Small Business Act, as amended, a priority in FY 2012 will continue to be placed on ensuring that effective outreach activities are in place to broaden the small and disadvantaged business participation in DOT procurements and DOT-funded contracts and grants for transportation-related projects across the nation.

Priority will also be placed on continuing the implementation of a bonding assistance program to encourage, promote, and assist minority entrepreneurs and businesses in getting transportation-related contracts, subcontracts, and projects by providing bonding assistance to obtain bid, payment, and performance bonds. OSDBU will assess the critical bonding assistance needs of the transportation-related small and disadvantaged business community, evaluate the effectiveness of existing offerings (redesign if necessary), and create new program offerings to address identified gaps. The result of these efforts will be a catalog of effective bonding assistance programs that address the critical bonding assistance needs of the transportation-related small and disadvantaged business community thereby improving economic competitiveness.

Why Is This Particular Program/Activity Necessary?

The program is necessary to facilitate economic competitiveness through a domestic and global transportation system that enables economic growth and development. Expanded opportunities for small and disadvantaged businesses serve the economic interests of the United States, both nationally and globally. In general, a Small Disadvantaged Business as defined in current government regulations is at least 51 percent owned and controlled by one or more socially and economically disadvantaged individuals and has been certified as a Small Disadvantaged Business in accordance with 13 CFR Part 124 Subpart B. Socially disadvantaged individuals include African Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities or individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act.

These small and disadvantaged businesses routinely develop, manufacture and distribute quality products to the private sector, but continue to face significant hurdles participating in procurement opportunities with the Federal Government. To help these entrepreneurs have a fair opportunity to compete and overcome the barriers for success, OSDBU has established procurement goals.

Performance Measures:

The performance of OSDBU will be evaluated against the following measures as listed in Exhibit III-2:

Economic Competitiveness

- Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to small disadvantaged businesses. The FY 2012 target is 14.5%.
- Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to women-owned businesses. The FY 2012 target is 5.1%.

To meet these goals, DOT makes significant effort to engage the Small and Disadvantaged Business and Woman-Owned small business community by working closely with DOT prime contractors, program, and procurement officials to ensure maximum practicable opportunities for small businesses to participate in DOT contracts and subcontracts. Efforts also include providing management oversight and serving as a liaison with the Small Business Administration in administering the various programs implemented through the DOT procurement process. Outreach efforts are with small business organizations and trade associations with an emphasis on small, women owned and disadvantaged small businesses to ensure the maximum practical opportunity for small businesses.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a small increase in contractual support for the summer interns program. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

Explanation of Funding Changes
for the
Office of Small and Disadvantaged Business Utilization
(\$000)

FY 2010 Enacted	\$1,499
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$5
Other Services:	-\$5
	-
FY 2011 Base Annualized CR	\$1,499
 Adjustments to Base:	
Inflation:	\$1
One Less Compensable Day:	(\$5)
WCF:	\$0
FY 2012 Adjusted Base:	\$1,495
 Base Offsets/Redirection of Resources	\$0
 Program Change (+/-):	
Funds will be used to support the summer interns program.	\$25
 Total FY 2012 Request:	\$1,520

Detailed Justification for the Office of Intelligence, Security, and Emergency Response

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of Intelligence, Security, and Emergency Response (\$000)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	7,164	7,510	346
Travel	633	704	71
Other Costs	2,803	2,583	-220
TOTAL	10,600	10,797	197
<u>STAFFING</u>			
Direct Positions	49	52	3
Reimbursable Positions	0	0	0
Direct FTE	49	51.5	2.50
Reimbursable FTE	0	0	0

The Office of Intelligence, Security, and Emergency Response is requesting \$10.797 million and 51.5 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of Intelligence, Security and Emergency Response ensures the development, coordination and execution of plans and procedures for the Department of Transportation to balance transportation security requirements with the safety, mobility and economic needs of the Nation through effective intelligence, security, preparedness and emergency response programs. These programs are mandated and governed by statutes, Executive Orders, and Presidential Directives.

The Office of Intelligence, Security and Emergency Response supports the **Organizational Excellence** goal in the Department's Strategic Plan. Specifically, that goal relates to developing

a diverse and collaborative workforce that will enable the Department to advance a transportation system that serves the Nation's long-term social, economic, security, and environmental needs and Defense Mobility and Emergency Preparedness.

The Office of Intelligence, Security, and Emergency Response is comprised of five primary areas of responsibility: Intelligence, Security Policy, Preparedness, Operations, and Protective Services.

Intelligence. The Intelligence Division provides the Secretary of Transportation and other Department principals with all-source, finished transportation-related intelligence. The intelligence addresses critical developments and longer-range regional/worldwide international terrorism trends; along with global and international issues concerning aviation, trade, transportation markets, trade agreements and a range of other international cooperation and facilitation issues, particularly as they affect U.S. security and international efforts. The Intelligence Division accomplishes its mission through analysis, reporting, and inter-agency coordination with Intelligence Community members and other U.S. Government organizations.

The Intelligence Division has become a key player in Intelligence Policy issues supporting the President's agenda, to include representing the Department at work groups such as the Information Sharing Council and the Customer Service Synchronization Board; and helping to develop policy such as the National Implementation Plan for the Global War on Terror. In addition, the Intelligence Division works in conjunction with the Security Policy Division on security policies such as the National Strategy for Aviation Security, the Intelligence Community Exercise Forum, and the Strategic Homeland Infrastructure Risk Assessment. DOT's participation in these important efforts requires considerable effort and often results in the need to surge resources to meet inflexible deadlines. Further, the Intelligence Division worked closely with the National Counterterrorism Center and played a key role in developing the First Counterterrorism Budget with identified counterterrorism related programs and activities conducted across the U.S. Government.

During FY 2011, the Intelligence Division will accomplish the following:

- Analyze threats to domestic and foreign transportation infrastructure and assets and provide transportation-related intelligence to the Secretary, his principal staff, the administrators and their key staff, and all other DOT consumers of intelligence to ensure key officials with DOT are apprised of specific threats to transportation and trends in terrorist tactics and capabilities.
- Provide safety/threat briefings to DOT personnel that travel to overseas locations on official travel in an effort to improve their situational awareness in the overseas environment and prevent exploitation of the individual by state and non-state actors.

- Provide updates on international economic and diplomatic information to the Secretary, his principal staff, the administrators and their key staff and all other DOT consumers of intelligence.
- Represent the Department and its interests on the Information Sharing and Access Interagency Policy Committee, the National Implementation Plan for the Global War on Terror, the Customer Service Synchronization Board (CSSB), the National Strategy for Aviation Security (NSAS) and the Air Domain Awareness (ADA) working groups, and other forums that address intelligence-related topics at the national level.

Security Policy. The Security Policy Division supports the Department's work in critical White House Policy and inter-agency coordination. With the combination of the Homeland Security Council and the National Security Council, DOT now participates in more Interagency Policy Committees than ever before with a broader range and scope of activities. The Secretary is a member of the Principals' Committee, which tackles the most complex issues with the greatest implications; the Deputy is a member of the Deputies' committee, which meets far more frequently (some times weekly) and irons out ambiguities in authorities or responsibilities in key policy areas. These two Committees are supported by a network of Interagency Policy Committees (IPCs), staffed at the Assistant Secretary level, and their work builds upon work by Sub-IPCs, where DOT representation consists of staff from the Secretary's office or Operating Administrations. Occasionally, Working Groups also tackle specific issues or projects. All of the coordination of all these groups is done by the Security Policy Division. These activities are in direct support of various Presidential Directives, Executive Orders, National Strategies and Congressional mandates. To support the Secretary and Deputy Secretary, the Security Policy staff produces or coordinates in-depth studies, reports, analysis, and Departmental operational plans.

This division also coordinates DOT policy work with the Department of Homeland Security, Department of Defense, and Department of State, as well as the Department of Health and Human Services. This allows the Government to leverage the programs and funding for one program with the needs of others. For example, DOT is assigned 73 tasks under the National Strategy for Pandemic Influenza. This Division oversees the Department's Pandemic Influenza plan, and outreach to stakeholders and provides frequent and ongoing coordination with DHS and the Department of Health and Human Services regarding potential protective measures, such as screening passengers as they enter or exit the Country.

During FY 2011, the Security Policy Division will accomplish the following:

- Conduct research and write policy studies supporting the Secretary and Deputy in their representation on the Principals and Deputies Committees at the White House National Security Council.
- Analyze security policy related to transportation infrastructure and assets and make policy recommendations to key Departmental officials.

- Represent the Department and its interests in setting transportation security policy at Federal, State, Local, Tribal and international arenas.
- Participate in interagency and White House led efforts to improve national capabilities for community recovery following disasters, including continued development of the National Transportation Recovery Strategy.
- Implement the National Strategy for Pandemic Influenza, and adjust departmental policies and plans as needed. Continue active participation with DHS and HHS on policies and procedures regarding screening of travelers during an outbreak. Implement DOT protocols on disease outbreaks, to assure continuity of essential departmental services when diseases strike.

Preparedness. The Preparedness Division has three primary areas of responsibility: National Security Programs, International Civil Emergency Preparedness Programs, and Training and Exercise Programs.

- The National Security Program is responsible for action to ensure survival of our constitutional form of government and the continuity of essential DOT and governmental functions. Under these programs, the office develops and maintains the Office of the Secretary of Transportation Continuity of Operations plan; maintains alternate secure facilities in a high state of readiness for use by the Department if access to the DOT headquarters building is denied, or if DHS/FEMA has directed a heightened continuity readiness posture. Additionally, the program develops and updates departmental devolution plans and procedures, and plans for DOT support to various continuity of government programs.

During FY 2011, the National Security Program will accomplish the following:

- Maintain operational Continuity of Operations sites and continue improvements to facility configuration and communications/IT capabilities – incorporating all requirements of National Communications Systems Directive (NCSD 3-10) with the exception of HF-ALE at HQ.
 - Manage and coordinate increased training of personnel supporting continuity programs to assure that they are ready to fulfill the tasks required of them, including training of Secretarial successors.
 - Improve communications at DOT's resiliency site (Out of area devolution site) and formalize training.
- The International Civil Emergency Preparedness Program provides for representation of the United States and the Department in international forums developing civil transportation response plans in the interest of national security. Activities include coordinating with Transport Canada in planning for mutual support in cross border operations during security incidents and other disasters, representing the United States in NATO civil emergency

planning, training to use civilian aviation resources during NATO military operations, and providing support to other nations during disasters. The representatives in the international civil emergency preparedness program work in coordination within DOT and with other Federal entities in planning and technical policy development concerning international civil transportation emergency response and recovery initiatives.

During FY 2011, the International Civil Emergency Preparedness Program will accomplish the following:

- Represent the United States in NATO transportation related civil emergency planning and support negotiations to resolve issues and planning matters related to civil aviation resources, acquisition, and deployment to support NATO operations.
 - Represent the Department at international transportation related civil emergency preparedness, response and recovery meetings, training exercises, and provide advice in support of military operations, if appropriate.
 - Represent the United States in eight to ten NATO planning and training events for use of civilian aviation resources, including civil aviation experts, during NATO military operations and support to other nations during disasters.
 - Provide leadership in development of training and training support programs for the NATO civil aviation experts, which includes development of a web-based training program that will have an application format for the entire cadre of NATO civil experts from all sectors.
- The Training and Exercise Program is responsible for coordinating the Department's participation in National, regional, and local emergency preparedness/response exercises. The coordination ensures a high state of readiness through periodic inter- and intra-agency exercises and testing. It also institutionalizes emergency management capability in the Department, helps create an expert cadre of transportation emergency management professionals, establishes a system to adopt lessons learned, and ensures quality and performance of the emergency management training and exercise program.

During FY 2011, the Training and Exercise Program will accomplish the following:

- Conduct exercises mandated by the National Exercise Program including one National Level natural disaster (Earthquake) Exercise (NLE 2011 in May), an annual Continuity of Operations Exercise (Eagle Horizon 2011 in June), four Principal (Cabinet) Level Tabletop Exercises (one per quarter), one National Level Health Emergency Exercise (Tier II Exercise on Pandemic Flu), and one National Special Security Event (NSSE) Command Post Exercises (Major Sporting Event).
- Conduct National Response Framework (NRF) and National Incident Management System (NIMS) refresher training for DOT staff.

- Conduct Hurricane Season Preparation Training for DOT staff.
- Support Regional ESF-1 Training Programs and provide Tabletop Exercise Support for the Annual RETCO/RETREP Conference.
- Participate in several Department of Defense special subject tabletop exercises.

Operations. The Operations Division has two primary areas of responsibility: the Crisis Management Center and the National Response Program.

- The Crisis Management Center is an around-the-clock operations center that ensures the Department of Transportation can meet these requirements. The primary functions of the Crisis Management Center are:
 - *Monitor the Transportation System:* The Crisis Management Center staff monitors the status of the transportation system at all times, including transportation related events and incidents overseas that have the potential to impact the domestic transportation system. They also provide real-time reports to DOT leadership and Operating Administrations and the Federal Interagency to ensure prompt notification of and response to significant disruptions, incidents, or threats that may affect the transportation system.
 - *Communications Support.* The Crisis Management Center supports the Secretary and the Department leadership by providing around-the-clock communications support at all levels of classification. This includes teleconferencing, video teleconferencing, fax, and voice communications systems. The Crisis Management Center also provides access to incident information to the Department, both for unclassified and classified information.
 - *Prepare for and Support Disaster Response Activities:* The Crisis Management Center conducts daily operations as well as conducting training and exercises to prepare for emergencies. The Crisis Management Center houses and supports the Department's Emergency Response Team during emergencies, both natural and man-made. During these surge operations, the CMC provides all required capabilities, communications, administrative support, etc., to conduct 24X7 emergency operations. The Crisis Management Center also trains to prepare to operate at alternate locations should any event cause the CMC primary facility not to function properly.

During FY 2011, the Crisis Management Center will accomplish the following:

- Provide effective 24X7 monitoring of the National and International transportation systems. This includes sustaining/improving relationships with Federal, State, and Local emergency operations centers to make certain that maximum situational awareness and information sharing is achieved and providing immediate impact analysis of emergency incidents and initiate the appropriate response in order to ensure appropriate DOT staff have the necessary information on transportation related incidents/events.

- Maintain high level of training in the use of the Crisis Management Center alternate operating facilities and improve preparedness by training and conducting drills, including the FAA Washington Operation Center Complex (WOCC), the FAA Atlanta Regional Operation Center (C-ROC Atlanta), US NORAD/NORTHCOM and other interagency partners.
- Provide ongoing secure and other vital communications links for the Secretary and other Senior Officials.
- Continue development and refining the use of IT tools into the watch practice for administrative and emergency response management. Tools include, SharePoint, WebEOC, ArcGIS mapping tools, CSX NOW, HURREVAC, and the Maritime Safety and Security Information system (MSSIS).
- The National Response Program (Emergency Support Function - 1). The National Response Program is responsible for coordinating the Department's response to disasters. This includes managing the Department's responsibilities under the National Response Framework. Under the National Response Framework, DOT is the coordinating and primary agency for Emergency Support Function-1 Transportation (ESF-1). ESF -1 is designed to provide transportation support to assist in domestic incident management, including: reporting status of damage to transportation infrastructure as a result of the incident; identifying temporary alternative transportation solutions that can be implemented by others when systems or infrastructure are damaged, unavailable, or overwhelmed; coordinating the restoration and recovery of the transportation infrastructure; performing activities conducted under the direct authority of DOT elements such as air, maritime, surface, rail, and pipelines; and coordinating and supporting prevention/preparedness/mitigation among transportation infrastructure stakeholders at the state and local levels. DOT also provides economic analysis at the local, regional, or national levels and provides recovery assistance, helping coordinate restoration of the transportation system to affected areas.

This program also manages the Regional Emergency Transportation Program, which consists of Regional Emergency Transportation Coordinators (RETCOs), Regional Emergency Transportation Representatives (RETREPs), and response teams. These response teams, which are based in ten regions across the country, provide surge staffing during emergencies that deploy to key regional, state and local field offices during emergencies to provide critical emergency transportation services.

During FY 2011, the National Response Program will accomplish the following:

- Carry out ESF-1 response and recovery operations and serve as a supporting agency to other ESFs as identified in the National Response Framework, to include participating in interagency plan development/review and other tasks under HSPD-8 (or its successor

document, National Preparedness Presidential Decision Directive) and enhance interagency response partners' awareness of DOT's response plans and capabilities.

- Participate in planning and execution of appropriate national and regional exercises, to include training response personnel, partner agencies, and leadership and conducting after action reviews and developing and implementing corrective action plans.
- Participate in evolution of national policy and practice in transportation elements of emergency management and update procedures and other core documents.
- Assist the office's interagency and state/local/tribal partners through application of our technical expertise.

Protective Services Division. The Protective Service Division provides the Secretary of Transportation highly trained and experienced Special Agents who are deputized U.S. Marshals. The agents provide protection for the Secretary and conduct security advance work in the United States and overseas. Equipment and supply needs for the protection detail are assessed annually to ensure agents are fully equipped and have the required resources necessary to successfully operate in the U. S. and overseas.

The Special Agents provide personal protection for the Secretary of Transportation throughout the workday and wherever the Secretary travels, whether in the Washington, D.C. metropolitan area, to other places in the United States, or to foreign countries. This protection is crucial to the Secretary's security and safety, especially in a time of increased terrorist threats or activity. Within the Protective Service Division is the Executive Transportation Program. This program provides official transportation in the Washington, D.C. metropolitan area for the Secretary of Transportation. The drivers are highly trained and experienced professionals. They enhance the protection detail's ability to deal with terrorist threats and to meet elevated threat-level manpower demands.

During FY 2011, the Protective Services Division will accomplish the following:

- Provide protection for the Secretary.
- Conduct security advance work for all official and public events and any planned travel by the Secretary in the United States or overseas.
- Provide official transportation in the Washington, D.C. metropolitan area for the Secretary of Transportation.

Why Is This Particular Program/Activity Necessary?

The responsibilities of the Office of Intelligence, Security and Emergency Response are derived from Executive Orders, Statutes, and policies. Executive Order 12656, "Assignment of Emergency Preparedness Responsibilities," issued on November 18, 1988, requires agencies to design preparedness measures to permit a rapid and effective transition from routine to emergency operations. This includes development of a system of emergency actions that define

alternatives, processes, and issues to be considered during various stages of national security emergencies and identification of actions that could be taken in the early stages of a national security emergency or a pending emergency to mitigate the impact or reduce significantly the lead times associated with full emergency action implementation. Section 101, Title 49 USC requires the US Department of Transportation to provide “coordinated and effective administration of the transportation programs of the United States Government and to “achieve transportation objective considering the needs of the public...and the national defense.” Section 301(1) of Title 49 USC states that the Secretary of Transportation also must “under the direction of the President...exercise leadership in transportation matters, including those matters affecting national defense and those matters involving national or regional emergencies.”

To accomplish these objectives, the Office of Intelligence, Security, and Emergency Response is comprised of five primary areas of responsibility: Intelligence, Security Policy, Preparedness, Operations, and Protective Services. Additional Executive Orders, Statutes, and policies drive the activities of these areas of responsibility. The Executive Orders, Statutes, and policies include the following:

Intelligence Division. The Intelligence function was created on June 14, 1990, in response to the President’s Commission on Aviation Security and Terrorism. Workload was significantly expanded by Section 1016(b) of the Intelligence Reform and Prevention of Terrorism Act of 2004 (IRPTA), Public Law 108-458. This directed that the President establish an Information Sharing Environment (ISE) for the sharing of terrorism information among all appropriate Federal, State, local, tribal entities, and the private sector through the use of policy guidelines and technologies. Similar workload impacts were caused by National Security Presidential Directive (NSPD) -47/ Homeland Security Presidential Directive (HSPD) -16, June 22, 2006, “Aviation Security Policy,” which established U.S. policy, guidelines, and implementation actions; and directed the development of the National Strategy for Aviation Security (NSAS), that provides the overarching framework for a comprehensive and integrated national approach to security of the Aviation Transportation System. Intelligence work is also performed in response to 13 action items assigned to DOT under the National Implementation Plan for the Global War on Terrorism; the National Strategy for Combating Terrorism; the National Intelligence Strategy; the Homeland Security Act of 2002; and several classified NSPD/HSPDs.

Security Policy Division. Coordination of Security Policy with the Department of Homeland Security is driven by statute and Presidential direction that developed primarily in response to the events of 9/11. The Act Implementing the Recommendations of the 9/11 Commission set seventy-eight tasks involving DOT, many in cooperation or coordination with the Department of Homeland Security. Similarly, Section 4001 of the Intelligence Reform and Terrorism Act of 2004 requires that the Secretary of Homeland Security “work jointly with the Secretary of Transportation in developing, revising, and updating” a National Strategy for Transportation

Security and transportation modal security plans. Another set of requirements was established by HSPD-7, “Critical Infrastructure Identification, Prioritization and Protection,” December 17, 2003, which charges the Secretary of Transportation to provide the Department of Homeland Security with support in identification of critical infrastructure, vulnerability assessments, analysis, and implementation of protective programs, and establishment of measures of effectiveness for continuous improvement. This requirement applies across all modes of transportation and necessitates intermodal coordination.

Preparedness Division. The Preparedness Division has three primary areas of responsibility: National Security Programs, International Civil Emergency Preparedness Programs, and Training and Exercise Programs. Each is driven by Executive Orders, Statutes, and policies some of which are identified below.

- **National Security Program.** These programs date back to the civil defense era of the 1950’s, and were updated via national security directives issued in 1982, 1990, 1992, 1998; and 2007. NSPD-51/HSPD-20, “National Continuity Policy”, May 9, 2007, includes a requirement for each agency to develop prioritized goals and objectives, a concept of operations, performance metrics by which to measure continuity readiness, procedures for continuity and incident management activities, and clear direction to executive department and agency continuity coordinators.
- **International Civil Emergency Preparedness Program.** Responsibility for International Civil Emergency Preparedness is contained in Executive Order 12656, which further delineated these responsibilities to include the tasking to develop “national policies, programs, procedures and systems to meet essential civil and military transportation needs...provide direction to all modes of civil transportation in national security emergencies,...and represent the United States in transportation-related international (including NATO and allied) civil emergency preparedness planning. The Secretary of Transportation has delegated these responsibilities to the Director of the Office of Intelligence, Security and Emergency Response.
- **Training and Exercise Program.** The Training and Exercise Program is responsible for coordinating the Department’s participation in National, regional, and local emergency preparedness/response exercises. These exercises are required by a number of Executive Orders and other Directives. For example, Executive Order 12656, “Assignment of Emergency Preparedness Responsibilities,” November 18, 1988, requires the head of each Federal Agency to develop and conduct training and education programs that incorporate emergency preparedness and civil defense information necessary to ensure an effective national response. Following the events of 9/11, HSPD -8. “National Preparedness,” December 17, 2003, developed the National Exercise Program, which requires Departments

to support strategy and policy exercises through simulation or staff participation as well as maintaining a corrective action program to generate input for and track corrective action issues and report on the effectiveness and accomplishments of training programs. Similarly, NSPD-51 /HSPD-20, “National Continuity Policy, May 9, 2007, requires testing and exercises to ensure survival of a constitutional form of government and the continuity of essential Federal functions. Further, HSPD-5, “Management of Domestic Incidents”, February 28, 2003, established minimum training and exercise requirements and minimum training standards and established a certification process based on required training and requires rigorous requirements for continuous improvement for testing and conducting exercises.

Operations Division. The Operations Division has two primary areas of responsibility: the Crisis Management Center and the National Response Program.

- **Crisis Management Center.** The Crisis Management Center is an around-the-clock operations center that ensures the Secretary of Transportation is able to meet his responsibilities as defined by Executive Order 12656, “Assignment of Emergency Preparedness Responsibilities,” issued on November 18, 1988. This Executive Order requires agencies to design preparedness measures to permit a rapid and effective transition from routine to emergency operations. This includes development of a system of emergency actions that define alternatives, processes, and issues to be considered during various stages of national security emergencies and identification of actions that could be taken in the early stages of a national security emergency or a pending emergency to mitigate the impact or reduce significantly the lead times associated with full emergency action implementation.
- **National Response Program.** The primary statute that drives the National Response function is the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act), 93 Public. Law. No. 288, 88 Stat. 143 (1974) (codified predominately at 42 U.S.C. §§ 5121-5206 (2007)). The Stafford Act establishes the programs and processes for the Federal Government to provide disaster and emergency assistance to states and local governments, tribal nations, individuals, and qualified private non-profit organizations. The provisions of the Stafford Act cover all hazards, including natural disasters and terrorist events. In addition, Section 301(1) Title 49 USC requires the Secretary of Transportation “under the direction of the President...to exercise leadership in transportation matters, including those matters affecting national defense and those matters involving national or regional emergencies.” The National Response Framework further defines Departmental response requirements under Emergency Support Function #1 (ESF #1) responsibilities to provide support to the Department of Homeland Security (DHS) by assisting Federal, State, tribal, and local governmental entities, voluntary organizations, nongovernmental organizations, and the private sector in the management of transportation systems and infrastructure during

domestic threats or in response to incidents. ESF #1 also participates in prevention, preparedness, response, recovery, and mitigation activities. The National Response Program also supports DHS in the implementation of the Post-Katrina Emergency Management Reform Act (Title VI of the Department of Homeland Security Appropriations Act, 2007, Pub. L. 109-295, 120 Stat. 1355 (2006)).

Protective Service Division (PSD). Protection of the Secretary is authorized by a variety of legal authorities. These include the Inspector General Act of 1978, several Comptroller General decisions, regulations authorizing the U.S. Marshals Service to deputize other federal officers to perform the functions of a deputy U.S. Marshal, and a White house policy adopted in the early 1970s that authorized departments to provide and maintain a force to protect cabinet officials. A further basis supporting the PSD is 18 U.S.C. 351, which provides that it is a federal offense to assault, kidnap, or kill various government officials, including specified cabinet officials. Cabinet PSD roles and responsibilities are also stated in a classified National Security Presidential Directive dated 30 July, 2004.

Program Benefits

The Office of Intelligence, Security, and Emergency Response has added two new areas of responsibility and significantly grown in one area since the events of 9/11, in order to respond to requirements from legislation, such as the Intelligence Reform and Prevention of Terrorism Act, the Implementing of the 9/11 Commission Recommendations Act, the Post-Katrina Emergency Management Reform Act, as well as Homeland Security Presidential Directives and National Security Presidential Directives. A reorganization also added 10 staff to the office.

Most of the office's growth has been in new areas or expanded areas of responsibility. Since 9/11, the Department of Transportation has created a 24-hour-a-day, 7 day-a-week, Crisis Management Center. The Crisis Management Center is staffed with 11 FTEs. The creation of a National Exercise Program added 1 FTE to the office to implement an integrated exercise program addressing the full spectrum of emergencies and crises likely to require Executive Branch coordination. Similarly, prior to 9/11, 3 FTE were engaged in Security Policy. Due to increased emphasis on security issues and required coordination with the Department of Homeland Security and meetings of Interagency Policy Committees at the White House, the staff has grown by an additional 5 FTE.

Another ten positions were added to the office as a result of a reorganization that added the Protective Services Division to the office. It had been located within the Office of the Assistant Secretary for Administration, but was reorganized into the Office of Intelligence, Security, and Emergency Response due to the continual interaction between the Crisis Management Center and the Secretary.

Other new positions have been the result of additional Continuity Program requirements, increased involvement in International Civil Emergency planning as a result of the military activity in Iraq and Afghanistan, and refocused National Response Requirements following Hurricane Katrina.

	FY 2002	FY 2003	FY 2004	FY 2005 2/	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	Growth in staffing 2002- 2012
Management and Administration	9	9	9	9	9	9	9	7	7	7	7	(2)
Intelligence	7	7 1/	7	7	7	7	7	7	7	7	7	0
Security Policy	3	3	3	3	3	3	5	6	7	8	8	5
Continuity Programs	2	2	2	2	2	2	2	2	3	3	3	1
International Programs	1	1	1	1	1	1	1	2	2	2	2	1
Training and Exercise Program	0	0	0	1	1	1	1	2	2	2	2	2
Crisis Management Center	0	0	0	6	6	6	8	8	8	9	10	10
National Response	2	2	2	3	3	3	3	3	3	3	3	1
Protective Service	0	0	0	0	0	0	0	0	10	10	10	10
Total S-60 Positions	24	17	24	32	32	32	36	37	49	51	52	28

Notes:

- ^{1/} The Intelligence Staff was funded under the newly created Transportation Security Administration in FY 2003, but was reestablished as a separate line item in FY 2004 when TSA was transferred to the Office of the Department of Homeland Security.
- ^{2/} The Office of Emergency Transportation was located in the Research and Special Programs Administration. It was transferred to the Office of the Secretary in Fiscal Year 2005 when the Office of Intelligence, Security and Emergency Response was created. An updated organizational chart was approved in April 2009.

Through the activities of the above described Divisions, the Office of Intelligence, Security, and Emergency Response performs activity that is critical to the Department in meeting its Defense mobility and emergency preparedness responsibility, as identified in the Organizational Excellence goal in the Department's Strategic Plan. The Department's Strategic Plan includes the following activities as critical in ensuring the availability of transportation services after natural disasters and in times of national emergency:

- Develop a security policy framework that will ensure preparedness, mitigate the consequences of transportation sector emergencies, and support DOT's mission;

- Assure continuity of operations, support continuity of government, and maintain emergency operations surge staffing and response capabilities to respond effectively to incidents and fulfill our commitments under Presidential Directives and the National Response Framework;
- Develop and maintain plans, procedures, training, and exercises that prepare the Department to meet Federal emergency preparedness, response and recovery policies, strategies, and other requirements;
- Communicate timely, relevant, expert intelligence analysis that focuses on preparedness efforts, supports operational response, and international programs, and fulfills technical requests from the Intelligence and Law Enforcement Communities;
- Document and report on behavior that may be indicative of intelligence gathering or pre-operational planning related to terrorism, criminal, or other illicit intention;
- Issue advisory messages as necessary to Federal, State, local, tribal, and foreign governments as well as the private sector that provide immediate or urgent information on time sensitive threats or situations that may impact local security environments and may require responsive activity;
- Implement the Controlled Unclassified Information (CUI) Framework and monitor compliance with policy, standards, and markings;
- Fulfill DOT commitments to international partners and agreements, such as the Security and Prosperity Partnership for North America, and the North Atlantic Treaty Organization (NATO); and
- Ensures ensuring security for the Secretary by using best practices, standards, and assessments.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and the 49 FTEs currently authorized for this office. It also reflects an increase in travel costs for the Protective Services staff funded through a redirection of resources.

The FY 2012 budget also includes realignment of Personnel Compensation and Benefits and contractual services resources to convert three contractor positions in the Crisis Management Center to three Federal positions (2.5 FTEs) during FYs 2011 and 2012. This request is in response to the Memorandum on Managing the Multi-Sector Workforce, issued by the Director of the Office of Management and Budget on July 29, 2009. This memorandum recommends that in determining whether positions should be filled by contractors or government officials, agencies should perform a cost analysis that addresses the full costs of government and private sector performance and provides "like comparisons" of costs that are of a sufficient magnitude to influence the final decision on the most cost effective source of support for the organization. The Office of Intelligence, Security, and Emergency Response conducted a comparison of

contract positions used to staff the Crisis Management Center. Based on this determination, each converted position will result in estimated savings of \$35,000 per year. These cost savings and an increase of \$198,000 in contractual services will be used to offset increased costs of communications systems. One unclassified system was initially provided by the Defense Logistics Agency (DLA) at no cost after the events of 9/11. However, DLA discontinued this service on December 31, 2010, which resulted in the Office of Intelligence, Security, and Emergency Response paying another provider for this service. Similarly, the Gold Communication System was developed after 9/11. This Department of Defense service is being provided at no cost through FY 2011. Beginning in FY 2012, the Office of Intelligence, Security, and Emergency Response will have to pay approximately \$200,000 for connectivity and maintenance. Funding also will be used to partially offset the annual Operations and Maintenance costs from a Suspicious Activities Reporting Database that became operational in Fiscal Year 2011 to meet requirements established by the Director of the Office of National Intelligence on Information Sharing. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Office of Intelligence, Security, and Emergency Response
(\$000)**

FY 2010 Enacted	\$10,600
Redirection of Resources:	
Personnel Compensation & Benefits	\$153
Travel	\$67
Other Costs	(\$220)
FY 2011 Annualized CR	\$10,600
Adjustments to Base:	
Inflation:	\$16
One Less Compensable Day:	(\$26)
WCF:	\$9
FY 2012 Adjusted Base:	\$10,599
Base Offsets/Redirection of Resources:	
PC&B	\$219
Other Contract Services	(\$219)
Program Changes (+/-):	
Increased costs of communication systems and services	\$198
Total FY 2012 Request:	\$10,797

Detailed Justification for the Office of the Chief Information Officer

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Chief Information Officer (\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	3,772	5,426	1,654
Travel	25	25	0
Other Costs	9,418	12,299	2,881
TOTAL	<u>13,215</u>	<u>17,750</u>	<u>4,535</u>
<u>STAFFING</u>			
Direct Positions	28	35	7
Reimbursable Positions	0	0	0
Direct FTE	25.75	35	9.25
Reimbursable FTE	0	0	0

The OCIO is requesting \$17.750 million and 35 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Department of Transportation Chief Information Officer (DOT CIO) is the principal information technology (IT), cyber security, privacy, and records management advisor to the Secretary. The Office of the CIO (OCIO) supports the **Organizational Excellence** Strategic Goal by providing leadership on all matters associated with the Department's \$3 billion IT

portfolio. This includes security, privacy, investment management, and improvements in the delivery of services to the American taxpayer through electronic government initiatives. The DOT CIO has the added responsibility of serving as the CIO for the Office of the Secretary of Transportation.

The Office of the Chief Information Officer (OCIO) administers two sources of funding in performing its various roles in support of DOT. Each funding stream is maintained and reported independently. The two funding sources track to the CIO's two areas of responsibility: the annually appropriated Salaries and Expenses (S&E) for carrying out IT security and policy (which includes monitoring, reporting and guidance); and the Working Capital Fund (WCF) cost reimbursements for providing Department-wide core IT operational support functions and enterprise services.

The DOT CIO delivers IT services to DOT customers through the operation of an IT infrastructure that includes e-mail services, a backbone network, and help desk support. Operating Administrations (OAs) contract with the CIO for services and reimburse the CIO for the cost of those services through the Working Capital Fund (WCF). The WCF budget (including the CIO component) is provided as a separate part of the OST budget submission.

Anticipated FY 2011 Accomplishments:

In FY 2011, OCIO will make strides to modernize our current technology environment and will continue to build an IT and business infrastructure to match customer demands and advancements in technology. Work to enhance the overall technology at DOT will be focused in three areas: IT Alignment and Value Services, a Modernized IT Environment, and Information Assurance and Privacy. These enhancements are described below by focus area.

IT Alignment and Value Services. In FY 2011, the Office of the CIO will provide IT alignment and business value by addressing business needs of the enterprise; instilling robust and disciplined processes that include a strategic business and information architecture as a foundation; putting into effect a robust program to align with the DOT mission and support business needs, which minimizes risks and maximizes returns throughout the investment's lifecycle; achieving common IT leadership and 'best practices' in IT portfolio management through a Project Management Office (PMO); ensuring the robust and strategically aligned Open Government Plan is implemented while managing the risks associated with openness; and adopting a systematic and professional approach to the management of IT services. Specific IT alignment and value services include:

- **Understanding Business Needs** -- The OCIO will make IT a strategic enabler by providing secure and efficient capability to store and exchange critical information, and responding to the Administration's initiatives. OCIO will work to manage IT as a corporate strategic resource subject to the rigors of planning, budgeting, and accounting, including establishing IT portfolios, enterprise-wide IT asset management, and a set of strategies to increase productivity and reduce costs.
- **Building Business/Information Architecture** -- The OCIO will convey the importance of a disciplined business/information architecture, which has potential to drive agency-wide decision-making from an integrated strategic and business perspective, identifying and targeting specific areas for eliminating redundancy, providing opportunities for information sharing, and supporting evolving business needs.
- **Capital Investment Planning** -- The OCIO will continue a Capital Planning and Investment Control (CPIC) program that manages the agency IT portfolio using program performance metrics.
- **Portfolio and Project Management** -- The OCIO will establish a PMO to define and maintain standards for project management within the organization. The primary goal of the PMO will be to standardize project management policies and processes, and to become a source for 'best practices' guidance, documentation, and metrics related to managing and implementing projects within DOT.
- **Open Government** -- The OCIO will continue as a key member of the DOT Open Government leadership team, facilitating the initial strategic planning pieces of the Open Government Directive and leading the coordination of all technology-related requirements.
- **Enterprise-Level Records Management Program** -- The OCIO will begin to establish an enterprise-wide Records Management Program that will provide guidance and oversight for all DOT OAs. OCIO will work to serve the other OA communities by providing policies, procedures, standards, and technology for the refinement of the modal records management programs throughout DOT.

Modernized IT Environment. DOT will introduce plans for a Modernized IT Environment in FY 2011 that will proactively address current and future requirements. DOT will move toward adopting an agile and innovative technology platform approach to bridge the current technology gap and to institutionalize the ongoing infrastructure replenishment lifecycle:

- **Updated Client Technology Designs** – In FY 2011, OCIO will initiate activities to understand, research and identify lowest cost, highest value, proven commercial solutions based on customer needs. Activities will include functional assessment, technology and security testing and evaluation, and solution development.

- **Functional Application Support** -- Web and business intelligence and information visualization systems will be used to support rapid multimedia deployment of information in accordance with the current Administration's emphasis on real-time information delivery. New Media activities will focus on Web 2.0, Business Intelligence, Information Visualization, and Advanced Collaboration, consistent with the current Administration's Open Government Directive and the requirement that technology-enabled transparency, participation, collaboration programs be developed and maintained indefinitely.

Information Assurance and Privacy. In FY 2011, the OCIO will continue to build a business strategy to make targeted investments in policy, people, processes, and technology that will rapidly strengthen the Department's ability to ensure the confidentiality, integrity, and availability of its vital data and assets. Priority Information Assurance and Privacy activities in 2011 will include: Education, Training, and Awareness (ETA); Requirements, Standards, Policies, and Directives; Situational Awareness and Incident Response; Independent Verification and Validation; Certification and Accreditation (C&A); and Privacy.

Why Is This Particular Program/Activity Necessary?

There has been a dramatic increase in the number, timing, depth, and complexity of IT infrastructure and services in the last five years. There is an immediate need to create and maintain an agile, reliable and scalable IT environment and business services across DOT. Not doing this in a planned manner may mean ad hoc emergencies, disruptions and costly remediation later. Currently, project management is not planned, processed and delivered in a standardized manner across the Department; assurances are not in place to track milestone progress and budget. This leads to inefficiency and ineffectiveness in performance. Business processes are not strategically implemented in the Department and are not routinely adopted or enforced, leading to inconsistencies and noncompliance with Federal mandates. The Web presence is not forward-thinking and does not include New Media or agile Web development. This has positioned the Department far behind the activities of other Federal agencies. OMB has instituted reporting mechanisms to track progress, putting agencies that cannot support the updated IT directive at risk.

Real-time technology demands have grown in size, scope, depth, and sophistication and have become a mission-critical utility. The programs and activities funded through the OCIO are necessary to maintain an enterprise perspective while ensuring the development of mission critical technology services that fully support the Secretary's vision, mission, goals, and operational expectations of "technology on demand."

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and the 28 FTEs currently authorized for this office. The OCIO is redirecting contract funds in FY 2011 to annualize 2.25 FTEs pursuant to the FY 2010 approved reprogramming and to fund seven additional federal positions (3.5 FTEs) to provide increased oversight over contracts and to achieve a more appropriate balance between contractor and federal staff. The FTE will focus on issues surrounding cyber security, capital planning, program management and Office of the Secretary IT support. In FY 2012, funding is requested for annualizing the cost of the seven positions (the remaining 3.5 FTEs), enhancing cyber strategy and planning, and contract support for the OST CIO. These are all described below. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

The FY 2012 OCIO request focuses on OMB directives to enhance cyber security, employ business solutions services to improve the management of major IT initiatives and strengthen accountability through transparency. Through the implementation of these new initiatives, OCIO can assist the Department to modernize in line with OMB guidance, thereby limiting the risk of discontinued projects and a reduction in DOT IT funding.

Cyber Strategy and Planning (\$2,178K). Much of the DOT framework relies upon, and is integrated with, computer networks, computer mediated communications, online databases, and a wide variety of other computer and computer network capabilities. Cybersecurity attacks against any piece of the infrastructure have the potential for serious consequences to critical operations, either in a direct failure of a system or in the compromise of information. With the increasing interconnectivity between DOT and the private sector entities it regulates, and an ongoing modernization to include advanced Internet-based technologies, new dependencies, relationships, and vulnerabilities are created that did not previously exist, resulting in new risks to the DOT infrastructure. In response to evolving risks in cyber security, OCIO is pursuing a holistic initiative that invests in people, process, and technologies at strategic, operational, and tactical levels. Additional funding will allow OCIO to prepare an overarching strategy to combat cyber attacks and strengthen our infrastructure to defend against the constant threats. Contract support will assist the CISO in planning, implementing, and monitoring cyber activities across DOT.

OST CIO Support (\$250K). Contract support will assist in the establishment of OST CIO office goals and strategy in assisting OST. The OST organization has not had the same representation as the other modes because the function has been supported at the departmental CIO level. Instead, an OST-focused CIO will concentrate on issues facing the offices supporting

the Secretary. Contractors will work with customers within OST on capital investment planning and portfolio and project management as well as various cost-saving measures.

**Explanation of Funding Changes
for the
Office of the CIO
(\$000)**

FY 2010 Enacted	\$13,215
Redirection of Resources:	
Personnel Compensation and Benefits	1,098
Other Costs	(1,788)
WCF:	690
FY 2011 Annualized CR	13,215
Adjustments to Base:	
Annualization of 7 Positions:	\$579
Inflation:	\$84
One Less Compensable Day:	(\$23)
WCF:	\$1,466
FY 2012 Adjusted Base:	\$15,322
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	
Increased contract support for Cyber Security Strategy and Planning (\$2.178 million) and OST CIO Support (\$.250 million).	\$2,428
Total FY 2012 Request:	\$17,750

Detailed Justification for the Office of the General Counsel

What Is The Request and What Will We Get for the Funds?

FY 2012 – Office of the General Counsel (\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	16,801	17,053	252
Travel	390	392	2
Other Costs	3,168	2,170	-998
 TOTAL	<u>20,359</u>	<u>19,615</u>	<u>-744</u>
 <u>STAFFING</u>			
Direct Positions	113 ^{1/}	114	1
Reimbursable Positions	0	0	0
 Direct FTE	 109.5 ^{1/}	 113.5	 4.0
Reimbursable FTE	0	0	0

^{1/} Pursuant to Senate Report 111-69, FY 2010 staffing has been increased by 7 positions and 3.5 FTE for the Aviation Enforcement Program. The remaining 3.5 FTE will be annualized in FY 2011.

The Office of the General Counsel is requesting \$19.615 million and 113.5 FTEs in FY 2012 to accomplish the mission outlined below, which includes \$2.5 million and 15 FTEs for enhanced aviation enforcement and consumer protection activities.

What is this Program/Activity?

The General Counsel is the chief legal officer of the Department of Transportation (DOT). The Office of General Counsel provides legal advice to the Secretary and secretarial offices, and supervision, coordination and review of the legal work of the Chief Counsel Offices in the Department. The Office of the General Counsel supports the **Organizational Excellence** Strategic Goal by providing a broad array of legal services that assist DOT in achieving its

Strategic Goals, and by supporting these goals through the development, presentation, and defense of well-reasoned and legally-supportable policies and programs. In addition, the Office of the General Counsel's Aviation Enforcement and Proceedings Office directly supports the **Economic Competitiveness** Strategic Goal.

The Office of the General Counsel is comprised of seven offices (and the Center for Alternate Dispute Resolution) to carry out these functions: (1) the Office of the Assistant General Counsel for General Law, (2) the Office of the Assistant General Counsel for International Law, (3) the Office of the Assistant General Counsel for Litigation, (4) the Office of the Assistant General Counsel for Legislation, (5) the Office of the Assistant General Counsel for Regulation and Enforcement, (6) the Office of the Assistant General Counsel for Operations, and (7) the Office of the Assistant General Counsel for Aviation Enforcement and Proceedings.

The **Office of the Assistant General Counsel for General Law** provides legal advice, counsel, and representation that reflects a problem-solving approach to achieving national transportation policy goals and the efficient operations of DOT in the following areas: appropriations, fiscal law and financial management; acquisitions, acquisition planning, and financial assistance; innovative financing; real property, facilities, and asset management; information technology investment and management, and capital planning; employee ethical conduct, conflicts of interest, and political activities; equal employment opportunity and other civil rights matters; and Federal personnel and employment. The legal questions that arise in these areas are often complex and issues of first impression. The Office provides legal sufficiency reviews on over 100 acquisition related documents every year. The Office oversees the ethics programs across DOT and reviews over 125 public financial disclosure statements and over 200 confidential financial disclosure statements to provide assurance that reporting individuals are in compliance with applicable ethics laws and regulations, as well as providing an annual ethics training program to over 325 reporting individuals.

Anticipated FY 2011 Accomplishments:

- Continue to support implementation of the American Recovery and Reinvestment Act (ARRA) by providing legal advice and counsel to the Transportation Investment Generating Economic Recovery (TIGER) Team, a cross-cutting task force of subject matter experts established to effectively implement the \$48 billion in Recovery Act transportation funds.
- Support the timely award and administration of the National Infrastructure Investments (NII) program (also known as TIGER II) and administration of the TIGER I program.
- Continue to ensure that every Federal dollar is well spent and that program operations and processes are efficient and streamlined, by providing legal advice and representation on financial, budget, and contractual matters including the headquarters building, Working Capital Fund (WCF) operations, OST major acquisitions, Office of Small and

Disadvantaged Business Utilization's (OSDBU) loan guarantee program, innovative surface transportation financing programs, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) and the Railroad Rehabilitation and Improvement Financing (RRIF) program, DOT's \$15 billion Private Activity Bond Program, and DOT's Investment Review Board overseeing over \$3 billion in information technology investments.

- Continue to promote an ethical workplace by providing ethics training, counseling, and financial disclosure programs, for approximately 1,000 employees (including Working Capital Fund) in OST. Continue to oversee the ethics programs of ten DOT OAs including their ethics training, counseling, and financial disclosure programs and implementing program enhancements in response to a program review by the Office of Government Ethics.
- Continue to sustain a work environment free from discrimination, by providing on-going legal advice to the Departmental Office of Civil Rights (DOCR) and other DOT offices, and assist DOT in being an employer of choice by providing advice, counsel, and representation on a variety of personnel matters.
- Continue to oversee DOT's response to Office of Special Counsel whistleblower disclosure referrals of violations of law, rule, or regulation; gross mismanagement; a gross waste of funds; an abuse of authority; or a substantial and specific danger to public health or safety.
- Continue to advise on Open Government initiatives including prizes, web policy, and social media policy.
- Continue to mediate workplace disputes and facilitate the resolution of office-wide conflicts to promote employee satisfaction in the workplace and identify other opportunities for faster and more effective approaches for resolving disputes.

The **Office of the Assistant General Counsel for International Law** provides legal support and facilitation of DOT's international programs in areas such as: transportation negotiations with foreign countries; Global Position Satellite matters; international economic aviation licensing and regulatory matters; applications of airline alliances for antitrust immunity; implementation and negotiation of the International Mobile Equipment Financing Convention's sector-specific protocols; war risk insurance issues; international aviation sanctions; Committee on Foreign Investment in the United States (CIFIUS) reviews; and transportation trade issues (such as North American Free Trade Agreement (NAFTA) and interdiction of contraband). In addition, the Office chairs the North Atlantic Treaty Organization (NATO) Insurance Group and the Preparatory Commission for the Establishment of the International Rail Registry under the Rail Protocol to the Mobile Equipment Financing Convention.

Anticipated FY 2011 Accomplishments:

- Process over 300 international work items, including safety, security, science and technology agreements, administrative adjudication of requests for antitrust immunity, and approximately 25 rounds of international negotiations.
- Provide legal advice for other DOT Offices by means of legal advice and writing of 50 international documents and agreements. This often results in providing an innovative legal solution to support the negotiation's closure, and ensures efficient and judicious completion of 200 administrative matters, thereby removing distortions in international markets and achieving more liberal economic international agreements, which will benefit consumers, industry, and labor.

The **Office of the Assistant General Counsel for Litigation** provides legal advice and support in defense of DOT's programs when they are challenged in judicial proceedings. In any given year, DOT and its OAs are parties in over 100 new cases challenging DOT's decisions, regulations, orders and policies. The Office seeks to achieve successful results in each of these matters, and those efforts are critical to achieving the strategic goal of Organizational Excellence. These matters include cases challenging the decisions of the Secretary, cases of particular importance to the Secretary involving the OAs, and cases involving cross-modal issues. Additionally, all Supreme Court cases are handled directly by the Office. The Office further supports and facilitates DOT's program goals by supervising the preparation of all regulatory filings and participating on behalf of DOT in proceedings in which DOT has an interest before various independent regulatory agencies. Approximately 15 to 20 such filings are prepared in any given year and the Office participates in 2 to 4 hearings before such agencies per year.

Anticipated FY 2011 Accomplishments:

- Achieve successful outcome in numerous matters of importance to the Department including matters related to the Department's regulation of greenhouse gas emissions and motor carrier safety, the construction of a new transportation infrastructure, and the preemptive effect of the laws administered by the Department.
- Improve, in conjunction with the OCIO, the Department's readiness to respond to requests for electronic documents in litigation and in Congressional and OIG investigations.

The **Office of the Assistant General Counsel for Legislation** provides support that ensures the non-appropriations legislative materials of DOT submitted to Congress adhere to Administration policy and also maintain effective liaisons with the Office of Management and Budget (OMB) and other Departments. The Office's legislative support work will often span several years on one project. While the various elements of legislative proposals are often prepared by other

offices in DOT, this Office is responsible for supporting the program goals by assembling a coherent proposal, ensuring it meets budgetary and other requirements within DOT, obtaining clearance by OMB and other affected agencies, and preparing the transmittal package for the Secretary. The Office provides comparable support for the preparation of testimony, views and letters, and draft Executive Orders and Proclamations. In addition, the Office provides support for Departmental nominees in the form of briefing materials and responses to the Committee.

Anticipated FY 2011 Accomplishments:

- Implement in legislative language the FY2012 budgetary directive to present full-fledged budgets in the surface accounts.
- Provide Departmental and Administration-wide clearance of approximately 75 items of Congressional testimony by DOT witnesses.
- Conduct Department-wide clearance of approximately 500 policy documents circulated to us by the Office of Management and Budget on behalf of the White House.
- Draft needed proposed legislation, views reports, and testimony on demand.
- Undertake the preparation and clearance of multi-year surface transportation, aviation and maritime authorizations for DOT OAs, as well as the Presidential priority for creation of the I-Bank.

The **Office of the Assistant General Counsel for Regulation and Enforcement** provides legal support to achieve DOT program goals by applying statutes, Executive Orders and Presidential directives. The Office supports program offices in their preparation of rules that will meet substantive, procedural, and Administration policy requirements. The Office's management support also includes the tracking and review of all significant DOT rulemaking documents as well as non-significant Office of the Secretary of Transportation (OST) rulemakings. In a typical year, DOT is engaged in 100-125 significant rulemaking projects. The Office is the principal liaison with OMB on rulemaking matters, and coordinates important cross-cutting substantive rules that affect multiple OAs.

Anticipated FY 2011 Accomplishments:

- Oversee the rulemaking process by engaging in 100-125 significant rulemaking projects.

The **Office of the Assistant General Counsel for Operations** provides legal support on a broad range of operational issues related to DOT's programs and strategic objectives including: transportation security and emergency response, environmental law, information management, privacy, and disclosure, economic matters related to airports and air carriers, maritime law, bankruptcy law, the Essential Air Service (EAS) program, the Small Community Air Service Development Program (SCASDP), Native American sovereignty and jurisdiction, and other issues across all modes of transportation.

The Office oversees DOT's Freedom of Information Act (FOIA) Office, which each year processes hundreds of FOIA requests that are submitted to OST and also coordinates the work of the FOIA Offices throughout DOT. Because many of the Office's practice areas involve issues affecting all modes of transportation, such as environmental law and FOIA, the Office works closely not only with clients in OST, but also with the OA's Chief Counsel Offices to support all of DOT's programs and ensure consistent legal interpretations on recurring and novel issues. The Office maintains continuous readiness to provide legal support for emergency response activities, which include regular exercises and 8-10 annual activations of the U.S. Government's Emergency Support Function No. 1 (Transportation), led by DOT. The Office reviews a steady stream of environmental documents, proposed EAS Orders, SCASDP grants, airport competition plans, Privacy Impact Assessments, security-related directives, and other documents.

Anticipated FY 2011 Accomplishments:

- Counsel clients on a number of high-priority items for DOT, including the Livable Communities initiative, DOT's implementation of new Council on Environmental Quality guidance on climate change, environmental mitigation measures, categorical exclusions from environmental reviews, consideration of four pending applications for airport privatizations under the Airport Privatization Pilot Program, the DOT-led Future of Aviation Advisory Committee, emergency preparedness exercises such as National Level Exercise 2011, and environmental reviews of TIGER II grant applications.
- Continue to perform all of these functions and work to implement a 10% reduction in DOT's FOIA backlog, pursuant to the President's direction to Federal agencies.
- Continue to address major privacy and information sharing concerns related to anti-terrorist and cyber-security programs.
- Continue to advise on airport economic issues, including airport competition plans, alleged airport revenue diversion, and airport rates and charges.

The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings (AEP) functions in four general areas that support DOT's strategic goals of economic competitiveness by: (1) enforcing air travel consumer protection and civil rights requirements and aviation economic licensing rules; (2) providing legal guidance to DOT program offices, including review of air carrier fitness decisions; (3) serving as Public Counsel in hearing cases involving fitness and international carrier selection proceedings; and (4) prosecuting cases conducted under the Program Fraud Civil Remedies Act to obtain penalties for false statements or false claims made to OST.

Of major importance is AEP's work to enforce DOT's rules regarding: the civil rights of disabled and other travelers, air fare advertising, on-time performance and codeshare disclosure, unrealistic scheduling denied boarding compensation, tarmac delays, ticket refunds, baggage liability, public charters, and aviation economic licensing requirements for both direct and

indirect, foreign and domestic air carriers. Also of particular importance is AEP's support of DOT's domestic air carrier economic licensing program by providing extensive legal review of air carrier fitness decisions. In addition, the Aviation Consumer Protection Division (ACPD), which is an office within AEP, plays an important role in assisting, educating, and protecting aviation consumers. ACPD undertakes a wide variety of tasks, such as handling consumer complaints about air travel (8,000-20,000 per year), responding to Congressional inquiries regarding constituent travel problems (400-700 per year) and conducting investigations of airlines for violations of DOT rules. ACPD also publishes the monthly *Air Travel Consumer Report* (ATCR), which summarizes data on flight delays, mishandled baggage, denied boardings, and passenger complaints. It is in a format that is useful to both consumers when making their transportation decisions and carriers when advertising their service. Together, AEP's enforcement activities and support of DOT program offices contribute to a competitive air transportation system that is responsive to consumer needs, thereby enhancing the economic competitiveness of our nation as a whole. AEP's work protecting the civil rights of travelers with disabilities improves their access to the air transportation system.

Performance Measures:

The performance of the AEP's work will be evaluated against the following measures as listed in Exhibit III-2:

Economic Competitiveness

- Percent of consumer complaints reviewed.
- Median investigation time (days) for civil rights complaints (disability and other discrimination).

Anticipated FY 2011 Accomplishments:

- Continue to review each of the thousands of aviation consumer complaints received by the Department during FY 2011.
- Maintain a median investigation time for civil rights complaints (disability and other discrimination) during FY 2011 of 180 days.
- Handle between 150 and 250 items involving carrier authority during FY 2011, including ensuring that those matters involving new entrant and currently operating carriers meet requisite standards for obtaining or retaining certificates of economic authority.
- Continue to improve the air travel environment for persons with disabilities by issuing regulations that contain standards for improving access to facilities and services, and issuing guidance on existing requirements. For example, those associated with DOT's new disability regulations applicable to foreign air carriers, which facilitates the use of medical oxygen aboard aircraft by disabled passengers, and improves accommodations for deaf and hard of hearing passengers.

- Continue rulemaking actions as a supplement to and improvement upon the comprehensive consumer protection rulemaking which was completed in FY 2010.
- Conduct investigations to ensure that consumers are properly cared for during extended tarmac delays as required by rules adopted in FY 2010.
- Conduct on-site and other investigations of air carriers regarding compliance with consumer protection requirements. Such as rules covering refunds, deceptive advertising, and denied boarding compensation.

The **Center for Alternate Dispute Resolution (CADR)** provides innovative approaches to problem-solving that control the cost of conflict and produce quicker, more durable outcomes. CADR supports the use of Alternative Dispute Resolution (ADR) by DOT in all areas including formal and informal adjudication, issuance of regulations, enforcement and compliance, issuing and revoking licenses and permits, contract and grant awards, environmental planning, and litigation brought by or against DOT. CADR supports program offices in the design and implementation of specific ADR approaches that meet an organization's particular need. CADR also facilitates early and direct interaction among parties by providing mediation and facilitation services to help parties resolve disputes efficiently and effectively and helps identify ADR providers outside DOT. Finally, CADR offers informational and skills based training on dispute resolution and conflict management.

Anticipated FY 2011 Accomplishments:

- Provide conflict management-related training skills training to nearly 200 DOT employees through 10 specialized training courses in several DOT operating administrations, and 5 open-enrollment courses.
- Provide conflict coaching and mediation of 23 two-party cases and two large group cases.

Why Is This Particular Program Necessary?

The Office of the General Counsel is necessary to provide leadership, legal advice and guidance to the Secretary and secretarial offices in the implementation and administration of legal matters as the chief legal officer of the Department of Transportation (DOT). The Office also provides supervisory support of legal advice given to the Operating Administrations (OAs). The Office coordinates the Department's legislative efforts, regulatory programs, and litigation and involvement in proceedings that are before other agencies as well as various operational and international legal matters.

The Office manages for the entire Department the clearance of policy views presented to Congress on behalf of the Administration as testimony, views, or proposed legislation, except for appropriations matters. The Office also manages cross-modal international legal advice and coordination for the Department. This includes overseeing Department compliance with State

Department guidance and international and domestic law; and administrative adjudications involving citizenship of U.S. air carriers, and inter-carrier agreements involving foreign air transportation.

The Office provides direction and guidance to Modal Chief Counsel Offices to ensure compliance with the Federal laws governing DOT programs, interpreted throughout DOT in a consistent manner. The Office of the Assistant General Counsel for Litigation provides legal support and advice in defense of DOT's programs when they are challenged in judicial proceedings. The Office further supports and facilitates DOT's program goals by supervising the preparation of all regulatory filings and participating on behalf of DOT in proceedings in which DOT has an interest before various independent regulatory agencies.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs and the 113 FTEs currently authorized for this office, which includes a realignment of resources to fully fund AEP's 7 additional FTE per Senate Report 111-69. In addition, a request for \$59 thousand to fund one new position and ½ an FTE is also reflected and explained below. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

The \$59 thousand requested increase in FY 2012 is for one additional position and (.5 FTE) to serve as an attorney-advisor in the Office of the Assistant General Counsel for General Law. The Administration's commitment to shifting the Department's formula grant programs to serve more discretionary and transformational livability/sustainability objectives and new approaches to credit support, necessitates additional legal review and counsel. The Office of the Assistant General Counsel for General Law is instrumental to the execution of these initiatives and others like it. The legal questions that arise in these areas are often complex and involve issues that previously have not been addressed by a court of law. If this funding request is denied, given current resource levels and an increased workload, advice and counsel will be done less effectively, less timely, or sometimes not at all. This will result in programmatic vulnerabilities, potentially manifesting itself in a failure to follow statutory directions and constraints.

**Explanation of Funding Changes
for the
Office of the General Counsel
(\$000)**

FY 2010 Enacted	\$17,859
Redirection of Resources:	
Personnel Compensation and Benefits	18
Other Costs	(18)
FY 2011 Annualized CR	\$17,859
Adjustments to Base:	
Inflation:	\$8
One Less Compensable Day:	(\$59)
WCF:	(\$15)
FY 2012 Adjusted Base:	\$17,794
Program Changes (+/-):	
Net reduction in Other Services due to change in Dockets expenses	(\$738)
Additional position (.5 FTE) to serve as an Attorney-Advisor in the Office of the Assistant General Counsel for General Law.	\$59
Total FY 2012 Request:	\$17,115

**Explanation of Funding Changes
for the
Office of the General Counsel - Enhanced AEP
(\$000)**

FY 2010 Enacted	\$2,500
Redirection of Resources:	
Personnel Compensation and Benefits	372
Other Costs	(372)
	-
FY 2011 Annualized CR	\$2,500
Adjustments to Base:	
Inflation:	5
One Less Compensable Day:	(5)
FY 2012 Adjusted Base:	\$2,500
Base Offsets/Redirection of Resources:	
Personnel Compensation and Benefits	(133)
Other Costs	133
Program Changes (+/-):	\$0
Total FY 2012 Request:	\$2,500

Detailed Justification for the Office of the Assistant Secretary for Governmental Affairs

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Assistant Secretary for Governmental Affairs

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	2,214	2,297	83
Travel	116	116	0
Other Costs	174	217	43
TOTAL	<u>2,504</u>	<u>2,630</u>	<u>126</u>
<u>STAFFING</u>			
Direct Positions	24	24	0
Reimbursable Positions	0	0	0
Direct FTE	18	18.5	0.5
Reimbursable FTE	0	0	0

The Office of Governmental Affairs is requesting \$2.63 million and 18.5 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of Governmental Affairs supports the **Organizational Excellence** strategic goal by serving as the primary point of contact for Congressional offices, as well as other state and locally elected officials. This office works with other offices within the Department to ensure that Congressional mandates are fully implemented by the Department.

The Office of Governmental Affairs works with the White House, other Federal agencies, and Congress in order to fulfill the Secretary's and Administration's legislative priorities. This includes, among other things, working with Congress on Departmental priorities within the annual appropriations bills and continuing to work on significant legislative reauthorization bills, such as the Surface Transportation Reauthorization bill and the Federal Aviation Administration

reauthorization bill. In addition, the office works with the modal administrations to coordinate Congressional outreach activities related to Secretarial initiatives and programs.

Another key function of the Office of Governmental Affairs is to guide political appointees that require confirmation by the Senate through the Senate confirmation process. This requires working closely with the White House and relevant Senate Committees throughout the various steps of the confirmation process.

The Office of Governmental Affairs will work to attain Organizational Excellence by developing a diverse and collaborative workforce that will enable the Department to advance a transportation system that serves the Nation's long-term social, economic, security, and environmental needs.

Why Is This Particular Program/Activity Necessary?

The Office of Governmental Affairs acts as the liaison between the Department of Transportation and Congress and State, local, and tribal governmental entities.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs. It also funds 18 FTEs currently authorized for this office and associated costs. In addition, \$86 thousand is requested for an additional 1/2 FTE to fill an existing position to assist with outreach to Tribal Governments and transportation related entities. Also, an increase in Contract Services is requested for the Grants Notification System (GNS) support contract which increased over 35% in FY2011. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

**Explanation of Funding Changes
for the
Office Asst. Sec. for Govtl. Affairs
(\$000)**

FY 2010 Enacted	\$2,504
Redirection of Resources	
Personnel Compensation & Benefits (Transit Subsidy)	\$5
Other Costs	(\$5)
	.
FY 2011 Annualized CR	\$2,504
Adjustments to Base:	
Inflation:	\$1
One Less Compensable Day:	(\$8)
FY 2012 Adjusted Base:	\$2,498
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	
An additional .5 FTE to assist with outreach to tribal governments	\$86
Contractual support for the Grants Notification System	\$47
Total FY 2012 Request:	\$2,630

Detailed Justification for the Office of the Assistant Secretary for Budget and Programs/Chief Financial Officer

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of the Assistant Secretary for Budget and Programs, and CFO

(\$000)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010-FY 2012</u>
FUNDING LEVELS			
Personnel Compensation and Benefits	8,375	8,525	150
Travel	15	15	0
Other Costs	2,168	2,409	240
TOTAL	10,559	10,949	390
<u>STAFFING</u>			
Direct Positions	54	58	4
Reimbursable Positions	1	1	0
 Direct FTE	 54	 56	 2
Reimbursable FTE	1	1	0

The Office of the Assistant Secretary for Budget and Programs, and Chief Financial Officer (CFO) is requesting \$10.949 million and 56 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of the Assistant Secretary for Budget and Programs, and CFO supports the **Organizational Excellence** strategic goal by assisting the Secretary with budget and financial matters.

Why Is This Particular Function Necessary?

The Assistant Secretary for Budget and Programs, and CFO is the principal budget and financial advisor to the Secretary and serves as the CFO for the Department of Transportation (DOT). Under Public Law 101-576 (The Chief Financial Officers Act of 1990), which establishes a leadership structure, provides for long-range planning, requires audited financial statements, and strengthens accountability reporting, the CFO is required to:

- Report to the head of the agency regarding financial management matters;
- Oversee all financial management activities relating to the programs and operations of the agency;
- Develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls;
- Direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities, and operations, including:
 - Development of agency financial management budgets;
 - The recruitment, selection, and training of personnel to carry out financial management functions;
 - The approval and management of financial management systems design or enhancement projects; and,
 - Implementation of agency asset management systems.
- Prepare an annual report which shall include:
 - A description and analysis of the status of financial management of the agency;
 - The annual financial statements;
 - The audit report required under Title 31, Section 3521(f); and,
 - A summary of the reports on internal accounting and administrative control systems (FMFIA).
- Monitor the financial execution of the budget in relation to actual expenditures, and prepare and submit timely performance reports.
- Review biennially, the fees, royalties, rents, and other charges...for services and things of value it provides, and make recommendations on revising those charges to reflect costs incurred in providing those services.

In addition, the Office of the CFO is responsible for enforcing the following Statutory Authorities and Administrative Guidance:

- Anti-Deficiency Act (codified in Chapter 11, 13, 15, and 33 of Title 31, U.S. Code)
- Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177)
- Budget and Accounting Act of 1921
- Budget Enforcement Act of 1990 (Title XIII, Public Law 101-508)
- Congressional Budget Act
- Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344)
- Federal Credit Reform Act of 1990, as amended (2 USC 661-661f)
- Government Management Reform Act of 1994
- Government Performance and Results Act (GPRA) of 1993 (Public Law 103-62, as amended)
- Impoundment Control Act
- “Miscellaneous Receipts Acts”

- OMB A-11, *Budget Preparation and Execution*
- Presidential Initiatives

To carry out its many mandates and responsibilities, the Office of the CFO (OST-B) is organized into three Offices:

Office of Budget and Program Performance (B-10)

B-10 is responsible for ensuring effective preparation and presentation of sound and adequate budget estimates for the Department. Its functions and oversight responsibilities include:

- overseeing all appropriations matters related to DOT's budget, which in FY 2009 provided over \$120 billion to 13 Federal agencies and funded transportation projects in all 50 states;
- fostering effective use of resources;
- providing guidance to all 12 agency budget offices;
- ensuring that financial plans are consistent with approved plans and programs;
- regularly briefing and providing information to the White House, Congress, Congressional Staff, Office of Management & Budget (OMB), and others;
- championing DOT's budget and performance integration initiatives, and developing and providing guidance on the application of Departmental performance policies and procedures;
- preparing the Department's annual Performance and Accountability Report; and,
- implementing a DOT Scorecard to provide quarterly reporting to the Deputy Secretary and DOT senior leadership on DOT's highest-level measures, and piloting the Office of Management & Budget's Performance Portal Pilot.

Office of the Chief Financial Officer for the Office of the Secretary (B-20)

B-20 is responsible for budget formulation and execution, performance management, financial management, and internal controls for the Office of the Secretary. Its functions and responsibilities include:

- formulating and justifying budget requests for OST offices and programs to the Departmental Budget Office, OMB, and Congress. Under OST's purview are administrative funds, grant programs, a subsidy program, a loan guarantee program, a research and development program, and a working capital fund;
- executing enacted appropriations, including apportioning and allotting funds and monitoring spending to ensure expenditures do not exceed enacted amounts;
- performing the full-range of financial management functions, including financial statement review, preparation and/or review of all deliverables for the annual financial audit, accounts payable and accounts receivable oversight, cash management, reimbursable agreement

monitoring and reconciliation, and oversight of the integrity of all transactions in the accounting system;

- monitoring OST performance against OMB and DOT mandated financial metrics and implementing improvements as necessary, and otherwise complying with Treasury and DOT financial management requirements;
- managing OST's FMFIA and A-123 Internal Control programs, including preparing entity level internal control assessments, documenting OST's major financial business processes, responding to the testing requirements of the internal control auditors, developing risk profiles and risk management plans for OST programs; and,
- developing performance measures under the Department's strategic goals, tracking actual outcomes against those measures, and justifying the OST budget request based on stated strategic goals and performance measures.

Office of Financial Management (B-30)

B-30 is responsible for the financial leadership of DOT. Its primary duty is to uphold strong financial management and accountability while providing timely, accurate, and reliable financial information and enhancing internal control. Its functions and oversight responsibilities include:

- providing direction and guidance to all DOT Operating Administration (OA) finance offices;
- coordinating audits with the Inspector General and contract auditors and managing the resolution of material weaknesses;
- ensuring timely and accurate submission of DOT consolidated financial statements to OMB and OIG and meeting all other OMB, Treasury, and other centralized reporting requirements;
- monitoring OMB and DOT mandated financial metrics and working toward DOT-wide improvements;
- managing DOT's FMFIA Program and Internal Control program, including compliance with Appendix A-123 Internal Control Program and Appendix B -Travel Card Program;
- managing DOT's Erroneous Payment and Recovery Audit Programs;
- managing DOT's Improper Payments Information Act Program and coordinating its reporting requirements;
- providing management direction and oversight to the Enterprise Service Center (ESC) in Oklahoma City, which runs DOT's consolidated Financial Management System (Oracle Federal Financials) and provides accounting services to all DOT agencies;
- serving as system owner to Delphi, DOT's core financial management system;
- directing the Departmental Financial Management Business Transformation Initiative, the multi-year effort to standardize DOT business processes, develop and define requirements for future financial management system upgrades and establish a strategic plan to standardize the DOT financial management business model in accordance with federal requirements;
- serving as system owner to CASTLE, the DOT-wide Consolidated Automated System for Time and Labor Entry;

- serving as liaison to the National Business Center, DOT's payroll provider;
- establishing Departmental travel policy and guidance;
- managing DOT's Travel Credit Card Program;
- managing travel management contract services throughout DOT; and,
- serving as liaison to GSA on GovTrip, the Travel Reservation & Vouchering System used throughout the Department.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs. It also includes \$180,000 for 2 FTEs (4 positions) and \$190,000 for increased contractual services, as discussed below.

Two positions (1 FTE) will address the growing list of reporting requirements and address the ever-increasing workload associated with the Highway Trust Fund and Airport and Airway Trust Fund. The reauthorization and oversight of programs financed by those Trust Funds have significantly increased the volume and complexity of the work in those areas.

Two positions (1 FTE) will work within the Office of the CFO for OST and will be responsible for financial management functions for the Office of the Secretary, to include reviewing financial statements, acting as audit liaison, overseeing and monitoring accounts payable, and reconciling and managing reimbursable agreements.

Of the \$190,000 increase in contractual services, \$45,000 will pay increased accounting services costs for the Office of the Secretary; \$28,000 will cover OST's share of increases to DOT-wide financial, accounting, and time & attendance systems and support; and \$117,000 will be used for contractor support to fulfill the requirements of the Federal Managers' Financial Integrity Act (FMFIA) including the requirements of OMB Circular A-123. A more detailed breakdown of this request can be found in the Object Class by Office exhibit.

**Explanation of Funding Changes
for the
Office Asst. Sec. for Budget & Programs
(\$000)**

FY 2010 Enacted	\$10,559
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$4
Other Services:	-\$4
FY 2011 Annualized CR	\$10,559
Adjustment to Base:	
Inflation:	\$54
One Less Compensable Day:	(\$34)
WCF:	\$0
FY 2012 Adjusted Base:	\$10,579
Program Changes (+/-):	
Four new positions & 2 FTEs are requested (1) to support new increased workload requirements associated with Highway Trust Fund, Airport and Airway Trust Fund and reauthorization and oversight of programs financed by the Trust Fund, and (2) perform financial management activities in the Office of the OST CFO.	\$180
Contractual Services for increased cost for accounting services, Time & Attendance systems and support, Federal Managers' Financial Integrity Act (FIMFIA) and financial management to support for OST (as an OA).	\$190
Total FY 2012 Request:	\$10,949

Detailed Justification for the Office of the Assistant Secretary for Administration**What Is The Request And What Will We Get For The Funds?****FY 2012 - Office of the Assistant Secretary for Administration**

(\$000)

	FY 2010	FY 2012	Change
	<u>Enacted</u>	<u>Request</u>	<u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	8,077	8,060	-17
Travel	67	67	0
Other Costs	17,376	19,570	2,194
TOTAL	<u>25,520</u>	<u>27,697</u>	<u>2,177</u>
<u>STAFFING</u>			
Direct Positions	66	66	0
Reimbursable Positions	20	10	-10
Direct FTE	59	59	0
Reimbursable FTE	19	10	-9

The Office of the Assistant Secretary for Administration receives an appropriation for Salaries and Expenses, administers reimbursable funding, and manages Working Capital Fund (WCF) funds. The FY 2012 budget proposes to fold one of the two reimbursable agreements – HR Systems – into the WCF resulting in a decrease in reimbursable positions and FTEs.

The Office of the Assistant Secretary for Administration is requesting \$27.697 million and 59 FTE in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Office of the Assistant Secretary for Administration's Salaries and Expense appropriation supports the **Environmental Sustainability** and **Organizational Excellence** Departmental Strategic goals.

The Assistant Secretary for Administration is the principal advisor to the Secretary and Deputy Secretary on Department-wide administrative matters. This includes strategic management of human capital; policy formulation for matters falling within the functional purview of the Office of the Assistant Secretary; follow-up and resolution of Government Accountability Office and Inspector General audit reviews of department programs, including preparation of required reports; and other management-related initiatives.

As the Chief Acquisition Officer for DOT, the OASA will formulate departmental policy, controls, and standards to ensure that procurement and financial assistance programs are in accord with applicable laws, regulations, and good business practices. Under the authority delegated by the Secretary, the Assistant Secretary will carry out the responsibilities of the Competitive Sourcing Officer as specified in OMB Circular A-76, Performance of Commercial Activities.

The Assistant Secretary is also the senior departmental security executive and will continue to provide leadership and direction to departmental organizations to ensure the safety, security, and protection of DOT personnel, information, facilities, and other assets.

The OASA will lead the Department to implement Executive Orders 13514, 13423 and the Department's comprehensive Strategic Sustainability Performance Plan. The Sustainability Plan is a 10-year strategy for achieving a range of goals focusing on integrating sustainability with the agency missions while minimizing implementation costs. In addition, a significant ramping up of supporting activities is necessary to meet long-term requirements.

As the Department's Chief Human Capital Officer (CHCO), the OASA will implement the DOT hiring reform initiative which will achieve the goal of reducing the DOT hiring process benchmark of 167 days in FY 2009 to 80 days in FY 2012, which is the OPM's ideal state, and make the necessary technological changes in the hiring process to accept resumes, eliminate essay questions; and ensure hiring managers are engaged throughout the hiring process. DOT's focus will be on three key objectives to further reform the hiring process: (1) initiating a vigorous Government-wide recruiting effort that makes it easier to apply for DOT jobs while also raising the bar on candidate quality; (2) giving managers and supervisors a greater leadership role in recruiting and selecting candidates with support from the agency human resources offices; and (3) monitoring agency efforts to improve the speed and quality of hiring and the satisfaction of managers and applicants with the hiring experience. Specifically, the Department will achieve the following in fiscal year 2012: (1) meet the government-wide 80-day hiring target; (2) limit external job announcement postings to 7-16 calendar days unless there are extenuating business circumstances; (3) return hiring certificates in 30 calendar days or less; (4) complete the Office of Personnel Management's (OPM) Hiring Manager Satisfaction Survey annually; (5) improve

the Personnel Security Action Request and Notification form; and (6) use automated systems in the hiring process

FY 2011 Anticipated Accomplishments

The Sustainability Office will establish a Sustainable Buildings Center of Excellence (SBCE) that will consist of a team of highly trained experts in specific areas that promote design and renovation for sustainable facilities within the Department. The SBCE will use best practices and the five Guiding Principles of Sustainable Buildings: (1) employ integrated design principles; (2) optimize energy performance; (3) protect and conserve water; (4) enhance indoor environmental quality; and (5) reduce environmental impact of materials. In addition, the Sustainability office will:

- Progress in building data and information systems needed to support the SBCE, measure baselines and progress toward meeting Executive Order targets for greenhouse gas emissions, energy, water, fleet, electronics stewardship, and green procurement monitoring and management.
- Set policy guidelines for implementing new tools and technologies for communications that will enable highly effective work and communications while reducing commuting and business travel.
- Continue progress in sustainable fleet management in terms of increased alternative fuel usage, reduced petroleum consumption and right sizing the fleet for the Department's mission by supporting continued information systems and communications that facilitate 'right placing' of vehicles near appropriate fueling facilities, 'right-sizing' vehicles for their individual missions, and seeking new initiatives for motor pool sharing.

In addition to hiring reforms, the Departmental Office of Human Resources will update the DOT succession plan for mission critical occupations and implement a DOT Labor-Management Forum. The forum will provide guidance to the OAs on pre-decisional matters; identify mission-linked or process improvement goals; administer and share the results of a labor relations climate survey; and develop comprehensive metrics to monitor improvements in relationships, productivity and other areas of importance.

Further, Human Resources (HR) will continue to promote the efficient use of human resources Department-wide, maintaining a performance culture where performance appraisal and award systems are linked to agency mission, goals and outcomes and continue to train the OAs to forecast future trends and needs to improve the linkage between the corporate recruitment program and workforce planning.

Finally, HR will continue to support interoperable HR solutions providing common, core functionality to support the strategic management of human capital in addressing duplicative and redundant HR systems and processes across the Federal Government.

The Office of the Senior Procurement Executive will provide expert advice and direction to the OAs, ensuring that taxpayer dollars achieve the performance outcomes required to accomplish DOT's mission while emphasizing performance, integrity and public policy requirements. In addition, the OSPE will continue to leverage DOT's buying power and achieve DOT's goals using innovative strategies and technologies such as strategic sourcing, spend analysis, and performance based acquisition.

The Office of Security will implement a Homeland Security Presidential Directive 12 (HSPD-12) policy for a common identification standard for Federal employees and contractors. The Office will partner with the Departmental Office of Human Resource Management, the Office of the Chief Information Officer, the Office of the Senior Procurement Executive, operating administrations, and Secretarial offices to issue policy and procedures to ensure that a new Federal employee or contractor employee has a completed background investigation or has undergone initial background checks, including a favorably-adjudicated criminal history check, before he/she has access to a DOT facility, resources, sensitive information, or information technology systems.

Why Is This Particular Program Necessary?

The Office of the Assistant Secretary for Administration performs the critical functions of maintaining and institutionalizing new and on-going Human Capital programs while integrating Human Capital practices, reforms, technologies, and programs; providing expert advice and direction to operating administrations to ensure that the over \$85 billion in taxpayer dollars spent annually through DOT's acquisition and grants business processes achieve the performance outcomes required to accomplish DOT's mission; launching significant initiatives toward meeting the goals of the Sustainability Executive Order and the Department's Strategic Sustainability Performance Plan; and funding centralized OST payments to the WCF and rental expenses to GSA.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, increased rent, and changes in Working Capital Fund costs. It also includes a \$.696 million to increase contractual support for the Environmental Sustainability initiative to achieve sustainable buildings, energy, water, renewable energy and greenhouse gas requirements in EO 13514 and the SSPP. This would assist in identifying the best return on investment target for facilities in the DOT inventory and developing a program to upgrade facilities through energy saving as performance contracts (ESPCs). Specifically, the program will work with the operating administrations to pilot test a flexi-place/hoteling work environment to identify the benefits, impediments and obstacles to successful reduction of space and increased telework and compressed work schedules. The funds will also be used to continue progress in sustainable fleet management in terms of identifying the state of the art tools to introduce electronic vehicles throughout the department. A more detailed breakdown of this request can be found in the

Object Class Detail by Office exhibit. A break-out of the request by program area is provided below.

FY 2012 Oversight and Policy

\$ 8.457 million

As the principal advisor to the Secretary and Deputy Secretary on Department-wide administrative matters, the Assistant Secretary is responsible for developing and reviewing policies and programs to ensure that high-quality, diverse talent is both continuously available and properly deployed to support DOT objectives. This role has been further expanded and defined through a number of specific laws, rules, and policies which mandate a wide range of initiatives, investments, and reports. The Departmental Office of Human Resource Management will maintain and institutionalize ongoing Human Capital programs while integrating Human Capital practices, technologies, and programs in order to contribute to organizational mission accomplishment. DOT must engage its succession plan to gain a “competitive edge” for attracting “top talent” to fill mission-critical positions and other occupations, while increasing employment opportunities to attract a diverse, talented, and highly-skilled workforce. Implementing global recruitment strategies will streamline hiring processes, reduce the time to fill jobs, improve vacancy announcements, and engage managers in the hiring process while DOT becomes the “Employer of Choice.” The Office of the Senior Procurement Executive (OSPE) executes the responsibilities of the Chief Acquisition Officer (CAO) and oversees the DOT acquisition system that expends \$5 billion in contracts and \$80 billion in grants funds annually through the Office of the Secretary and the Operating Administrations. The Office of Security provides Departmental leadership, oversight, and policy direction to ensure the safety, security, and protection of DOT personnel, information, facilities, and other assets. The program will continue to issue policy and procedures as necessary to maintain an effective program of coordinators in each of the operating administrations and Secretarial offices who will support the personnel security program for both Federal and contractor employees.

Departmental Office of Human Resource Management:

In FY 2012, the Departmental Office of Human Resource Management will maintain and institutionalize ongoing Human Capital programs while integrating Human Capital practices, technologies, and programs in order to contribute to organizational mission accomplishment. In particular, the Office will focus on acquisition human capital initiatives, closing competency gaps in the Department’s mission critical occupations as well as improving hiring times for all employees through use of electronic systems and efficient use of human resources. In addition, training will continue in the OAs’ use of the Civilian Forecasting System, which provides forward-looking analytical data and seven-year projections based on five years of historical data. The forecasting tool includes personnel target data, projections for accession requirements and separations (by type), and optimizes to target levels. As a workforce-planning tool, the OAs can determine projected vacancies by occupation, grade, organizations units, or geographic location. The Departmental Office of Human Resource Management now also plays a key role in the Department’s response to emergencies, such as national disasters and possible pandemics, and plays a key role in addressing issues identified in the annual Employee Viewpoint Survey. The requested funding level is necessary so that staff will be able to: track employee locations; identify impacted employees; develop and implement systems to track leave usage; and respond

to Congressional inquiries. The Department Office of Human Resource Management also plays a key role in addressing issues identified in the Annual Employee Viewpoint Survey.

Performance Measure:

The performance of the Departmental Office of Human Resource Management will be evaluated against the following measure as listed in Exhibit III-2:

Organizational Excellence

- Reduce the DOT hiring benchmark of 167 days to 80 days.

Departmental Office of the Senior Procurement Executive

In FY 2012, the OSPE will focus on providing expert advice and direction to Operating Administrations to ensure that the over \$85 billion in taxpayer dollars spent annually through DOT's acquisition and grants business processes achieve the performance outcomes required to accomplish DOT's mission. OSPE is responsible for ensuring a balanced approach to managing DOT's business processes which emphasizes performance, integrity and public policy requirements. In addition, after a decade of reforms which encouraged the acquisition community to be creative, both the Government Accountability Office and the DOT Office of the Inspector General (IG) are more focused on acquisition oversight than ever before. This is evident in the Office of Federal Procurement Policy's (OFPP's) mandate for each agency to perform an assessment of the acquisition function, the IG's focus on the need to improve acquisition and contracting in their *Top Ten Management Challenges* and the many on-going audit engagements in the Department that focus on acquisition and grants management (e.g., oversight of cost type contracts, use of award fee contracts, use of DCAA audit services). These mandates have required increased due diligence by agency CAOs. In particular, the OSPE will:

- Implement risk management strategies throughout the Department;
- Develop enhanced capabilities to collect, review and analyze procurement and grants data.
- Implement OMB initiatives such as performance based acquisition, enhanced competition, and improved internal controls through evaluation of agency acquisitions functions using the GAO framework.
- Improve departmental acquisition processes and performance outcomes on DOT's major acquisition programs.
- Strengthen audit oversight and tracking to ensure audits (pre award, cost incurred and close-out) are being obtained when needed, that a departmental audit plan is negotiated with the OAs annually, and that responses to audit findings are prepared in a timely manner.
- Work with the OAs to establish enterprise-wide contracts based on current spend. Contractor support will perform spend analysis and work with commodity councils to ensure the success of the DOT Strategic Sourcing Program.

Performance Measure:

The performance of the Departmental Office of Senior Procurement Executive will be evaluated against the following measure as listed in Exhibit III-2:

Organizational Excellence

- Percent of excluded party's information that is placed into EPLS within 5 business days of receiving notification from the modal administration and secretarial offices.

Office of Security:

In FY 2012, the Office of Security will focus on:

- Coordinate and finalize an updated physical security order that will apply to all DOT facilities; increase outreach and oversight of operating administration physical security programs and work closely with designated senior officials from each of the OAs to assist them as necessary in implementing their programs.
- Publish an updated DOT order on classified national security information management, an order that will implement requirements of the new Executive Order (E.O. 13526), an accompanying Presidential memorandum, and updated regulations issued by the Information Security Oversight Office. In addition, a new DOT order on classified information spillage, which includes requirements for responding to incidents when classified information has been placed on unclassified systems will be finalized and published.
- Establish a policy to ensure proper security education and training for all DOT employees who are granted access to classified information and for all officials who have original classification authority and update the DOT order governing the Technical Surveillance Countermeasures program.
- Represent the Department at meetings on interagency policy that are developing national policies and procedures for the security programs. Examples include the Overseas Security Policy Board, the Interagency Security Committee, the Committee on National Security Systems, Security Executive Agent Advisory Committee, the Suitability and Security Clearance Performance Accountability Council, and the Classified Management Working Group; and subcommittees and working groups of these committees.
- Finalize a personnel security order for DOT, which will incorporate major changes in national policies and procedures for initiating, conducting, and adjudicating background investigations on Federal employees, contractor employees, and affiliated personnel. It will also include updated policies on designating DOT positions as to risk and/or sensitivity level.

FY 2012 Environmental Sustainability

\$1.848 million

In FY 2012, the Environmental Sustainability Program will focus on three key initiatives to achieve the Strategic Sustainability Performance Plan goals:

- Sustainable Buildings Center of Excellence. The Department will identify the best return on investment opportunities for meeting multiple requirements for each facility project undertaken. This program will be focused on achieving the facility related goals of the

Executive Orders with the most time and resource efficient processes by establishing streamlined processes, staffing with expertise in all aspects of real property portfolio performance improvement including highly trained experts in implementing energy savings performance contracting.

- Data systems development. A key element in the 10-year sustainability strategy is the development of data systems to enable the Department to measure its baseline and progress performance, identify operations with the most significant environmental footprint, and identify the best opportunities for sustainability and where to focus resources.
- Technology adoption and enhancement. The Department is implementing a variety of programs for which success depends on a portfolio of technologies. For example, software and hardware tools are necessary for building and electronics automation for energy conservation and state of the art communications tools for implementing employee alternatives to commuting and business travel.

Performance Measure:

The performance of the environmental sustainability program will be evaluated against the following measure as listed in Exhibit III-2:

Environmental Sustainability

- 30 percent reduction in vehicle fleet petroleum use by 2020.
- 26 percent improvement in water efficiency by 2020.
- 20 percent greenhouse gas reduction by 2020.
- 50 percent recycling and waste diversion by 2015.
- 95 percent of all applicable contracts will meet sustainability requirements by 2020.

During FY 2012, data will be collected to establish the baseline for measuring the targeted reductions. Using this information, annual targets will be established beginning in FY 2013.

FY 2012 Administration

\$17.392 million

OST Payment to the Working Capital Fund

Payments for centralized administrative and support services for all OST offices will total \$7.771 million in FY 2012. Technical and administrative services include building security, personnel operations, facilities management, parking management, printing and graphics, mail operation and dockets management operations, building security, utilities and building maintenance, voice, cable and wireless communications, Disability Resource Center, substance abuse awareness and testing, and procurement and acquisition services. This consolidation of services allows OST to achieve economies of scale and critical safety and health operation for OST employees.

Rental Payments to GSA

Consolidated payments for GSA rental expenses for all OST offices will total \$9.621 million in FY 2012. In addition to the rented space, OST will pay for and occupy the Southeast Federal Center headquarters building.

Rental Locations	FY 2010 Rental Payments	FY 2012 Rental Payments	Net Increase/Decrease
Southeast Federal Center, WDC	\$ 8,654,000	\$ 9,562,633	\$ 908,633
College Park, GA	\$ 49,980	\$ -	\$ (49,980)
Des Plaines, IL	\$ 57,734	\$ -	\$ (57,734)
San Francisco, CA	\$ 13,927	\$ 12,581	\$ (1,346)
Operations and Maintenance	\$ 44,359	\$ 45,617	\$ 1,258
Total:	\$ 8,820,000	\$ 9,620,831	\$ 800,831

**Explanation of Funding Changes
for the
*Office of the Asst. Sec. for Administration***

FY 2010 Enacted	\$25,520
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$7
Other Services:	-\$7
FY 2011 Base Annualized CR	\$25,520
Adjustments to Base:	
Inflation:	\$88
GSA Rent:	\$827
One Less Compensable Day:	(\$31)
WCF:	\$598
FY 2012 Adjusted Base:	\$27,001
Program Changes (+/-):	
Environmental Sustainability	\$696
Increased contractor support for the Environmental Sustainability Program to implement the DOT Strategic Sustainability Performance Plan.	
Total FY 2012 Request:	\$27,697

Detailed Justification for the Office of Public Affairs

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of Public Affairs

(\$000)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	1,850	1,843	-7
Travel	80	80	0
Other Costs	125	214	89
TOTAL	2,055	2,137	82
<u>STAFFING</u>			
Direct Positions	19	19	0
Reimbursable Positions	1	0	-1
Direct FTE	16	16	0
Reimbursable FTE	1	0	-1

The Office of Public Affairs is requesting \$2.137 million and 16 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Director of Public Affairs is the principal advisor to the Secretary and other senior Department officials and news media on public affairs questions. The Office of Public Affairs prepares news releases and supporting media materials, articles, facts sheets, briefing materials, publications, audiovisual materials and maintains a new media presence. In addition, the Office prepares speeches and talking points for the Secretary and Deputy Secretary. It also provides information to the Secretary on opinions and reactions of the public and news media on programs and transportation issues. It arranges news conferences and provides speeches, talking points and byline articles for the Secretary and other senior Department officials.

The Office of Public Affairs supports the **Organizational Excellence** strategic goal by developing a diverse, effective and collaborative workforce that will enable the Department to

advance a transportation system that serves the Nation's long-term social, economic, security, and environmental needs. The Office of Public Affairs will make available to the public information on the Department's efforts to improve transportation safety, maintain transportation infrastructure in a state of good repair, promote transportation investments that bring lasting benefits to the Nation, foster livable communities and advance environmentally sustainable transportation policies.

The Office of Public Affairs will continue to focus on the progress in upgrading the transportation infrastructure and will use video and satellite feeds and other means to share information about how these projects are creating jobs and improving the economy. In addition, the Department is aggressively pursuing a campaign to end distracted driving. The Office of Public Affairs has organized a national summit on this issue and will continue to promote the campaign through events and speeches, news releases and articles and new media opportunities.

Why Is This Particular Program/Activity Necessary?

The Office of Public Affairs has a continuing responsibility to keep the American public, the media and all interested governmental agencies informed of Department of Transportation programs and activities. Not only is there an inherent public right to know, but public understanding and discussion are essential to accomplishing DOT goals. The public support necessary to achieve Department objectives requires an open public information program responsive to media inquiries and public interest. It must also be comprehensive and cohesive, coordinating the public affairs activities of the Department's 10 modal public affairs offices. The Office of Public Affairs also works with a contractor to provide department-wide news clips every day. As an indicator of future activity, in 2009, the Office of Public Affairs saw the number of subscribers for Department of Transportation press releases swell from 3,000 to 10,000 and the number of visits to the Secretary's blog increase from 12,000 to 87,000 monthly.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a small increase in contractual services for speech writing services for the Department. It also funds the 16 FTEs authorized for this office and associated costs. Funding at the requested level is necessary for the Office of Public Affairs to continue to show how transportation infrastructure dollars are being spent and to continue to promote the Department's efforts to end distracted driving, an undertaking begun in September 2009. A more detailed breakdown of this request can be found in the Object Class Detail by Office exhibit.

Explanation of Funding Changes
for the
Office of the Asst. to the Sec. for Pub. Affairs
(\$000)

FY 2010 Enacted	\$2,055
Redirection of Resources	
Personnel Compensation & Benefits	(\$1)
Other Costs	\$1
	.
FY 2011 Annualized CR	\$2,055
Adjustments to Base:	
Inflation:	\$2
One Less Compensable Day:	-\$7
FY 2012 Adjusted Base:	\$2,050
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	
Speech writing services for the Department	\$87
Total FY 2012 Request:	\$2,137

Detailed Justification for Acquisition Workforce Development

What Is The Request And What Will We Get For The Funds?

FY 2012 – Acquisition Workforce

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	0	0	0
Travel	0	0	0
Other Costs	0	7,623	7,623
TOTAL	0	7,623	7,623
<u>STAFFING</u>			
Direct Positions	0	0	0
Reimbursable Positions	0	0	0
Direct FTE	0	0	0
Reimbursable FTE	0	0	0

The Department is requesting \$7.623 million for Acquisition Workforce Development.

What Is This Program?

The Acquisition Workforce Development is an initiative that will increase the Department's acquisition workforce capacity and capabilities through training, recruitment, retention, and hiring. While the funds are requested within the Office of the Secretary Salaries and Expenses appropriation, the intent is to transfer the funds to other accounts in the Department for the purpose of acquisition workforce development. This initiative supports the **Organizational Excellence** strategic goal by ensuring the acquisition personnel meet the training and qualifications requirements for the size and complexity of the acquisitions to which they are assigned.

Why Is This Particular Program Necessary?

The Acquisition Workforce Development initiative is necessary to ensure that acquisition personnel has the appropriate skills and qualifications necessary to accomplish the procuring function of the Department in an efficient and effective manner. This requires investing resources to provide the acquisition workforce with training and knowledge necessary to perform the mission.

Why Do We Want/Need To Fund The Program At The Requested Level?

\$7.623 million is needed to improve departmental acquisition processes and to ensure they are managed effectively. The focus will be on four key areas to include requirements and funding for: new positions; training and certification; contractor support costs to collect data and provide training to the workforce; business process reengineering; recruitment activities; organizational development; and innovative acquisition approaches that benefit the Department's acquisition efforts.

The public is demanding greater accountability and transparency in acquisition which resulted in legislation such as the Federal Funding Accountability and Transparency Act of 2006. The goal of this statute is to give the public greater insight into how procurement and grants funds are being spent. In addition, after a decade of reforms that encouraged the acquisition community to be creative, both the Government Accountability Office and the DOT office of Inspector General (IG) are more focused on acquisition oversight than ever before. This is evident in the Office of Federal Procurement Policy's (OFPP's) mandate for each agency to perform an assessment of the acquisition function, the IG's focus on the need to improve acquisition and contracting in their *Top Ten Management Challenges* and the many on-going audit engagements in the Department that focus on acquisition and grants management.

**Explanation of Funding Changes
for Acquisition Workforce
(\$000)**

FY 2010 Enacted	\$0
FY 2011 Annualized CR	\$0
Adjustments to Base:	
Inflation:	\$0
One Less Compensable Day:	\$0
WCF:	\$0
FY 2012 Adjusted Base:	\$0
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	\$7,623
Total FY 2012 Request:	\$7,623

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SALARIES & EXPENSES

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 REQUEST
69-0102-0-1-407			
Obligations by program activity:			
00.01 General Administration	99,155	105,286	121,442
00.02 SCASDP Grants	7,699	14,440	0
00.91 Direct program activities, subtotal	106,853	119,726	121,442
08.01 Reimbursable program	21,976	28,019	7,828
09.00 Total new obligations	128,830	147,745	129,270
Budgetary Resources:			
10.00 Unobligated balance brought forward, Oct 1	13,449	13,972	5,532
10.21 Resources available from recoveries of prior year obligations	318	0	0
10.29 Unobligated balance withdrawn	-3	0	0
10.50 Unobligated balance (total)	13,764	13,972	5,532
New Budget Authority, disc:			
11.00 Appropriation	102,686	102,686	118,842
11.60 Appropriations, discretionary (Total)	102,686	102,686	118,842
Spending authority from offsetting collections, discretionary:			
17.00 Collected	29,795	36,619	10,428
17.01 Change in uncollected payments, Federal sources	594	0	0
17.50 Total Spending authority	30,389	36,619	10,428
19.00 Budget Authority (total)	133,075	139,305	129,270
19.30 Total Budgetary Resources Available	146,842	153,277	134,801
Memorandum (non-add) entries:			
19.40 Unobligated Balance Expiring	-4,037	0	0
19.41 Unexpired obligated balance, end of year	13,972	5,532	5,531
Change in obligated balance:			
30.00 Unpaid obligations, brought forward, Oct 1 (gross)	43,543	43,053	12,202
30.10 Uncollected pymts, Fed sources, brought forward, Oct 1	-7,727	-7,466	-7,466
30.20 Obligated balance, start of year (net)	35,817	35,587	4,736
30.30 Obligations incurred, unexpired accounts	128,830	147,745	129,270
30.31 Obligations incurred, expired accounts	1,387	0	0
30.40 Obligated balance, Outlays (gross)	-127,199	-178,596	-127,654
30.50 Change in uncollected pymts, Fed sources, unexpired	-594	0	0
30.51 Change in uncollected pymts, Fed sources, expired	855	0	0
30.80 Recoveries of prior year unpaid obligations, unexpired	-318	0	0
30.81 Recoveries of prior year unpaid obligations, expired	-3,191	0	0
Obligated balance, end of year (net):			
30.90 Unpaid obligations, end of year (gross)	43,053	12,202	13,818
30.91 Uncollected pymts, Fed sources, end of year	-7,466	-7,466	-7,466
31.00 Obligated balance, end of year (net)	35,587	4,736	6,352
Budget Authority and outlays, net:			
40.00 Budget authority, gross	133,075	139,305	129,270
Outlays, gross:			
40.10 Outlays from new discretionary authority	105,894	129,036	117,385
40.11 Outlays from discretionary balances	21,305	49,559	10,269
40.20 Outlays, gross (total)	127,199	178,596	127,654
Offsetting collections (collected) from:			
40.30 Federal sources	-28,092	-34,019	-7,828
40.33 Non-Federal sources	-2,519	-2,600	-2,600
40.40 Total offsetting collection (cash)	-30,611	-36,619	-10,428
Additional offsets against gross budget authority only:			
40.50 Chg in Uncollected cust orders fm Fed Sources (unexpired)	-594	0	0
40.52 Offsetting collections credited to expired accounts	816	0	1,000
40.60 Additional offsets against gross budget authority only (total)	222	0	1,000
40.70 Budget authority, net (discretionary)	102,686	102,686	119,842
40.80 Outlays, net (discretionary)	96,588	141,977	117,226
41.80 Budget authority, net (disc. and mand.)	102,686	102,686	119,842
41.90 Outlays, net (disc. and mand.)	96,588	141,977	117,226

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SALARIES & EXPENSES

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code		FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 REQUEST
69-0102-0-1-407				
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	40,555	47,637	49,515
11.3	Other than full-time permanent	4,624	3,979	3,966
11.5	Other personnel compensation	<u>1,218</u>	<u>1,204</u>	<u>1,205</u>
11.9	Total personnel compensation	46,397	52,820	54,686
12.1	Civilian personnel benefits	11,372	13,824	14,492
21.0	Travel and transportation of persons	1,403	1,852	1,865
23.1	Rent	8,698	8,750	9,621
23.3	Communications, utilities and misc.	25	10	10
24.0	Printing	297	684	687
25.2	Other services	29,825	26,960	39,693
26.0	Supplies and materials	543	323	325
31.0	Equipment	1,345	63	63
41.00	Grants, subsidies and contributions	6,948	14,440	0
42.00	Insurance claims & Indemnity	<u>0</u>	<u>0</u>	<u>0</u>
99.0	Subtotal, direct obligations	106,853	119,726	121,442
99.0	Reimbursable obligations	<u>21,977</u>	<u>28,019</u>	<u>7,828</u>
99.9	Total obligations	128,830	147,745	129,270

PERSONNEL SUMMARY

Identification Code		FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 REQUEST
69-0102-0-1-407				
1001	Total compensable workyears:			
	Full-time equivalent employment	410	478	482
2001	Reimbursable workyears:			
	Full-time equivalent employment	23	31	22

Section 3 - FY 2011 Budget Request by Appropriation

SALARIES AND EXPENSE APPROPRIATION
FY 2010 ENACTED
OBJECT CLASS DETAIL BY OFFICE

(In thousands of dollars)

	OFFICE OF THE SECRETARY	OFFICE OF THE DEP. SEC.	OFFICE OF THE EX. SEC.	UNDER SEC. OF TRANSP. POLICY	OFFICE OF SDBU	OFFICE OF INTEL. & SEC. AND EMERGENCY	OFFICE OF THE SIO	GENERAL COUNSEL	ASSIST. SEC. FOR GOVT. AFFAIRS	ASSIST. SEC. FOR BUDGET	ASSIST. SEC. FOR ADMIN.	OFFICE OF PUBLIC AFFAIRS	TOTAL
a. PC&B COSTS													
PERSONNEL COMP. & BENEFITS													
(1) FTP COSTS	983,000	378,000	1,289,000	7,656,000	1,045,000	5,222,000	2,845,000	12,693,000	981,000	6,149,000	6,235,000	875,000	46,301,000
(2) OTTP COSTS	801,000	360,000	7,000	653,000	0,000	107,000	94,000	398,000	694,000	348,000	11,000	525,000	3,978,000
(3) OTHER COMPENSATION	5,000	2,000	5,000	161,000	45,000	440,000	56,000	264,000	16,000	200,000	0,000	10,000	1,204,000
SUBTOTAL COMPENSATION	1,789,000	740,000	1,301,000	8,460,000	1,090,000	5,769,000	2,995,000	13,295,000	1,691,000	6,697,000	6,246,000	1,410,000	51,483,000
b. PERSONNEL BENEFITS	506,000	208,000	324,000	2,009,000	296,000	1,395,000	777,000	3,506,000	523,000	1,678,000	1,830,000	449,000	13,492,000
SUBTOTAL, PC&B	2,295,000	948,000	1,625,000	10,469,000	1,386,000	7,164,000	3,772,000	16,801,000	2,214,000	8,375,000	8,076,000	1,850,000	64,975,000
2. TRAVEL & TRANS. OF PERS.	230,000	21,000	0,000	207,000	0,000	633,000	25,000	390,000	116,000	15,000	67,000	80,000	1,784,000
4. RENTAL PAYMENTS TO GSA	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	8,820,000	0,000	8,820,000
5. COMM., UTIL., & MISC.	0,000	2,000	3,000	0,000	0,000	1,000	0,000	0,000	0,000	0,000	0,000	0,000	6,000
6. PRINTING & REPRODUCTION	0,000	1,000	0,000	6,000	0,000	0,000	0,000	863,000	0,000	0,000	0,000	0,000	870,000
7. OTHER SERVICES	89,000	33,000	29,000	349,000	113,000	2,064,000	9,390,000	2,192,000	96,000	2,164,000	8,541,000	105,000	25,145,000
8. SUPPLIES & MATERIALS	17,000	1,000	1,000	24,000	0,000	38,000	20,000	113,000	78,000	5,000	16,000	10,000	323,000
9. EQUIPMENT	0,000	0,000	0,000	45,000	0,000	700,000	8,000	0,000	0,000	0,000	0,000	10,000	763,000
SUBTOTAL, OTHER COSTS	336,000	36,000	33,000	631,000	113,000	3,436,000	9,443,000	3,558,000	290,000	2,184,000	17,444,000	205,000	37,711,000
TOTAL	2,631,000	986,000	1,658,000	11,100,000	1,499,000	10,600,000	13,215,000	20,359,000	2,504,000	10,559,000	25,520,000	2,055,000	102,686,000

STAFFING DIRECT	POSITIONS 1/	FTE 1/	REIMBURSABLE POSITIONS	FTE
	15.00	7.00	7.00	15.00
	15.00	7.00	15.00	15.00
	7.00	0.00	0.00	7.00
	7.00	0.00	0.00	7.00
	127.00	89.00	89.00	127.00
	9.00	9.00	9.00	9.00
	49.00	49.00	49.00	49.00
	28.00	25.75	25.75	28.00
	113.00	109.50	109.50	113.00
	24.00	18.00	18.00	24.00
	66.00	59.00	59.00	66.00
	1.00	1.00	1.00	1.00
	19.00	19.00	19.00	19.00
	526.00	466.25	466.25	526.00
	33.00	33.00	33.00	33.00
	32.00	32.00	32.00	32.00

1/ Includes SCASDP Positions & FTE's

Section 3 - FY 2012 Budget Request by Appropriation

SALARIES AND EXPENSE APPROPRIATION
FY 2012 REQUEST
OBJECT CLASS DETAIL BY OFFICE

(In thousands of dollars)

	OFFICE OF THE SECRETARY	OFFICE OF THE DEP. SEC	OFFICE OF THE EX. SEC	UNDER SEC OF TRANSP POLICY	OFFICE OF SDBU	OFFICE OF INTEL & SEC. AND EMERG. RES.	OFFICE OF THE CIO	GENERAL COUNSEL	ASSIST SEC FOR GOVT AFFAIRS	ASSIST SEC FOR BUDGET	ASSIST SEC FOR ADMIN	OFFICE OF PUBLIC AFFAIRS	ACQUISITION WORKFORCE	TOTAL
a. PC&B COSTS														
PERSONNEL COMP. & BENEFITS														
(1) FTP COSTS	979,000	376,000	1,284,000	8,892,000	1,041,000	5,493,000	4,197,000	12,856,000	1,047,000	6,287,000	6,211,000	872,000	0,000	49,515,000
(2) OTTP COSTS	798,000	359,000	7,000	632,000	0,000	107,000	95,000	397,000	691,000	347,000	11,000	522,000	0,000	3,965,000
(3) OTHER COMPENSATION	5,000	2,000	5,000	161,000	45,000	440,000	56,000	264,000	15,000	200,000	0,000	11,000	0,000	1,204,000
SUBTOTAL COMPENSATION	1,782,000	737,000	1,296,000	9,685,000	1,086,000	6,040,000	4,348,000	13,517,000	1,753,000	6,814,000	6,222,000	1,405,000	0,000	54,685,000
b. PERSONNEL BENEFITS	502,000	210,000	322,000	2,544,000	299,000	1,470,000	1,078,000	3,536,000	544,000	1,711,000	1,838,000	438,000	0,000	14,492,000
SUBTOTAL, PC&B	2,284,000	947,000	1,618,000	12,229,000	1,385,000	7,510,000	5,426,000	17,053,000	2,297,000	8,525,000	8,060,000	1,843,000	0,000	69,177,000
2. TRAVEL & TRANS. OF PERS.	231,000	27,000	0,000	209,000	0,000	703,000	25,000	392,000	116,000	15,000	67,000	80,000	0,000	1,865,000
4. RENTAL PAYMENTS TO GSA	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	9,621,000	0,000	0,000	9,621,000
5. COMM., UTIL., & MISC.	0,000	0,000	3,000	0,000	0,000	5,000	0,000	0,000	0,000	0,000	0,000	0,000	0,000	10,000
6. PRINTING & REPRODUCTION	0,000	1,000	0,000	6,000	0,000	0,000	0,000	680,000	0,000	0,000	0,000	0,000	0,000	687,000
7. OTHER SERVICES	91,000	10,000	60,000	318,000	135,000	2,541,000	12,271,000	1,376,000	139,000	2,404,000	9,893,000	194,000	7,623,000	37,093,000
8. SUPPLIES & MATERIALS	17,000	1,000	1,000	24,000	0,000	38,000	20,000	114,000	78,000	5,000	16,000	10,000	0,000	374,000
9. EQUIPMENT	0,000	0,000	0,000	45,000	0,000	0,000	8,000	0,000	0,000	0,000	0,000	10,000	0,000	65,000
SUBTOTAL, OTHER COSTS	339,000	41,000	64,000	602,000	135,000	3,287,000	12,324,000	2,562,000	332,000	2,424,000	19,637,000	294,000	7,623,000	49,665,000
TOTAL	2,623,000	988,000	1,682,000	12,831,000	1,520,000	10,797,000	17,750,000	19,615,000	2,630,000	10,949,000	27,697,000	2,137,000	7,623,000	118,842,000
STAFFING DIRECT														
POSITIONS	15,000	7,000	15,000	122,000	9,000	52,000	35,000	114,000	24,000	58,000	66,000	19,000	0,000	536,000
FTE	15,000	7,000	15,000	86,000	9,000	51,500	35,000	113,500	18,500	56,000	59,000	16,000	0,000	481,500
REIMBURSABLE														
POSITIONS	7,000	0,000	0,000	4,000	0,000	0,000	0,000	0,000	0,000	1,000	10,000	0,000	0,000	22,000
FTE	7,000	0,000	0,000	4,000	0,000	0,000	0,000	0,000	0,000	1,000	10,000	0,000	0,000	22,000

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Detailed Justification for Transportation Planning, Research and Development

What Is The Request And What Will We Get For The Funds?

FY 2012 – TPR&D			
(In thousands of dollars)			
	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-FY 2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	5,511	5,697	186
Travel	152	153	1
Other Costs	12,505	3,974	-8,531
TOTAL	18,168 ^{1/}	9,824	-8,344
<u>STAFFING</u>			
Direct Positions	31	33	2
Reimbursable Positions	0	0	0
Direct FTE	31	33	2
Reimbursable FTE	0	0	0

^{1/} Includes \$2 million for the Mississippi-Missouri Rivers study pursuant to P.L. 111-117, Section 195 as well as \$5.935 million for Congressional earmarks.

The Transportation Planning, Research and Development (TPR&D) request is for \$9.824 million and 33 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program?

The TPR&D appropriation finances research activities and studies related to the various passenger and freight transportation modes needed to support the Secretary's responsibilities in the formulation of national transportation policies.

In FY 2012, TPR&D funded activities support the **Safety** (23%), **Economic Competiveness** (54%) and **Environmental Sustainability** (23%) Strategic Goals. The activities support the development of transportation policy; coordination of national level transportation planning; analysis of methods of increasing the economic efficiency of transportation; research into intermodal and multi-modal issues that are not the responsibility of any one modal agency; regulatory modernization; energy conservation; freight movement; environmental and safety impacts of transportation; aviation economic policy; sustainable transportation; and international transportation issues.

Safety: Most research in this area is directed and overseen by the Office of Safety, Energy and the Environment (OSEE) which formulates and recommends departmental policies, plans and guidelines to enhance public health and safety, energy infrastructure safety, and new transportation technologies. In addition, the economic analysis and research conducted by the Office of Aviation Analysis (OAA) through the Air Carrier Economic Fitness Programs is mandated by safety concerns. For example, an airline that is financially weak has a greater incentive to take short cuts on safety measures.

Economic Competitiveness: The OAA is an independent source of analyses for the Department's aviation and international affairs policy making function; exercises the Department's economic oversight of the domestic and international aviation industries; and researches and establishes international and Alaskan mail rates as required by law. OAA has the responsibility to provide and analyze the research necessary to support the Department's decision makers on major airline issues, including airline mergers and acquisitions, domestic and international code-share alliances, immunized international alliances between U.S. and foreign carriers, airline distribution practices, airline strike and bankruptcy issues, and airline service at rural communities. The Office of Economic & Strategic Analysis (OESA) researches and analyzes methods of increasing the economic efficiency of all modes of transportation, including benefit-cost analysis, pricing mechanisms, and accelerated deployment of transportation technologies such as Intelligent Transportation Systems and the Next Generation Air Transportation System. It provides guidance to the operating administrations on procedures and economic assumptions to use in forecasting and economic analysis; develops recommendations for the Office of General Counsel regarding the economic evaluation of significant regulations prepared in the Department; provides analysis of issues involving the financing of transportation infrastructure projects, including new institutional or financial arrangements; conducts or reviews analyses on the economic and financial viability of new transportation technologies and program proposals; and reviews the adequacy of data available for economic analysis of transportation. The Office of International Transportation and Trade (OITT) researches and develops international surface and inter-modal transportation and trade policies and programs, including trade facilitation, technical assistance and cooperation programs, trade promotion and advocacy, multimodal transportation issues, and international diplomatic and protocol activities to lead and coordinate Departmental representation in global transportation and trade organizations.

Environmental Sustainability: Research in this area is conducted by the OSEE, which formulates and recommends departmental policies, plans and guidelines related to the natural and human environment, including, but not limited to, policy advice and activities on air quality, water quality, ecosystem management, noise, state and local quality of life, historic preservation and bicycle and pedestrian transportation. The office formulates and recommends departmental policies, plans and guidelines related to energy, energy transportation interactions, and greenhouse gas emission reduction.

Role of partners in implementing the program: In addition to working with traditional transportation stakeholders, such as the Transportation Research Board (TRB), the Office of the Under Secretary coordinates its TPR&D research with other Departmental research. The Research and Innovative Technology Administration (RITA) is the lead agency responsible for coordinating well over \$1 billion in research across the Department each year. Coordination with RITA and other modal agencies enables the Office of the Under Secretary to leverage its

small research budget, and to help address unanticipated needs, especially for smaller administrations with limited research resources of their own. For example, with the inclusion of High Speed and Intercity Passenger Rail in the Recovery Act, TPR&D-funded studies and reviews were initiated to determine how Positive Train Control could increase throughput capacity, and to develop corridor-specific recommendations for improvements along proposed corridors. The Office of the Under Secretary is increasingly coordinating its efforts with those of other Federal agencies; for example, seeking input from the Commerce Department and U.S. Trade Representative to develop research into the transportation implications of meeting the President's goal to double exports in five years. Through RITA, the Office of the Under Secretary is reaching out to a network of 85 University Transportation Centers (UTCs) to help coordinate their work with the Department's research priorities. The Office of the Under Secretary has had great success with its Visiting Professor (ViP) program, where a professor from a UTC works in the Office during his or her sabbatical.

FY 2011 base budget and anticipated accomplishments: The Office of the Under Secretary anticipates the following studies will be completed, and reports delivered in FY 2011:

- Aviation Data Modernization (Phase I – contractor updates the current system which dates from the 1970s) Funded in FY 10.
- Longitudinal Analysis of TIGER Grant projects, with initial performance measures.
- High Speed Rail review, in conjunction with FRA and Volpe, with corridor-specific recommendations.
- A study of the impact of maritime changes, such as the widening of the Panama Canal, and the opening of a Northwest Passage, on U.S. freight flows, in cooperation with MARAD and the Commerce Department.
- An Integrated Corridor Management Study, along with FTA and RITA, aligned with RITA's ongoing research initiative.
- A pilot to identify the best means to update the decade-old Household Survey data, in cooperation with RITA and FHWA.
- A State Smart Transportation Initiative, supported by FHWA and transportation stakeholders, identifying sustainability measures and best practices.

Why Is This Particular Program Necessary?

The TPR&D account is the only research and development account directly within the purview of the Office of the Secretary, available to support cross-modal, intermodal, and multi-modal priorities. TPR&D research serves two primary functions. One function is to provide the data and assessment tools necessary to determine how key programs, and transportation communities, are performing. The second function is to develop recommendations about how transportation policy should change to shape, or adjust to, a changing world.

To measure and track the value of TPR&D funded research, the Office of the Under Secretary is proposing, beginning in FY 2011, that the Department's Research Council review significant studies and research reports one year after they have been issued. The review would assess the value of the report and whether any determinations or recommendations were adopted. The review would provide findings about any shortcomings in the report, and recommendations about how to fix them, if necessary, or avoid them in future reports.

If TPR&D were not funded, the Department would lose its independent means to research and analyze data about the financial stability, and commensurate ability to address safety, of the nation's air carriers. More broadly, the Department would lose the ability to develop performance measures and track progress of key transportation programs. Similarly, the Department would lose the means to independently generate and collect the information used to negotiate air access with foreign countries, and the Department would lose the means to proactively research Administration priorities, unless research in those areas was conducted by private entities for commercial reasons, and was not being withheld from the public for commercial advantage. For example, while it is likely that shipping companies and the Panama Canal will conduct their own exhaustive studies of maritime freight flow changes that can be used to predict impacts on the nation's transportation network, they are not likely to share that information.

If TPR&D were not funded, its core responsibilities would have to be shifted to other modal research programs. The efficiency and effectiveness of intermodal research would be limited by the statutes governing the use of each Operating Administrations appropriation.

Decentralizing research funds would make coordination across modes, and with other Federal agencies, significantly more difficult. Relying on outside parties to do the necessary research is not a practical alternative. In certain cases, they would have no economic incentives to do so; in other cases, the economic interests of outside parties argue for a non-partisan agent to collect and analyze the information.

How Do You Know The Program Works?

From its inception the US government wrestled with its role in developing transportation infrastructure and transportation policy. The result has been confusion and needless complexity, leading to an overabundance of aid for some means of transportation and inadequate support for others. The TPR&D funded program addresses such major transportation policy issues, identifies national research needs, and funds research and analysis that results in analytical and information tools to support Federal and State agencies in the planning, operation, management and maintenance of US transportation systems. Policy development for surface transportation

reauthorizations are primarily supported by TPR&D funded analytical research and the Office of the Under Secretary staff.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a decrease in other costs, including congressional earmarks. It funds \$3.211 million in new contracted research to support the Secretary's priorities and \$6.613 million to fund staff support to conduct or oversee contracted research and associated travel.

Safety: (23%) (\$750,000 in contract research)

Research will, in at least three specific safety areas, identify barriers and suggest alternative approaches to counteract those factors that inhibit achievement of performance goals. This will lead to a reduction in fatalities, injuries and property damage.

Improving safety throughout the transportation sector is DOT's highest priority and the Secretary has urged all DOT to redouble efforts to reduce transportation-related fatalities and injuries and make the U.S. transportation system safe for all users. This requested funding would advance research actions to support policy decisions in the critical areas in order to reduce transportation-related fatalities and injuries; and improve safety experience for all road users, including motorists, pedestrians and bicyclists, with a focus on children, older adults, and individuals with disabilities. The funding would advance research on such safety issues as implications of innovative roadway modal sharing on the safety of users, cross-modal integration of definitions and potential collection alternatives for injury data, and implications of modal shift policies on the safe mobility of an aging population. Research will allow us to implement data-driven, effective policies that will assist DOT in attaining performance goals specified in the DOT Strategic and Performance Plans.

For example, research on innovative roadway modal sharing will examine the safety implications of allowing equal access by pedestrians, bicyclists, transit, and other motorized vehicles within specified share-space designated areas. Many innovative street designs under consideration are not contained in the American Association of State Highway and Transportation Officials (AASHTO) greenbook or the Manual on Uniform Traffic Control Devices (MUTCD). Research will identify the elements of such innovations, barriers to adoption, including perception issues, and safety benefits and costs. The research will encompass (1) a review of existing literature on programs that will most likely achieve significant reductions in the number of highway fatalities, injuries and crashes, and; (2) evaluation of existing experiments, including an evaluation of any safety data or noted concerns, along with recommendations for appropriate conditions to conduct demonstration projects. With respect to crash injury data, the research will examine current definitions of injuries and data collection methodologies, recommend alternatives, and identify costs of crash related injuries to society. For our aging population, additional research will focus on the relative safety implications of incentivizing a shift from traditional passenger vehicle transport to alternative mobility options, identifying barriers/challenges to public acceptance of modal shifts. Research on reducing crashes will focus on countermeasures for enhancing transportation safety.

Advancing and accelerating new policies requires a sound, research-based concept to insure that safety is not compromised as DOT implements other initiatives. While some larger cities have the resources to implement innovative roadway design projects, more widespread adoption will require intense examination of the concept and more thorough disposal of concerns and barriers to acceptance, such as liability concerns. The highway fatality rate is currently at the lowest in our Nation's history, 1.25 fatalities per 100M VMT (2008), but reducing this rate further will prove difficult. Research to improve collection of injury data will directly support a Strategic Plan safety performance measure. Research on safety for older Americans will assure that there are no un-intended consequences of policies to shift drivers out of personal vehicles to alternate modes of transportation. If this research were not funded, the Department's efforts to develop and promote innovative safety measures would be hampered, and it would be more difficult to meet the Department's proposed safety performance measures.

Based on past safety research, this is the appropriate funding level for projects of this wide scope. These projects will be vetted and prioritized with guidance from the Department-wide Safety Council.

Economic Competitiveness: (54%) (\$1,711,000 in contract research)

Criteria for High Speed Rail and Multi-Modal Discretionary Grant Programs: Concurrent with the proposal for High Speed and Intercity Passenger Rail and the implementation TIGER I and National Infrastructure Investment (TIGER II) discretionary grant programs, the Department has been rapidly developing criteria to identify, select, and track the progress of projects of regional or national significance, and finding techniques to compare and evaluate projects across a range of modes. In FY 2012 the Department will be evaluating the progress of the first two years of discretionary grant programs, and reevaluating the criteria and standards used to assess the efficacy of the projects and programs.

Based on experiences in Recovery Act programs, we anticipate that new approaches for Benefit Cost Analyses, and other standards to equitably measure project viability and performance, may have to be introduced, then monitored and adjusted as necessary. The Department is developing criteria to determine the benefits and costs of transportation projects, and to determine how to select and evaluate them. For the Department's expanding role in discretionary grant programs to be successful, continued evaluation and improvement is necessary.

Aviation Data Modernization: There is consensus within the industry and government aviation community that updated and enhanced airline traffic and financial data are mission-critical to national aviation infrastructure planning and development. The Aviation Data Modernization Program will provide the appropriate data required to administer statutorily mandated aviation programs. An updated methodology will enable analytical alignment with proposed reporting requirements under the Aviation Data Modernization program and the initiation of a la carte pricing by many carriers.

The program seeks to reduce the reporting burden on the airline industry (which also uses this data intensively in planning its business) while enhancing the quality, utility, and accessibility of

the data. The collection of accurate data that is uniform for all markets is necessary in order to perform the cost/benefit analysis that is vital for wise spending of tax dollars.

The Department relies upon these data for its mandated responsibilities, including the review of antitrust immunity applications, airline mergers, Essential Air Services carrier selection orders, airline congestion claims, Small Community Air Service Development Program grant awards, and slot transfers.

The current system dates largely from the 1970s and needs to be updated to better address contemporary needs. The Department also conducted a detailed review of stakeholders' data needs through an Advance Notice of Proposed Rulemaking, subsequent research and dialogue with industry stakeholders, and a Notice of Proposed Rulemaking, which confirmed the importance of the Department's data modernization initiative.

U.S. Airline Alliance Project: In 2008, DOT and the European Commission launched a new joint research project aimed at deepening their understanding of how alliances have affected competition in transatlantic markets and the potential impact of the new U.S.-EU Air Transport Open Skies Agreement that began in March 2008. This agreement, which, for the first time, allows EU and U.S. airlines to serve any route between Europe and the United States, calls for developing a common understanding of trends in the airline industry in order to promote compatible approaches.

Global trade is critical to the U.S. economy and our nation's international activities have grown over the past decade. The future growth opportunities for legacy carriers are largely in international service, where their networks provide a competitive advantage. Between 2000 and 2007, for example, legacy sector international revenue grew from 25% to 33% of its total network. Alliances have become increasingly important and, in some cases, members have sought antitrust immunity. The Secretary's Future of Aviation Advisory Committee has identified competition as a key issue for his tenure with the Department.

The Department has requested funds for FY 2011 for a contractor to develop this system. The additional funds requested for FY 2012 will be used to develop and implement software to enable internal and external stakeholders, including the public, to access detailed and comprehensive aviation data. The funds would be used to hire three academic / industry reviewers (a typical number for standard peer review) to assess the theoretical and methodological rigor of the study and the appropriateness of the conclusions drawn from the analysis of three separate studies.

Airline Costing Study: Airlines report their operating costs to the Department, which in turn uses the data for its required programs. As business models change and carriers develop new revenue and cost management systems, the ways in which they classify and report their costs change. The structure of the airline industry has been changing radically during the recent past and will continue to evolve in the years ahead. For the most part, detailed analysis of the industry and the recent decline in profitability has focused on declining airline traffic and revenues, and on the large network carriers' efforts to reexamine their hub-and-spoke systems in the face of the growing competition from the low cost carriers. This growing competition has raised questions about the cost structures of the large network carriers and their ability to change these structures to compete effectively with the low cost carriers. In 2006, the Department conducted a study to

evaluate and revise the CABs Costing Model, which had been last updated in the 1960s. The knowledge gained from this update enabled us to better assess the effects of dramatic fuel price increases over the past years and to assess financial implications of proposed regulations and reporting requirements, but the update also identified other significant weaknesses in the model and data, which will be addressed with a comprehensive update.

Environmental Sustainability: (23%) (\$750,000 in contract research)

The Policy Office climate and environmental sustainability work to date has provided research and analytical support to the Department's senior management for many key Departmental and national initiatives, including environmental and energy aspects of TIGER grant assessments, support for interagency policymaking in climate, energy, and alternative fuels, assessment of transportation impacts. The program's usefulness can be seen in the success of the activities to which the program has contributed. Shaping the national transportation program to achieve national policy goals, rather than by the methods used in the past, will require a formidable cultural change, both in the Department and in actions of the Department's stakeholders.

Requested funding would advance research to support policy decisions and transportation response to emerging policies on climate change, alternative fuels and strategies to reduce transportation related pollution and impacts on the natural environment, making the transportation sector more environmentally sustainable. Research will allow DOT to develop and implement effective policies that will assist DOT in attaining performance goals specified in the DOT Strategic and Performance Plans, especially the environmental sustainability goal of advancing environmentally sustainable policies and investments that reduce carbon and other harmful emissions from transportation sources. This funding will support two new White House Initiatives on Climate: DOT actions to implement adaptation to climate, and DOT's Center for Climate Change and Environmental Forecasting/Office of Climate Change directed to be established by EISA. Under White House Office of Science and Technology Policy (OSTP) direction GCRP is conducting a National Climate Assessment mandated by the Global Change Research Act. The Assessment will cover work in climate change across federal agencies, including an assessment of needs and priorities. Pursuing an innovative approach, the intent is to set up an ongoing process for future assessments in order to meet climate change needs. DOT will play a key role in both mitigation and adaptation efforts. Separately, the White House is leading an interagency effort to develop a National Adaptation Strategy. DOT has a critical role due to the existing and planned infrastructure that will be at risk. The strategy development will identify areas where work is needed to prepare for climate change impacts. Efforts will need to be expanded on risk and vulnerability assessments to best inform the National Adaptation Strategy. All agencies including DOT will be directed to accomplish new tasks that will require additional resources. Policy work will assist modal administrations in developing standardized approaches to incorporating climate change into departmental decision-making through environmental impact statements, cost-benefit analyses, and other funding approval and regulatory processes.

The research and analytical activities of the Climate and Sustainability program is specifically targeted at supporting new Administration initiatives on Climate Change, preparing to implement climate legislative mandates and to support DOT's Sustainability work. It will provide the funding necessary to build expertise in this emerging area and to ensure that DOT fulfills

administration goals by implementing mandated national strategies such as climate adaptation. Funding aims at providing continuing expertise, research and policy analysis for Departmental senior officials and modal administrations in the subjects described. Transportation is a third of the climate problem and funding to participate in climate and environmental sustainability initiatives is critical at this time.

Explanation of Funding Changes
for the
Transportation Planning, Research, and Development
(\$000)

FY 2010 Enacted	\$18,168
Redirection of Resources:	
Personnel Compensation & Benefits	83
Other Costs	(83)
FY 2011 Annualized CR	18,168
Adjustments to Base:	
Inflation	63
One Less Compensable Day	(21)
WCF	19
FY 2012 Adjusted Base	18,229
Base Offsets/Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
Program Increases/Decreases:	
Earmarks	(\$7,935)
2 FTE	\$125
Other Costs	(\$595)
Total FY 2012 Request	\$9,824

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0142-0-1-407			
Obligations by program activity:			
0001 Transportation policy and planning	21,265	24,901	9,824
0002 Safe Skies	4,010	1,060	0
0003 New Headquarters	194	358	0
0004 Mississippi & Missouri Rivers Study pursuant to Pub. L. 111-117, Section 195	2,000	0	0
0091 Direct program activities, subtotal	27,469	26,319	9,824
0100 Total direct program	27,469	26,319	9,824
0801 Reimbursable program activity	0	1,000	1,000
0900 Total new obligations	27,469	27,319	10,824
Budgetary Resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	13,505	8,587	436
1012 Expired unobligated balance transfer to unexpired account	2,024	0	0
1021 Recoveries of prior year unpaid obligations	2,008	0	0
1050 Unobligated balance (total)	17,537	8,587	436
Budget Authority:			
Appropriations, discretionary:			
1100 Appropriation	18,168	18,168	9,824
1160 Appropriations, discretionary (total)	18,168	18,168	9,824
Spending authority from offsetting collections, discretionary:			
1700 Collected	351	1,000	1,000
1750 Spending authority from offsetting collections, discretionary (total)	351	1,000	1,000
1900 Budget authority (total)	18,519	19,168	10,824
1930 Total budgetary resources available	36,056	27,755	11,260
Memorandum (non-add) entries:			
1941 Unexpired obligated balance, end of year	8,587	436	436
Change in obligated balance:			
Obligated balance, start of year (net):			
3000 Unpaid obligations, brought forward, Oct 1 (gross)	22,943	24,565	13,436
3010 Uncollected pymts, Fed sources, brought forward, Oct 1	-794	-1,099	-1,099
3020 Obligated balance, start of year (net)	22,149	23,466	12,337
3030 Obligations incurred, unexpired accounts	27,469	27,319	10,824
3031 Obligations incurred, expired accounts	-40	0	0
3040 Outlays (gross)	-19,963	-37,349	-15,830
3050 Change in uncollected pymts, Fed sources, unexpired	-305	0	0
3080 Recoveries of prior year unpaid obligations, unexpired	-2,008	0	0
3081 Recoveries of prior year unpaid obligations, expired	-2,737	0	0
Obligated balance, end of year (net):			
3090 Unpaid obligations, end of year (gross)	24,565	13,436	7,331
3091 Uncollected pymts, Fed sources, end of year	-1,099	-1,099	-1,099
3100 Obligated balance, end of year (net)	23,466	12,337	6,232
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	18,519	19,168	10,824
Outlays, gross:			
4010 Outlays from new discretionary authority	4,764	8,267	4,930
4011 Outlays from discretionary balances	15,199	29,082	10,900
4020 Outlays, gross (total)	19,963	37,349	15,830
Offsets against gross budget authority and outlays:			
Offsetting collections (collected) from:			
4030 Federal sources	351	-1,000	-1,000
Additional offsets against gross budget authority only:			
4060 Additional offsets against gross budget authority only (total)	0	0	0
4070 Budget authority, net (total)	18,870	18,168	9,824
4080 Outlays, net (total)	20,313	36,349	14,830
4180 Budget authority, net (total)	18,519	19,168	10,824
4190 Outlays, net (total)	20,313	36,349	14,830

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

TRANSPORTATION PLANNING, RESEARCH AND DEVELOPMENT

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0142-0-1-407	ACTUAL	ANNUALIZED	ESTIMATE
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	\$3,836	\$4,394	\$4,477
11.3 Other than full-time permanent	\$95	\$152	\$151
11.5 Other personnel compensation	\$98	\$62	\$62
11.9 Total personnel compensation	\$4,029	\$4,608	\$4,691
12.1 Civilian personnel benefits	\$845	\$985	\$1,006
21.0 Travel and transportation of person	\$257	\$152	\$153
23.0 Rent and Comm, Util	\$2	\$0	\$0
24.0 Printing	\$0	\$19	\$20
25.2 Other services	\$22,309	\$20,519	\$3,919
26.0 Supplies and materials	\$27	\$20	\$20
31.0 Equipment	\$0	\$15	\$15
99.0 Subtotal, direct obligations	\$27,469	\$26,319	\$9,824
Reimbursable obligations:			
25.2 Other services	\$0	\$1,000	\$1,000
99.0 Subtotal, Reimbursable obligation:	\$0	\$1,000	\$1,000
99.9 Total obligations	\$27,469	\$27,319	\$10,824

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0142-0-1-407	ACTUAL	ANNUALIZED	ESTIMATE
1001 Total compensable workyears:			
Full-time equivalent employment	27.77	32	33

Detailed Justification for the Minority Business Outreach

What Is The Request And What Will We Get For The Funds?

FY 2012 - Minority Business Outreach

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	135	478	343
Travel	124	128	4
Other Costs	2,815	2,494	-190
TOTAL	3,074	3,100	26
<u>STAFFING</u>			
Direct Positions	1	4	3
Reimbursable Positions	0	0	0
Direct FTE	1	3.5	2.5
Reimbursable FTE	0	0	0

The Minority Business Outreach (MBO) program is requesting \$3.1 million and 3.5 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program?

MBO supports the **Economic Competitiveness** Strategic Goal by working to ensure specific targeted contractual levels are obtained by the small, minority, women-owned and disadvantaged business enterprises (DBEs). The program is largely implemented through Small Business Transportation Resource Centers (SBTRCs), which are managed by the Office of Small and Disadvantaged Business Utilization's (OSDBU) Regional Partnership Division (RPD). OSDBU is authorized under Title 49, subtitle 1, chapter 3, subchapter II, Sec. 332 to operate the Regional Partnership Division (RPD).

The RPD is responsible for increasing the number of small businesses that are prepared to compete for, and enter into, transportation-related prime and subcontract opportunities with DOT and DOT-funded contracts or grants for transportation-related projects throughout the country.

SBTRCs are the primary mechanism for reaching small businesses. They provide a comprehensive delivery system of business training and counseling, technical assistance, and the dissemination of information to transportation-related DBEs within their regional areas. SBTRCs are established on a region-wide basis, through OSDBU Cooperative Agreements with (1) business-centered community-based organizations, (2) trade associations, (3) colleges and universities, (4) and chambers of commerce. These partnerships are established to create a delivery system that targets all small businesses, including DBEs and women-owned businesses, to enable them to become competitive in the government procurement marketplace.

Services provided by the SBTRCs include:

- Conducting an assessment of small businesses in the SBTRC region, to determine their business, financial, training and technical assistance needs, that can be used to structure programs and services that will enable them to become better prepared to compete for and receive transportation-related contract awards.
- Coordinating with other Federal, State, and local governmental agencies (e.g., SBA; State and local highway departments; State and local airport authorities; and transit authorities) to identify relevant and current information that may support the needs assessment of the regions' small business transportation community.
- Conducting outreach efforts and disseminating information to small businesses at regional transportation-related conferences, seminars, and workshops.
- Supporting the Short Term Lending Program (STLP), including working with participating lenders, banks and other lending institutions, to deliver seminars and workshops on DOT's financial assistance program for small businesses.
- Targeting services to small businesses that are currently, or have the potential for, doing business with public and private entities in the transportation industry.

In addition to the SBTRCs, OSDBU operates the National Information Clearinghouse (NIC). The NIC publishes and distributes information on: (1) DOT contracting opportunities, its procurement practices, and how to market to DOT; (2) DOT-assisted contracting opportunities, through contracts and grants, to state and local transportation projects; (3) DOT financial assistance programs; and (4) market research through print media, the OSDBU web-site and toll-free number. The NIC also provides statistical and program feedback on OSDBU lending, technical assistance and procurement programs.

FY 2011 Anticipated Accomplishments:

In FY 2011, the SBTRCs program will expand and enhance the assistance provided to the small business community through an array of services to include:

Cooperative Agreements: OSDBU will continue its Cooperative Agreements with 11 Regional SBTRCs, including the 2 additional Centers added during FY 2010, and will add an additional SBTRC during FY 2011. The basic services to small businesses will continue to include business counseling, business analysis, workshops, seminars and conference participation, and will increase the involvement of the SBTRC's Regional Planning Committees to work more closely with the SBTRCs.

Small Business Days: OSDBU has initiated a series of Small Business Days across the country to highlight DOT opportunities for small businesses to gain access to capital, and how to do business with the government. The purpose of these events is to connect small businesses with federal, state, and local government contracting opportunities, while educating small business owners on the resources available to help their business grow. Small business representatives are provided the opportunity to meet with representatives from the federal government, various state agencies, and small business resource centers. In addition to informational exhibits, DOT-OSDBU presents workshops on Access to Capital and How to Contract with the Government, and has successfully completed six Small Business Days: Chicago; Baltimore; Prince George's County, MD; Pine City, MN; Honolulu; and Minneapolis . Small Business Days will continue as an essential regular part of the office's outreach activities during FY 2011.

Small Business Vendor Days: OSDBU has also hosted Small Business Vendor Days at DOT Headquarters that are focused on Disabled Veteran and Women-Owned Small Businesses. These annual events, hosted by the Secretary, provide an opportunity for small business owners to interact with contracting offices, as well as participate in workshops with senior government officials and top business leaders from across the country.

Technical Assistance: OSDBU will continue providing technical assistance to assist small businesses with certifications, such as DBE, 8(a), HUBZone, women-owned small businesses and service disabled veteran-owned small businesses. The Small Business Technical Resource Center (SBTRC) program will plan and present Short Term Lending Program workshops for small businesses, to provide opportunities to obtain short-term working capital at reasonable interest rates for DOT and DOT-funded transportation-related contracts, and have local bank participation in the sessions.

The SBTRCs meet monthly via teleconference to discuss the DBE Program, other DOT/OSDBU programs, and to share best practices and strategies for serving the small business community. SBTRCs also share information about their recent interactions with DBEs through the scores of appointments and walk-in counseling sessions that happen monthly for each SBTRC.

Training and Orientation: During FY 2011, OSDBU will hold two training and orientation sessions. The first training and orientation session (2 days) will be held for all SBTRCs that is designed to exchange ideas and program initiatives between the Regional Centers. It will be held in Washington, DC at OSDBU's annual Small Business Summit so that DOT Headquarter officials can participate and give their input to the program. The

second training and orientation session will occur later in the year to ensure the SBTRCs have the most current information available for their regions, and for OSDBU to receive feedback from the field.

DBE Task Force: OSDBU has organized a first of its kind internal DBE Task Force comprised of all offices and operating administrations within DOT that affect the DBE Program. Comprised of the top officials in each office or operating administration, the Task Force will work to ensure that all Federal, State, and local policies are consistent and are being uniformly implemented. The immediate areas the Task Force has covered are enforcement, outreach, stakeholder involvement, regulations, and data collection/analysis. The most significant aspect of the Task Force will be participation of the heads of some DOT officials. With the decision makers meeting regularly, the Task Force is able to efficiently take action and address DBE issues in a manner that matches the high priority in which the Secretary holds the program.

DOT OSDBU is also part of the Executive Committee of the White House Interagency Task Force on Federal Contracting Opportunities for Small Businesses. The OSDBU Director co-chairs the working group entitled, “Enabling Small Business Contracting through Training, Outreach, Bonding, and Access to Capital.” As a result of the increased responsibilities concerning the DBE Program and the work of the two task forces, a DBE Coordinator will be hired in FY 2011. The DBE Coordinator will be OSDBU’s main point of contact for all aspects of the DBE Program and advise the OSDBU Director on DBE issues.

Women and Girls Program: The Women and Girls Program began as a partnership between OSDBU and Spelman College in Atlanta, Georgia as part of a broader effort, led by the White House, to ensure that Federal programs and policies take into account the distinct needs and concerns of women and girls.

During FYs 2011- 2012, OSDBU and Minority Business Outreach program will spend \$372,000 annually to continue the Entrepreneurial Training and Technical Assistance Women and Girls Program. This program encourages girls to pursue careers in science, engineering, and technology and help women in the field to achieve their goals. DOT Women’s Internship Program is expanding from one school to a national program, enabling young women from colleges and universities across the country to participate. Administered through the SBTRC program, each SBTRC will be responsible for placing qualified female college students in transportation related internships throughout their regions. Each region will provide approximately 30 internships for the fall and spring academic semesters. A Women and Girls Coordinator will be brought on-board in FY 2011 to effectively administer the expanded program. The coordinator will focus on the expanded Women’s Internship Program and also will be OSDBU’s point of contact for issues relating to the White House Council on Women and Girls.

Pilot Bonding Education Program: OSDBU launched the Pilot Bonding Education Program (BEP) on April 22, 2010, as a collaboration with the Surety and Fidelity Association of America (SFAA) to get small businesses bond ready. One of the major obstacles facing small businesses is the ability to obtain bonding. To address this challenge, the BEP includes a 10 week course covering an array of topics small businesses need to become bondable. During the 10 weeks, businesses are paired with local bond producers to work side by side in the bonding process. In a collaborative effort with OSDBU headquarters, the SBTRC program, and SFAA, the pilot BEP program will be completed in three cities before the conclusion of FY 2010. To expand this program nationally OSDBU will require a Bonding Coordinator to be the main point of contact and effectively administer the expansion.

Why Is This Particular Program Necessary?

MBO is necessary to facilitate economic competitiveness through a domestic and global transportation system that enables economic growth and development through the expansion of opportunities for small and disadvantaged businesses. These small businesses routinely develop, manufacture and distribute quality products to the private sector, but continue to face significant hurdles participating in procurement opportunities with the Federal Government. To help these entrepreneurs have a fair opportunity to compete, procurement targets have been established for the Federal Government to help overcome the barriers to success for women-owned businesses and DBEs.

OSDBU supports the Economic Competitiveness Strategic Goal and the following 2 performance measures:

Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to small disadvantaged businesses. The FY 2012 target is 14.5%.

Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to women-owned businesses. The FY 2012 target is 5.1%.

How Do You Know The Program Works?

The following table details the typical activities, which include: business training and counseling, technical assistance, and dissemination of information conducted by the SBTRCs during the month of March, 2010.

Small Business Transportation Resource Centers MONTH - March 2010	
COUNSELING ACTIVITY:	
New Appointments	140
Follow-up Appointments	278
Phone Inquiries	146
E-Mail Inquiries	192
Counseling Hours	228
Total	984
BUSINESSES SERVED:	
DBE	145
8a	29
WOB	182
HubZone	16
SDB	16
SDVOB	59
Non-Certified Business	39
Total	486
MARKETING:	
Events Attended:	13
As an attendee	8
As an exhibitor	7
As a panelist/presenter	6
Events Attended at Request of OSDBU	3
Total	37
MEETINGS:	
With DOT reps in your state	4
With DOT reps in your region	4
Total	8
EVENTS HOSTED:	
DBE Workshop	2
STLP Workshop	1
One-on-One Matchmaking	1
Other Workshops	4
Total	8

The data above is collected from the SBTRCs monthly and/or quarterly reports and demonstrates the aggressive commitment to ensuring the small business community is provided adequate support. These activities contribute to OSDBU's ability to meet or exceed the two performance measure targets.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, a small increase in contractual services, and the 1 FTE currently authorized for this office. It also reflects a realignment of Personnel Compensation and Benefits and support contractual resources to fill three new Federal positions (2.5 FTEs) during FYs 2011 and 2012 as discussed below:

- 1.) Bonding Coordinator: OSDBU launched a Pilot Bonding Education Program (BEP) on April 22, 2010, as a collaboration with the Surety and Fidelity Association of America (SFAA) to get small businesses bond ready. A Bonding Coordinator will be hired in FY 2012 to expand the BEP nationally as well as monitor the bonding challenges facing small businesses. In addition, the OSDBU Director sits on the Executive Committee of the White House Interagency Task Force on Federal Contracting Opportunities for Small Businesses. As part of the task force, the OSDBU Director co-chairs the working group entitled, "Enabling Small Business Contracting through Training, Outreach, Bonding, and Access to Capital." The Bonding Coordinator will also assist the OSDBU Director with the responsibilities pertaining to the White House Interagency Task Force working group, "Enabling Small Business Contracting through Training, Outreach, Bonding, and Access to Capital."
- 2.) DBE Coordinator: The OSDBU Director sits on the Executive Committee of the White House Interagency Task Force on Federal Contracting Opportunities for Small Businesses. As part of the task force, the OSDBU Director co-chairs the working group entitled, "Enabling Small Business Contracting through Training, Outreach, Bonding, and Access to Capital." As a result of the increased responsibilities concerning the DBE Program and the work of the two task forces, a DBE Coordinator will be hired in FY 2011. The DBE Coordinator will be OSDBU's main point of contact for all aspects of the DBE Program and advise the OSDBU Director on DBE issues.
- 3.) Woman & Girls Program Coordinator: The Entrepreneurial Training and Technical Assistance Women and Girls Program encourages women and girls to pursue careers in science, engineering, and technology in the transportation industry by placing students in transportation related internships and assisting women in the transportation industry to achieve their goals. In FY 2011, DOT's Entrepreneurial Training and Technical Assistance Women and Girls Program is expanding from one school to a national program, enabling young women from colleges and universities across the country to participate. The program services will be delivered by the SBTRCs across the country. Each SBTRC will be responsible for placing qualified female college students in transportation related internships throughout their regions. Each region will provide approximately 30 internships for the fall and spring academic semesters. The Women and Girls Coordinator will be brought on-board in FY 2011 to effectively coordinate with the SBTRCs and administer the expanded program. In addition, the coordinator will be OSDBU's point of contact for issues relating to the White House Council on Women and Girls.

**Explanation of Funding Changes
for the
Minority Business Outreach
(\$000)**

FY 2010 Enacted	\$3,074
Redirection of Resources:	
Personnel, Compensation and Benefits:	\$131
Other Services:	-\$131
FY 2011 Base Annualized CR	\$3,074
Adjustments to Base:	
Inflation:	\$16
One Less Compensable Day:	(\$1)
FY 2012 Adjusted Base:	\$3,088
Base Offset/Redirection of Resources:	
Annualization of 2011 FTEs:	\$ 138
The Bonding Coordinator, and associated costs, to expand the Bonding Education Program nationally, monitor bonding challenges facing small businesses, and assist the OSDBU Director with the responsibilities pertaining to the White House Interagency Task Force working group.	\$ 76
Other Contractual Services	\$ (214)
Program Change (+/-):	\$ 12
Supports key OSDBU outreach activities and events for programs such as the Women & Girls, DBE and Bonding Assistance.	
Total FY 2012 Request:	\$3,100

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS OUTREACH

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR (ANNUALIZED)	FY 2012 ESTIMATE
69-0119-0-1-407			
Obligations by program activity:			
00.01 Minority business outreach	4,254	10,904	3,100
09.00 Total new obligations	<u>4,254</u>	<u>10,904</u>	<u>3,100</u>
Budgetary resources available for obligation:			
10.00 Unobligated balance brought forward, Oct. 1	9,010	7,830	0
10.50 Unobligated balance (total)	<u>9,010</u>	<u>7,830</u>	<u>0</u>
Budget authority:			
Appropriation, discretionary:			
11.00 Appropriation	3,074	3,074	3,100
11.60 Appropriation discretionary (total)	<u>3,074</u>	<u>3,074</u>	<u>3,100</u>
19.30 Total budgetary resources available	<u>12,084</u>	<u>10,904</u>	<u>3,100</u>
Memorandum (non-add) entries:			
19.41 Unexpired unobligated balance, end of year	7,830	0	0
Change in obligated balances:			
30.00 Unpaid obligations brought forward Oct 1 (gross)	5,138	6,496	307
30.20 Obligated balance, start of year (net)	5,138		
30.30 Obligations incurred, unexpired accounts	4,254	10,904	3,100
30.40 Total outlays (gross)	<u>-2,707</u>	<u>-17,094</u>	<u>-3,097</u>
Obligated balance, end of year (net)			
30.90 Unpaid obligations, end of year (gross)	<u>6,496</u>	<u>307</u>	<u>310</u>
31.00 Obligated balance end of year	<u>6,496</u>	<u>307</u>	<u>310</u>
Budget authority and outlays, net:			
Discretionary:			
40.00 Budget Authority, gross	3,074	3,074	3,100
Outlays (gross), detail:			
40.10 Outlays from new discretionary authority	173	2,767	2,790
40.11 Outlays from discretionary balances	<u>2,534</u>	<u>14,327</u>	<u>307</u>
40.20 Total outlays (gross)	<u>2,707</u>	<u>17,094</u>	<u>3,097</u>
40.70 Budget Authority, net (discretionary)	<u>3,074</u>	<u>3,074</u>	<u>3,100</u>
40.80 Outlays, net (discretionary)	<u>2,707</u>	<u>17,094</u>	<u>3,097</u>
41.80 Budget Authority, net (total)	<u>3,074</u>	<u>3,074</u>	<u>3,100</u>
41.90 Outlays, net (total)	<u>2,707</u>	<u>17,094</u>	<u>3,097</u>

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
MINORITY BUSINESS OUTREACH

OBJECT CLASSIFICATION
(In Thousands)

Identification Code	FY 2010 ACTUAL	FY 2011 CR (ANNUALIZED)	FY 2012 ESTIMATE
69-0119-0-1-407			
Direct obligations:			
11.0 Personnel compensation	106	213	386
12.1 Civilian benefits	29	53	92
21.0 Travel and transportation of persons	124	124	128
22.0 Transportation of Things	0	0	0
23.0 Rent, Communications & Utilities	0	0	0
25.2 Other Services	1,253	1,123	928
26.0 Supplies & Materials	5	5	5
41.0 Grants, subsidies and contributions	2,737	9,387	1,561
42.0 Insurance claims and indemnities	0	0	0
99.9 Total obligations	4,254	10,904	3,100

PERSONNEL SUMMARY

Identification Code	FY 2010 ACTUAL	FY 2011 CR (ANNUALIZED)	FY 2012 ESTIMATE
69-0119-0-1-407			
Direct:			
1001 Total compensable workyears: Full-time equivalent employment	1	2	3.5

Detailed Justification for the Minority Business Resource Center Program

What Is The Request And What Will We Get For The Funds?

FY 2012 - Minority Business Resource Center

(\$000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Guaranteed Loan Subsidy	353	333	-20
Administrative Expenses	570	589	19
TOTAL	<u>923</u>	<u>922</u>	<u>-1</u>
<u>STAFFING</u>			
Direct Positions	1	1	0
Reimbursable Positions	0	0	0
Direct FTE	1	1	0
Reimbursable FTE	0	0	0

The Minority Business Resource Center (MBRC) is requesting \$.922 million and 1 FTE for FY 2012 to accomplish the mission outlined below.

What Is This Program?

The Short Term Lending Program (STLP) supports the DOT **Economic Competitiveness** Strategic Goal by providing certified small businesses, including disadvantaged business enterprises (DBEs) and women-owned businesses, the opportunity to obtain short-term working capital at a reasonable interest rate for DOT and DOT-funded transportation-related contracts. The program guarantees revolving lines of credit to finance accounts receivable arising from DOT-funded transportation-related contracts. The primary collateral is the proceeds of the contracts. Access to the lines of credit allows the small business to meet short-term operating costs that it would otherwise be unable to finance with the goal of increased participation in DOT-funded transportation-related projects. Lines of credit are \$750,000 or less, and DOT guarantees up to 75 percent of the loan. This program is a vital tool to empower certified small business to participate in DOT procurement opportunities and contribute to DOT's achievement of its small business procurement goals.

In FY 2011, priority will continue to be placed on broadening participation in the program through more focused outreach efforts and increasing both the number of and the geographic distribution of participating lenders, while maintaining or reducing the historically low default rate.

Why Is This Particular Program Necessary?

The Short Term Lending Program (STLP) is necessary to facilitate an efficient domestic and global transportation system that enables economic growth and development by providing the opportunity to obtain short-term working capital. Access to working capital at affordable rates and terms means expanded opportunities for small disadvantaged businesses which serves the economic interests of the United States, both nationally and globally. In general, a Small Disadvantaged Business, as defined in current government regulations, is at least 51% owned and controlled by one or more socially and economically disadvantaged individuals, and has been certified as a Small Disadvantaged Business in accordance with 13 CFR Part 124 Subpart B. Socially disadvantaged individuals include Black Americans, Hispanic Americans, Native Americans, Asian-Pacific Americans, Subcontinent Asian Americans, and other minorities or individuals found to be disadvantaged by the Small Business Administration pursuant to Section 8(a) of the Small Business Act.

These small businesses routinely develop, manufacture and distribute quality products to the private sector, but continue to face limited access to working capital as lending institutions have tightened credit conditions after the 2008 financial market crisis. Small businesses struggle to obtain needed working capital to participate in procurement opportunities with the Federal Government. To help these entrepreneurs have a fair opportunity to compete, Congress and the Administration have established procurement goals for the Federal Government. This new target will work to overcome the barriers to success for women-owned businesses and disadvantaged business enterprises (DBEs).

The Short Term Lending Program (STLP) supports the Economic Competiveness Strategic Goal and the following 2 performance measures:

Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to small disadvantaged businesses. The FY 2012 target is 14.5%.

Percent share of total dollar value of DOT-procurement dollars (direct contracts) that are awarded to women-owned businesses. The FY 2012 target is 5.1%.

How Do You Know The Program Works?

The Minority Business Resource Center and Short Term Lending Program (STLP) have helped small disadvantaged businesses obtain access to working capital as illustrated in the following program testimonials:

Hydro-Tech Inc., is a woman-owned DBE Contractor engaged in municipal and industrial pipeline construction, cleaning, inspection & rehabilitation and provides manhole coverings from Fernley, Nevada. The company is a DBE certified company in Nevada, California, and Utah and an 8(a) HUB Zone certified company. STLP has helped Hydro-Tech Inc. by enhancing cash flow through an OSDBU/DOT approved loan guarantee renewal and increase from \$150,000 to \$750,000 in 2009, which allows the company to compete for more work. This has substantially improved the operations of the company, and increased its sales and productivity. The company's 2009 work in progress, comprised of \$1.9 million in transportation contracts from California Department of Transportation (Caltrans) and Nevada DOT, almost a five-fold increase in less than a year, its last year of the STLP, the company is now at \$3.8 million in transportation contracts.

KND Licensed Electrical Contracting & Services Corporation is a woman-owned, DBE Certified, electrical contracting firm that is a subcontractor to MTA in New York working on the Atlantic Terminal Pavilion, a Long Island Railroad Project. This project received another \$195.6 million from the American Recovery and Reinvestment Act (ARRA) in funding from the Federal Transit Administration. KND has been able to grow its net profits by 30% by utilizing the capital from the STLP. The firm has gone from \$5 million in revenues to \$10 million. The STLP has been a significant contributor to KND's success. KND is located in Deer Park, New York and has a solid 11 year track record .

Altech Services Inc, a DBE African American company that specializes in professional technical services including engineering and information technology to the transportation rail industry from Parsippany, NJ. The company currently employs 320 people throughout the country at various transit project locations. Their work includes transportation systems consultants/ engineering technical support, rail car assembly, field engineering, clean diesel technology (Clean Air Act turnkey solutions), final assembly, project management, and manpower services to clients in the bus and rail industry. They also provide quality assurance and control on all major rail projects for the Federal Transit Administration.

Why Do We Want/Need To Fund The Program At The Requested Level?

The Minority Business Resource Center (MBRC) is requesting \$.922 million and 1 FTE for FY 2012. Of this, \$.329 million is requested for the guaranteed loan subsidy, and \$.593 million is requested for the program's administrative expenses.

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, changes in Working Capital Fund costs, and a small decrease in subsidy offset by an increase in administrative expenses. With this funding, the STLP will be able to guarantee revolving lines of credit totaling \$18.367 million.

**Explanation of Funding Changes
for the
Minority Business Resource Center
(\$000)**

FY 2010 Enacted	\$923
Redirection of Resources:	
Guaranteed Loan Subsidy	-\$24
Administrative Expenses	\$24
FY 2011 Base Annualized CR	\$923
Adjustments to Base:	
Guaranteed Loan Subsidy	\$2
Administrative Expenses	\$2
FY 2012 Adjusted Base:	\$927
Base Offset/Redirection of Resources:	0
Program Change (+/-):	
Guaranteed Loan Subsidy	-\$2
Administrative Expenses	-\$3
Total FY 2012 Request:	\$922

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER
PROGRAM ACCOUNT

PROGRAM AND FINANCING
(In thousands of dollars)

Identification code	FY 2010	FY 2011 CR	FY 2012
69-0155-0-1-407	ACTUAL	(Annualized)	ESTIMATE
Program by activities:			
00.02	50	353	333
0707	0	15	0
0708	1	0	0
0709	555	570	589
0900	605	938	922
Budget resources available for obligation:			
11.00	924	938	922
11.30	923	923	922
19.00	923	923	922
19.30	923	923	922
30.00	0		
30.20	330	519	
30.30	605	938	922
30.40	-384	-1,457	-922
30.90	519		
31.00	519		
40.00			
Outlays (gross) detail:			
40.10	241	923	922
40.11	142	519	0
40.20	383	1,442	922
40.70	<u>924</u>	<u>938</u>	<u>922</u>
40.80	384	1,457	922
Net budget authority and outlays:			
41.80	924	938	922
41.90	384	1,457	922

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER
PROGRAM ACCOUNT

SUMMARY OF LOAN LEVELS, SUBSIDY BA AND OUTLAYS BY PROGRAM
(In thousands of dollars)

Identification code	FY 2010	FY 2011 CR	FY 2012
69-0155-0-1-407	ACTUAL	(Annualized)	ESTIMATE
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Loan guarantee levels	2,675	18,367	18,367
2159 Total loan guarantee levels	2,675	18,367	18,367
2320 Subsidy rate	1.86	1.79	1.79
2329 Weighed average subsidy rate	1.86	1.79	1.79
2330 Subsidy BA	50	353	333
2339 Total subsidy BA	50	353	333
2340 Subsidy outlays	41	353	333
2349 Total subsidy outlays	41	353	333
2350 Upward reestimate	1	15	0
2370 Downward reestimate	58	47	0
3510 Administrative expense BA	555	570	589
3580 Administrative expense outlays from balances	126	495	0
3590 Administrative expense outlays from new authority	216	570	589

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification code	FY 2010	FY 2011 CR	FY 2012
69-0155-0-1-407	ACTUAL	(Annualized)	ESTIMATE
Direct obligations:			
99.50 Below reporting threshold	605	938	922

PERSONNEL SUMMARY

Identification code	FY 2010	FY 2011 CR	FY 2012
69-0155-0-1-407	ACTUAL	(Annualized)	ESTIMATE
Direct:			
Total compensable workyears: Civilian full-time			
1001 equivalent employments	1	1	1

Section 3 - FY 2012 Budget Request by Appropriation

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER
GUARANTEED LOAN FINANCING ACCOUNT

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-4082-0-3-407			
Program by activities:			
00.01 Default claims	0	32	60
00.02 Payment of interest to Treasury	0	0	0
08.02 Downward subsidy reestimate	55	42	0
08.04 Interest on downward subsidy reestimate	4	5	0
10.00 Total obligations	58	79	60
Budgetary resources available for obligation:			
21.40 Unobligated balance carried forward, start of year	151	128	425
22.00 New financing authority (gross)	35	376	373
23.90 Total budgetary resources available for obligation	187	504	798
23.95 Total new obligations	<u>-58</u>	<u>-79</u>	<u>-60</u>
24.40 Unobligated balance carried forward, end of year	128	425	738
New financing authority (gross), detail:			
Spending authority from offsetting collections			
Mandatory			
67.10 Borrowing authority	0	0	0
69.00 Offsetting collections (cash)	45	400	373
69.10 Change in uncollected customer payments from Federal sources	-10	-24	0
69.47 Portion applied to repay debt	<u>0</u>	<u>0</u>	<u>0</u>
69.90 Spending authority from offsetting collections (total)	35	376	373
Change in obligated balances:			
72.40 Obligated balance, start of year	-34	-24	0
73.10 Total new obligations	58	79	60
73.20 Total financing disbursements (gross)	-58	-79	-60
74.00 Change in uncollected customer payments from Federal sources	<u>10</u>	<u>24</u>	<u>0</u>
74.40 Obligated balance, end of year	-24	0	0
Outlays (gross), detail			
87.00 Total financing disbursements (gross)	58	79	60
Offsets			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from : Federal sources (subsidy)	41	353	333
88.00 Offsetting collections (cash) from : Federal sources (upward reestimate)	1		
88.25 Interest on uninvested funds	3	32	40
88.90 Total offsetting collections (cash)	45	400	373
88.95 Change in uncollected customer payments from Federal sources	-10	-24	0
Net financing authority and financing disbursements			
89.00 Financing authority	0		
90.00 Financing disbursements	13	-321	-313

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

MINORITY BUSINESS RESOURCE CENTER
GUARANTEED LOAN FINANCING ACCOUNT

STATUS OF GUARANTEED LOANS
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-4082-0-3-407	ACTUAL	(Annualized)	ESTIMATE
Position with respect to appropriations act limitation on commitments			
2111 Limitation on guaranteed loans made by private lenders	18,367	18,367	18,367
2142 Uncommitted loan limitation	15,692	0	0
2150 Total guaranteed loan commitments	2,675	18,367	18,367
2199 Guaranteed amount of guaranteed loan commitments	2,006	13,775	13,775
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	3,500	2,964	18,367
2231 Disbursements of new guaranteed loans	2,214	18,367	18,367
2251 Repayments and prepayments	-2,750	-2,932	-18,307
2263 Terminations for default that result in claim payments	0	-32	-60
2264 Other adjustments, net			
2290 Outstanding, end of year	2,964	18,367	18,367
Memorandum:			
2299 Guaranteed amt of guaranteed loans outstanding, EOY	2,223	13,775	13,775
6300 Net financing disbursements	13	-321	-313

MINORITY BUSINESS RESOURCE CENTER
 GUARANTEED LOAN FINANCING ACCOUNT

BALANCE SHEET
 (In thousands of dollars)

Identification Code	FY 2010
69-4082-0-3-407	ACTUAL
ASSETS:	
Federal assets:	
1101 Fund balances with Treasury	128
1106 Receivables, Net	0
1999 Total assets	128
LIABILITIES:	
2101 Accounts Payable	0
2103 Debt	0
2104 Resources payable to Treasury	0
2204 Non-Federal liabilities: Liabilities for loan guarantees	128
2999 Total liabilities	128
NET POSITION:	
3999 Total net position	
4999 Total liabilities and net position	128

Detailed Justification for the Office of Civil Rights

What Is The Request And What Will We Get For The Funds?

FY 2012 – Office of Civil Rights

(\$000)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010-2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	7,061	7,039	-22
Travel	54	54	0
Other Costs	2,552	2,568	16
TOTAL	9,667	9,661	-6
<u>STAFFING</u>			
Direct Positions	64	64	0
Reimbursable Positions	0	0	0
Direct FTE	55	55	0
Reimbursable FTE	0	0	0

The Departmental Office of Civil Rights is requesting \$9.661 million and 55 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program/Activity?

The Departmental Office of Civil Rights (DOCR) supports the **Organizational Excellence** strategic goal. DOCR is responsible for advising the Secretary and Departmental Executive Management on equity issues in transportation and enforcing laws and regulations that prohibit discrimination in federally operated and assisted transportation programs.

DOCR offers oversight and guidance through services that include alternative dispute resolutions, final agency decision-writing, disadvantaged business enterprise certification appeals, internal and external policy development, education and quality control, and Equal Employment Opportunity (EEO) compliance and complaint investigations. DOCR also provides its civil rights partners, customers and stakeholders with business operation and information technology services that enable them to make informed and timely civil rights decisions. Major

statutes which DOCR enforces include: Titles VI and VII of the Civil Rights Act of 1964, as amended; Section 504 of the Rehabilitation Act of 1973, as amended; Title II of the Americans with Disabilities Act of 1990; the Equal Pay Act of 1963; and, the Age Discrimination in Employment Act of 1967.

DOCR operates the Department of Transportation's (DOT) national civil rights program from Washington, DC, but maintains a national presence through field investigators throughout the United States. The headquarters personnel provide leadership, policy guidance, and support to the Office of the Secretary (OST) and to the Department's ten Operating Administrations (OAs) that partner with DOCR to deliver an effective, consistent and compliant internal and external civil rights program. DOCR's field investigators provide Title VII, Civil Rights Act 1964 operational support by investigating complaints filed by current and former employees and individuals applying for positions within DOT.

DOT's organizational structure is aligned with Federal and departmental civil right strategies and expected outcomes supporting the organization's ability to: (1) foster a positive civil rights climate at DOT and within the Transportation community; (2) prevent discrimination to reduce civil rights related complaints filed against DOT and recipients of federal transportation funding; (3) process civil rights related complaints in a timely, efficient and cost effective manner; and (4) provide effective outreach programs to ensure equal and timely access to DOT programs and services to all customers.

Why Is This Particular Program/Activity Necessary?

Equal Employment Opportunity Programs. The Departmental Office of Civil Rights (DOCR), by virtue of the Civil Rights Act of 1964, maintains an affirmative employment program to address the underrepresentation of minorities and women in the federal workforce. DOCR also establishes internal civil rights policies, provides guidance and oversees merit principles governing the fair and equitable treatment of DOT employees.

DOCR provides guidance and direction for federally regulated special emphasis programs that include the National Federal Women's, Persons with Disabilities, and Hispanic Employment programs. It also oversees a formal program for Asian Pacific Islanders that enhance opportunities within the Department. DOCR offers guidance and direction to the Department's Operating Administrations regarding the implementation of programs that ensure the observance of other minority interests and support for equal opportunity in employment activities. All of these programs promote diversity and help to eliminate barriers, raise awareness for employment opportunities, and aid in fostering an appreciation for social and cultural similarities and differences within the Department.

Through its Equal Employment Opportunity Program, DOCR also provides training to DOT employees that raises awareness about key Federal and Departmental civil rights issues, requirements, and initiatives. This program also provides oversight and guidance for the DOT

Civil Rights Scorecard. This scorecard complies with Federal requirements for implementing internal review and evaluation processes and practices. It is used by the Office of the Secretary and the DOT OAs to review and measure progress for civil rights initiatives.

The U.S. Equal Employment Opportunity Commission (EEOC) monitors Federal agencies to ensure that the Government implements civil rights laws and equal access to the benefits and privileges of employment and access to all programs. In its annual report to Congress, EEOC reviews all agencies and their progress toward meeting this goal. Agencies must ensure that their employees have equal opportunities to build successful careers, and actively engage in leadership training, career planning, and other initiatives to incorporate these employees into their organizations. Consequently, the DOT EEO Program is vital to the Department in monitoring the agency's progress in reaching its diversity goal and devising strategies to maintain the agency's position as a model employer.

Policy & Quality Control. DOCR ensures uniform and consistent Department-wide application of civil rights policies, regulations, statutes, and guidance. To ensure quality, consistency, clarity, and sufficiency of all documents requiring the DOCR Director and Deputy Director's input, concurrence or authorization.

The DOCR adheres to the civil rights regulations and guidance provided by the U.S. Equal Employment Opportunity Commission, U.S. Department of Justice, the Office of Personnel Management, and other Federal Agencies to provide consistency in implementing the regulations and guidance, DOCR serves as a clearinghouse for all DOT civil rights policies, procedures, and guidance that affect the Department. DOCR provides advice to the Secretary and his agents to implement policy in the workplace to meet the goals of the enforcing agencies and to maintain a productive model workplace. DOCR serves as the point of contact on Secretarial committees to ensure that the mission of the Department reflects the policies emanating from the committees.

It is imperative that the Department communicate civil rights matters clearly and consistently, conveying its mission to its internal and external customers. Similarly, the Departmental Office of Civil Rights' Policy Division provides assurance that all civil rights policies, procedures, and guidance implemented by the Department adheres to laws, statues, regulations, and procedures to maintain compliance. Failure to adhere to these standards could subject the Department to liability.

External Policy & Program Development. DOT, through assigned Civil Rights personnel in each DOT Operating Administration is responsible for enforcing civil rights laws prohibiting discrimination by DOT federally-assisted and federally-conducted programs and activities against members of the public and DOT employees who file complaints pursuant to sections 504 and 508 of the Rehabilitation Act of 1973, as amended (External Discrimination). The Department's enforcement activities with respect to this program include: documenting,

investigating, and responding to, external civil rights complaints and inquiries; and conducting reviews of DOT federally-funded recipients to assess their compliance with civil rights laws.

DOCR is delegated the responsibility for adjudicating and issuing written decisions on administrative appeals filed with DOT/DOCR by small businesses that have been denied certification, or decertified as a “Disadvantaged Business Enterprise” (DBE) or “Airport Concession Disadvantaged Business Enterprise”(ACDBE) by a highway, transit, or aviation recipient. Resources to support the DBE program are a Department-wide priority. In prior fiscal years, DOCR received approximately 185 appeals filed by small businesses. However, in FY 2010, DOCR received nearly two times as many appeals. This is due in large part to the growing number of firms wishing to participate in the DBE and ACDBE programs, a direct result from the increased transportation funding extended to state recipients through the American Recovery and Reinvestment Act and other transportation infrastructure projects.

If this program is not funded, DOCR will not be able to continue to deliver policy advice, guidance, and training to recipients of DOT funds and the Operating Administrations in the following areas: Disadvantaged Business Enterprise program, Environmental Justice, Limited English Proficiency, and External Discrimination complaint processing. Also, it will not be able to continue to work with other DOT offices, particularly the Office of the General Counsel, to develop and update Department regulations that will effectively implement civil rights statutes.

Compliance Operations. DOCR ensures appropriate and expeditious processing of formal Federal Sector Equal Employment Opportunity (EEO) complaints and provides a platform for employees and applicants of the Department of Transportation to have their civil rights complaints against the Department heard. DOCR has been able to achieve this goal through on-going training of its investigators in current EEO laws and guidance to ensure appropriate investigation of EEO complaints. It has cultivated a cadre of contract agencies to augment DOCR’s internal staff of EEO investigators. DOCR instituted electronic systems to aid in the tracking of cases and ultimately in the filing of EEO complaints electronically. These actions have reduced the overall processing time on formal complaints filed by DOT employees, former employees and applicants for employment. The average processing time for formal EEO complaints filed against the DOT is 140 days, which is well below the 180 day regulatory time frame.

The Department must maintain compliance with the governing regulations, 29 C.F.R., part 1614 to ensure that applicants and employees of the Department of Transportation have access to a neutral venue to have their complaints of alleged discrimination addressed. If the program is not funded at the requested level, employees and applicants alleging discrimination will see a significant increase in the time frame for processing their complaints.

Complaints Adjudication & Program Evaluation. DOCR issues Final Agency Decisions (FADs) in employment discrimination complaints filed against DOT. The FAD program function is required by regulation, 29 C.F.R. § 1614, which ensures that employees’ rights under federal civil rights laws are protected. Discrimination complaint files are reviewed and analyzed to

prepare written decisions based on Equal Employment Opportunity case law. FADs must be issued within timeframes established in 29 C.F.R. § 1614. Without these funds, regulatory requirement to issue FADs within specified timeframes cannot be achieved.

Why Do We Want/Need To Fund The Program/Activity At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs, resulting in a FY 2012 funding level slightly below FY 2010. It also funds 55 FTEs authorized for this office and associated costs. The following activities will be funded within the FY 2012 request:

- **\$27 thousand** for licensed certified public accountant services. DOCR will establish a contract for certified public accounting services to provide ongoing advice and counsel (on an as-needed basis) regarding accounting, tax, and personal net worth DBE appeal certification requirements. By regulation, DOCR processes appeals filed by businesses that were denied certification as a DBE by a highway, transit, aviation recipients, or other departmental entities. Only disadvantaged persons having a personal net worth (PNW) of less than \$750,000 can potentially qualify for the program. In determining a firm's eligibility for the program, recipients analyze tax returns, personal net worth statements of assets and liabilities, financial account statements and documents, and other material submitted by the applicant. This includes information concerning their personal property, trusts, retirement investments, stocks and bonds, real estate holdings and mortgages, business interests and debts, insurance policies, and other financial documentation to support their PNW calculation. Persons with high personal net worth who wish to enter or continue in the DBE program are using various arrangements to remain within the \$750,000 threshold. The calculations resulting from these arrangements may not reflect a true and accurate picture of the person's net worth, even though they may be consistent with IRS guidelines. The contractor will research issues and questions provided by DOCR after reviewing applicable DBE appeal records, tax laws, and Federal regulations and offer recommendations and guidance to DOCR that can be used to appropriately make a decision on the appeal.
- **\$825 thousand** for equal employment opportunity counseling, investigations and final agency decision contractual services. These essential services will enable DOCR to utilize contract civil rights experts to assist the organization with reducing EEO complaint processing times by maintaining an EEO complaint processing steady state consistent with the timeline established in 29 C.F.R. §1614. DOT's emphasis is placed on the EEO processing stages that support the issuance of timely reports of investigations. DOCR also has the responsibility for providing EEO counseling services to the Office of the Secretary. Periodically, DOCR augments staff resources by providing contractual counseling services. In addition, DOCR reviews, analyzes, and prepares final agency decisions (FADs) in discrimination complaints filed against DOT. Increased caseload, along with the reduction of full-time adjudicators results in increasing FAD processing times that exceed the regulatory timeframes. Use of contract services to

supplement in-house adjudicators will enable DOCR to reduce average FAD processing times to within the regulatory timeframes.

- **\$626 thousand** for IT infrastructure, applications and databases. These products and services will enhance the organization's ability to provide timely and quality civil rights services and products to its partners and customers. Inter/intra agency agreements and contracts are established to support infrastructure requirements that provide the organization's regional personnel with secure automated business environments. The applications and databases provide DOT's civil rights community with an enterprise solution for collecting and disseminating information for its civil rights programs consistent with annual reporting requirements supporting the Civil Rights Act (1964) e.g. EEOC Form 462, DOJ 12250 and the No FEAR Act. DOCR will also implement a reasonable accommodation tracking system to capture and maintain accommodation requests Department-wide. The system is necessary to ensure compliance with the DOT Order on Reasonable Accommodation and general guidance from the Equal Employment Opportunity Commission.
- **\$25 thousand** for alternative dispute resolution (ADR) and related services. ADR services will be provided for internal and external customers seeking to prevent or resolve conflicts. ADR services currently provide customers with additional methods for addressing personal and professional differences that hinder the organization's ability to provide and oversee its transportation related mission and programs. The ADR services are integral to effective conflict management, reducing formal internal and external complaints filed against the Department.
- **\$25 thousand** for civil rights related education, compliance and oversight services. Civil rights education and training standards will be developed as technical assistance for DOT employees and key stakeholders responsible for administering DOT's civil rights programs, employees who oversee federally funded transportation and emergency preparedness related programs and services. Federal law requires training for EEO personnel responsible for issuing reports of investigations. DOCR is also responsible for overseeing implementation of DOT's No FEAR training program for all employees to ensure compliance. DOCR will secure necessary expertise to support these initiatives
- **\$755 thousand** to reimburse WCF for business operation services. The Working Capital Fund enables DOCR to purchase shared goods and services (fee-for-service components and administrative support), i.e., building security, copy centers, Departmental initiatives, the Disability Resource Center, DOT's work life/wellness initiatives, and other proportional charges that are expended for common services.
- **\$50 thousand** for civil rights program evaluations. The Federal Code of Regulations, Title 49, Volume 1, §1.70 delegates to DOCR the responsibility for assessing, evaluating,

and measuring the effectiveness of DOT's civil rights programs, which are decentralized throughout DOT operating administrations and regional offices.

- **\$150 thousand** for intra agency service agreements and contracts. DOCR uses reimbursable agreements and contracts to support the organization's regional offices. DOCR provides facilities and services, consistent with those supporting employees in its headquarters location, to regional employees located in Cambridge, MA; Atlanta, GA; Chicago, IL; and Dallas, TX. These financial agreements provide services for telecommunication, IT support, and administrative support, including mail service, physical and cyber security and employee transit benefits.
- **\$85 thousand** to implement and maintain secure and comprehensive electronic civil rights records. DOCR will harness the power of technology by capturing, storing and organizing physical and unstructured electronic civil rights information. The use of technology makes information more accessible to the organization's customer base and allows it to be used to support more informed and timely decision making. Legal and compliance issues drive the need for a comprehensive records management strategy. Federal and state requirements have become more stringent with respect to Federal information. Federal Rules of Civil Procedure (FRCP), Sarbanes-Oxley, and other recent regulations mandate how electronically stored information (ESI) such as contracts, spreadsheets and email are handled internally, and more importantly produced to the courts when required.

**Explanation of Funding Changes
for the
Office of Civil Rights
(\$000)**

FY 2010 Enacted	\$9,667
Redirection of Resources:	
Personnel Compensation & Benefits (Transit Subsidy)	\$5
Other Costs	(\$5)
FY 2011 Annualized CR	\$9,667
Adjustments to Base:	
Inflation	\$13
One Less Compensable Day	(\$27)
Working Capital Fund	\$30
FY 2012 Adjusted Base:	\$9,683
Base Offsets/Redirection of Resources:	\$0
Program Decreases:	
Reduction in civil rights program evaluation services	(\$22)
Total FY 2012 Request:	\$9,661

Section 3 - FY 2011 Budget Request by Appropriation

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF CIVIL RIGHTS

PROGRAM AND FINANCING

(In thousands of dollars)

Identification code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0118-0-1-407			
Obligations by program activity:			
00.01 Office of Civil Rights	9,181	9,667	9,661
09.00 Total new obligations	9,181	9,667	9,661
Budget Authority:			
Appropriations, discretionary:			
11.00 Appropriation	9,667	9,667	9,661
11.60 Appropriation, discretionary (Total)	9,667	9,667	9,661
19.30 Total Budgetary Resources Available	9,667	9,667	9,661
Memorandum (non-add) entries:			
19.40 Unobligated Balance Expiring	-486	0	0
Change in obligated balance:			
Obligated balance, start of year (net):			
30.00 Unpaid obligations, brought forward, Oct 1 (gross)	1,956	2,908	1,005
30.20 Obligated balance, start of year (net)	1,845	2,815	949
30.30 Obligations incurred, unexpired accounts	9,181	9,667	9,661
30.40 Outlays (gross)	-8,019	-11,515	-9,644
30.90 Unpaid obligations, end of year (gross)	2,908	1,005	966
31.00 Obligated balance, end of year (net)	2,815	949	911
Budget Authority and outlays, net:			
40.00 Budget authority, gross	9,667	9,667	9,661
Outlays, gross:			
40.10 Outlays from new discretionary authority	7,140	8,700	8,695
40.11 Outlays from discretionary balances	879	2,815	949
40.20 Outlays, gross (total)	8,019	11,515	9,644
40.70 Budget authority, net (discretionary)	9,667	9,667	9,661
40.80 Outlays, net (discretionary)	8,012	11,515	9,644
41.80 Budget authority, net (total)	9,667	9,667	9,661
41.90 Outlays, net (total)	8,012	11,515	9,644

Section 3 - FY 2011 Budget Request by Appropriation

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

OFFICE OF CIVIL RIGHTS

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code		FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
<u>69-0118-0-1-407</u>				
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	4,121	5,150	5,130
11.3	Other than full-time permanent	167	36	36
11.5	Other personnel compensation	144	103	103
11.9	Total personnel compensation	4,431	5,289	5,269
12.1	Civilian personnel benefits	1,033	1,777	1,770
21.0	Travel and transportation of persons	69	54	54
22.0	Transportation of things	0	0	0
23.1	Rent Payments to GSA	61	251	253
23.3	Communications, utilities and misc.	13	77	78
24.0	Printing	1	2	2
25.2	Other services	3,412	2,187	2,205
26.0	Supplies and materials	22	20	20
31.0	Equipment	139	10	10
99.9	Total obligations	9,181	9,667	9,661

PERSONNEL SUMMARY

Identification Code		FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
<u>69-0118-0-1-407</u>				
1001	Total compensable workyears:			
	Full-time equivalent employment	42	55	55

Detailed Justification for Financial Management Capital

What Is The Request And What Will We Get For The Funds?

FY 2012 – Financial Management Capital

(\$000)

	<u>FY 2010</u>	<u>FY 2012</u>	<u>Change</u>
	<u>Enacted</u>	<u>Request</u>	<u>FY 2010-FY 2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	0	0	0
Travel	0	0	0
Other Costs	5,000	17,000	12,000
TOTAL	5,000	17,000	12,000
<u>STAFFING</u>			
Direct Positions	0	0	0
Reimbursable Positions	0	0	0
Direct FTE	0	0	0
Reimbursable FTE	0	0	0

Financial Management Capital is requesting \$17.0 million in FY 2012 to continue the mission outlined below. An additional \$4 million will be contributed by the DOT Operating Administrations (OAs) as the project sponsors and beneficiaries. This contribution will directly support critical system activities.

What Is This Program?

Purpose, Goals, Beneficiaries, and Description of Activity. The Department of Transportation (DOT) continues to forge ahead with a major financial management improvement and modernization effort, called the Financial Management Business Transformation (FMBT) initiative. This multi-year project, begun in FY 2009, supports the **Organizational Excellence** strategic goal by transforming and streamlining financial management policies, processes, and systems in an effort to better meet the growing and dynamic mission of the Department in this

decade and beyond. Central to this effort are three critical goals. First, DOT is engaged in major business process reengineering to improve standardization and consistency across the Department. Second, DOT is dedicated to improving financial data management, including standardization of our accounting classification structure and introduction of additional tools to improve financial reporting. Third, DOT is modernizing DOT's financial management system to better meet financial system standards, transparency requirements, and improved functionality provided by the next Oracle Core Financials release.

The FMBT initiative is led by the Office of the Assistant Secretary for Budget and Programs, CFO and includes full participation and support from each Operating Administration (OA) to ensure success of the project. The initiative has been structured around "waves" which consist of major targeted solution milestones. As such, the FMBT initiative will attain tangible modernization throughout the project, rather than at the end of the project lifecycle, as many projects do. FY 2010 and prior years formed the foundation for the effort, with an emphasis on long-term strategic planning. FY 2011 and FY 2012 will focus on realizing strategic planning efforts with the acquisitions of major system applications, new reporting solutions, and hardware components.

FY 2011 Base Budget and Anticipated Accomplishments. In addition to FY 2011 appropriations for this initiative, an additional \$4 million will be contributed from the DOT Operating Administrations (OAs) as the project sponsors and beneficiaries. Examples of anticipated accomplishments during FY 2011 will be:

- Reengineering of critical business processes, including Procure-to-Pay and Reimbursable Activity/Federal Accounts Receivable.
- Substantial progress on the development of the Accounting Classification Structure (ACS) future structure and values, and other key data management activities such as analysis of data warehouse needs and options, reporting tools and development, and data conversion approach and procedures
- Oracle Core Financials Release 12 setup, system requirements analysis and gap remediation, and technical systems design

Why Is This Particular Program Necessary?

Purpose and Benefits of FMBT. DOT has coupled financial management modernization with the transition to Oracle Core Financials Release 12 because the Department has learned through past experience that process improvement and standardization exercises achieve optimal results when done ahead of a major system release. The Financial Management Business Transformation initiative is a paramount priority for DOT because it will provide a financial management infrastructure (procedures, systems, and reporting capabilities) that will assist the Department in more effectively and efficiently meeting internal and external requirements, such as transparency

and government-wide accounting structure requirements. Additionally, cleaning up aging, non-standard or ineffective processes establishes a better internal control environment, reduces audit findings, limits timely reconciliations, and eradicates the need for costly “work-arounds.” The FMBT initiative is using a collaborative approach to defining and establishing global process and system standardization, with the expectation that optimal standardization will reduce the number and redundancy of ancillary systems and processes.

Timeframe for Key Outcomes. The first wave of the FMBT initiative is a global grants payment solution to be rolled-out by the end of FY 2011 and early 2012. An integrated vendor payment solution will be introduced in the second wave (FY 2012). Process improvements for significant financial management processes will occur between FY 2010 and FY 2013 (third wave) and will be introduced no later than the first Oracle Core Financials Release 12 release (fourth wave), scheduled for early FY 2014.

Result of Program Not Being Funded. Funding for the FMBT initiative began in FY 2008 with contributions from the OAs. Funding through the Financial Management Capital appropriation was first appropriated in 2009, with funding also provided in FY 2010 and requested in FY 2011. DOT has exemplified strong financial management discipline, processes, and systems in the past, and the FMBT is the chosen means by which DOT will systematically address organizational deficiencies or areas requiring modernization or improvement in preparation for the transition to the Oracle Core Financials Release 12 product. Should FMBT funding be reduced or eliminated, the Department will continue to experience the following detrimental barriers:

- Current business processes and data structure do not support the centralized model for accounting operations
- Disparate business processes cause excessive administrative work, re-work, reconciliation, and reporting resulting in higher costs
- Lack of standardization in Delphi configuration impedes cost effective management of core system
- Accounting classification structure that does not support a Common Government-wide Accounting Code (CGAC) and other standardized processes
- Routine upgrades are required by OMB to meet minimum certified system requirements to be compliant with Federal Financial Management Integrity Act (FFMIA) and Federal Managers’ Financial Integrity Act (FMFIA)
- Inability to roll up data department-wide for financial management impedes ability to meet expanding requirements for data transparency
- Need to improve data integrity, accuracy, consistency and security

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- Need to improve data integrity, accuracy, consistency and security

- Inability to integrate information from auxiliary systems, such as Grants Management, Procurement, and Human Resources
- Need for centralized integrated procurement solution and data structure, with latest technology and reporting solutions
- Inability to meet requirements for enhanced information security
- Current Disaster Recovery does not meet the Federal Preparedness Standards established by the National Institute of Standards and Technology (NIST)
- Mandates to support Earned Value Management, Cost Accounting, Performance Measures
- Current version of Oracle Core Financials that will not be supported in FY 2011

How Do You Know The Program Works?

The success of the FMBT effort is contingent on securing the right mix of people, funding, acquisitions, collaboration, innovation, and project management discipline over the course of the entire project. Over the last two years, the FMBT leadership has worked to put the foundation in place in all these areas to gain the momentum necessary to attain the FMBT vision. Our senior governance body – the Executive Leadership Council – has provided regular positive feedback on the initiative’s progress and direction, and teams are reporting success on project plan activities and tasks on an on-going basis.

The FMBT long-term strategy is predicated on continual process and system improvement and modernization with milestone expectations throughout the project lifecycle. The initiative is monitored by the project teams, PMO, FMBT leadership, and governance bodies (beneficiaries) on an on-going basis to ensure that the program is working to achieve all intended modernization, standardization, and improvement results.

5) Why Do We Want/Need To Fund The Program At The Requested Level?

FMBT leadership has been working on long-term budget projections as well as more defined long-term strategies, milestones, and schedules. Budget estimates are derived from calculated level of effort projections that take into account funding for contractual resources, hardware, equipment, software, and any other relevant funding needs. The President’s FY 2011 Budget requested \$21 million for this project. Final FY 2011 appropriations are uncertain, but may be significantly less than the request; therefore, the FMBT project team is revisiting planned activities for what may be a reduced scope for this project, focusing on the reengineering of fewer, critical business activities, as well as accommodating an upgrade to the Oracle Federal Financials accounting application. Consistent with these contingencies, a revised financial plan will be prepared once FY 2011 appropriations become final. The Department will be prepared to

provide this additional information to the Appropriations Committees. The budget for this project is structured by five project teams, as further described in this section. The FY 2012 budget allocation for each of these teams will depend on a final financial plan for FY 2011, but the approximate FY 2012 breakout will be as follows: Business Process Transformation (15%), Project Management Office (15%), Information Management and Reporting (40%), Systems (20%), and Change and Management Learning (10%).

Business Process Transformation (BPT).

The BPT team continues to develop standard Department-wide business processes that will serve as the new standardized business requirements for the future state financial management system (Oracle Core Financials Release 12). Business process reengineering began in FY 2010 and will continue through FY 2012 to globalize key processes ahead of the transition to the new system release. Key activities that the BPT team will be working on during that time include current process state analysis, improvement opportunities identification, high level future process state definition, configuration requirements definition, data and reporting requirements definition, and detailed process definition.

The benefits of reengineering ahead of a system transition cannot be overstated, and include the elimination of business process redundancies, reduction in costly reconciliations between disparate systems/interfaces, gaining of operational and system performance efficiencies, improvement in accuracy and reliability of data, and standardization

Project Management Office (PMO).

The PMO continues to build and implement FMBT tools, templates, and processes that improve communications, accountability, reporting, integration, quality, risk mitigation, and performance assessment.

During FY 2012, the focus will have shifted from the development and roll-out of project management structure to managing and improving this structure to best meet the needs of the project, individual teams, and beneficiaries. On-going support to be provided in FY 2012 includes FMBT budget and reporting, status monitoring/reporting, project plan integration management, project communications and knowledge sharing, quality management, risk management, and communications, workshops, and executive briefings.

Information Management and Reporting (IMR).

The Information Management and Reporting (IMR) team is responsible for preparing the critical reporting/data output structure that modernization requires. The process reengineering and standardization will accompany new data management solutions for better financial analytics and management reporting. This component of the FMBT initiative is of paramount importance to

our DOT stakeholders because the current reporting and data management environment is antiquated and does not provide easily accessed information for decision making purposes.

During FY 2012, the IMR team will work to standardize DOT's accounting classification structure for the transition to Oracle Core Financials Release 12, planned for roll-out beginning in early FY 2014. Of equal significance, the IMR team will also be developing report specifications that capitalize on standardization and improved reporting tools. Data clean-up and conversion strategies and efforts will also be addressed during this Fiscal Year.

Systems.

The Systems team will continue to foster full alignment with the BPT and IMR teams during FY 2012 to translate modernization and standardization requirements into optimal information technology solutions. Funding contributed by the OAs (\$4 million) will support this key component of the overall project. FY 2012 will include a full range of system lifecycle activities that support the milestone waves, including:

- Gathering and analysis, as well as gap remediation, necessary for business and functional requirements
- Building and designing solutions for process reengineering efforts
- Assisting with the design and build of data conversion and clean-up programs
- Acquiring necessary hardware and software
- Testing (unit and user acceptance)

Change Management and Learning (C&L).

Change management and training programs are a critical ingredient in a success modernization initiative. Without dedicated resources managing project messaging, team/stakeholder on-boarding, executive buy-in, and comprehensive training, the solutions and improvements made will not integrate smoothly into the DOT environment. The C&L team will focus on the change management and learning activities for each of the project waves. During FY 2012, the C&L team will be preparing the DOT community for critical project milestones, including a training program for the anticipated Vendor Payment solution to be implemented under this project. Second, a training program will be developed for the business intelligence tool.

On-going activities that the C&L team will manage during FY 2012 include stakeholder transition preparation and communication deliverables, knowledge sharing, training assessments, and additional change management activities.

**Explanation of Funding Changes
for the
Financial Management Capital
(\$000)**

FY 2010 Enacted	\$5,000
Redirection of Resources:	\$0
FY 2011 Base Annualized CR	\$5,000
Adjustments to Base:	
Inflation	\$25
FY 2012 Adjusted Base:	\$5,025
Base Offsets/Redirection of Resources:	\$0
Program Changes (+/-):	
Contractual Services to support each of five Project Teams-- Business Process Transformation, Project Management Office, Information Management and Reporting, Systems, and Change and Management Learning.	\$11,975
Total FY 2012 Request:	\$17,000

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

FINANCIAL MANAGEMENT CAPITAL

PROGRAM AND FINANCING

(In thousands of dollars)

Identification code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0116-0-1-407			
Obligations by program activity:			
00.01 Financial Management Capital	4,043	10,957	17,000
09.00 Total new obligations	4,043	10,957	17,000
Budgetary resources available for obligation			
10.00 Unobligated balance available, Oct 1	5,000	5,957	0
10.50 Unobligated balance (total)	5,000	5,957	0
Budget Authority: Appropriations, discretionary:			
11.00 Appropriation	5,000	5,000	17,000
11.60 Appropriation, discretionary (Total)	5,000	5,000	17,000
19.30 Total Budgetary Resources Available	10,000	10,957	17,000
Memorandum (non-add) entries:			
19.41 Unexpired obligated balance, end of year	5,957	0	0
Change in obligated balance:			
30.00 Unpaid obligations, brought forward, Oct 1 (gross)	0	2,242	1,000
30.20 Obligated balance, start of year (net)	0	2,242	1,000
30.30 Obligations incurred, unexpired accounts	4,043	10,957	17,000
30.40 Outlays (gross)	-1,801	-12,199	-14,600
30.90 Unpaid obligations, end of year (gross)	2,242	1,000	3,400
31.00 Obligated balance, end of year (net)	2,242	1,000	34,000
Budget Authority and outlays, net:			
40.00 Budget authority, gross	5,000	5,000	17,000
Outlays, gross:			
40.10 Outlays from new discretionary authority	0	4,000	13,600
40.11 Outlays from discretionary balances	1,801	8,199	1,000
40.20 Outlays, gross (total)	1,801	12,199	14,600
40.70 Budget authority, net (discretionary)	5,000	5,000	17,000
40.80 Outlays, net (discretionary)	1,801	12,199	14,600
41.80 Budget authority, net (total)	5,000	5,000	17,000
41.90 Outlays, net (total)	1,801	12,199	14,600

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

FINANCIAL MANAGEMENT CAPITAL

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0116-0-1-407	ACTUAL	ANNUALIZED	ESTIMATE
Direct obligations:			
25.2 Other services	4,043	10,957	17,000

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0116-0-1-407	ACTUAL	ANNUALIZED	ESTIMATE
1001 Total compensable workyears: Full-time equivalent employment	0	0	0

Detailed Justification for the Essential Air Service (EAS) Program

What Is The Request And What Will We Get For The Funds?

FY 2012 – Essential Air Service/Payments to Air Carriers

<u>FUNDING LEVELS</u>	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010-FY2012</u>
Payments to Air Carriers (Trust Fund) - Discretionary Budget Authority			
Essential Air Service	150,000	123,254	-26,746
Unobligated Balance	0	22,000	22,000
Essential Air Service (Overflight Fees) - Mandatory Budget Authority			
Personnel Compensation and Benefits	2,018	2,018	325
Travel	11	11	1
Other Costs	258	262	37
Essential Air Service	<u>47,713</u>	<u>47,709</u>	-363
Subtotal - Mandatory Budget Authority	50,000	50,000	0
TOTAL - Discretionary & Mandatory	<u>200,000</u>	<u>195,254 ^{1/}</u>	<u>-4,746</u>

1/ Includes an estimated \$22 million of unobligated balances of prior year appropriations.

STAFFING

Direct Positions	14	14	0
Reimbursable Positions	0	0	0
Direct FTE	14	14	0
Reimbursable FTE	0	0	0

The Essential Air Service program is requesting a discretionary appropriation of \$123.2 million and 14 FTEs in FY 2012. The total FY 2012 program level is \$195 million, including the \$50 million mandatory appropriation and an estimated \$22 million of unobligated balances of prior year appropriations.

What Is This Program?

The Essential Air Service program (EAS) supports the Department's **Livable Communities** Strategic Goal. The EAS program was established as a safety net for the smaller and more isolated communities across the country that had scheduled air service at the time the Airline Deregulation Act (ADA) was passed in 1978. Under the Act, these communities were assured that, for ten years, they would continue to receive scheduled service to a hub airport -- by federally subsidized flights if necessary. (The program was later extended for ten years, and ultimately made permanent.)

Except for minor changes in 1990, the EAS program has retained its basic eligibility criteria since 1978. In 1990, with an EAS funding shortfall looming, Congress adopted some of the program reforms that had been promoted by the Department to rationalize and align the program to appropriated funding levels. As further discussed below, Congress adopted a proposal to limit subsidy to those communities that were more than 70 highway miles from the nearest medium or large hub. It also acted to require DOT to terminate eligibility if the subsidy-per-passenger rate was more than \$200, unless the community was more than 210 miles from the nearest large or medium hub.

Since these eligibility criteria were put in place in 1978 and 1990, the aviation landscape has dramatically changed. Hub-and-spoke systems are now widespread, exponentially expanding the travel options available to passengers from the various spoke communities. Regional jets offer faster and more comfortable travel to more distant domestic locations. Service options at small hubs have greatly expanded, and even non-hub airports now typically offer multiple carriers operating dozens of departures daily, many by jet. Low-fare carriers have expanded in popularity, prompting millions of passengers to drive an extra distance to the airports where they operate. (That drive is now often faster and safer than in 1978, due to the expansion of Interstate and other limited-access highways.)

DOT expects to maintain regularly scheduled air service at 155-160 communities across the country, including about 45 in Alaska. The Department's performance measure is to provide continuous, uninterrupted service at 98% of the eligible, subsidized communities.

Why Is This Particular Program Necessary?

The Essential Air Service program is mandated by Federal statute, 49 U.S.C. section 41731 et seq. On April 25, 2007, in testimony before the Subcommittee on Aviation, Committee on Transportation and Infrastructure, U.S. House of Representatives, the General Accountability Office stated, "Regarding EAS, I think it is important to recognize that for many of the communities, air service is not—and might never be—commercially viable and there are limited alternative transportation means for nearby residents to connect to the national air transportation system. In these cases, continued subsidies will be needed to maintain that capability. In some other cases, current EAS communities are within reasonable driving distances to alternative airports that can provide that connection to the air system. It will be Congress' weighing of

priorities that will ultimately decide whether this service will continue or whether other, less costly options will be pursued.” <http://www.gao.gov/new.items/d07793t.pdf>

Without the EAS program, about 160 communities across the country (including about 45 in Alaska, many of which are islands without any access to the outside world other than air service) would lose all regularly scheduled air service. Below is a historical list of the annual EAS budget and the number of communities subsidized:

Year	# of Communities	Budget in Millions
1996	97	22.6
1997	95	25.9
1998	101	50.0
1999	100	50.0
2000	106	50.0
2001	115	50.0
2002	123	113.0
2003	126	101.8
2004	140	101.7
2005	146	101.6
2006	152	109.4
2007	147	109.4
2008	146	109.4
2009	153	138.4
2010	159	200.0

For many communities in the lower 48 states, surface transportation would be a more cost-effective alternative.

Performance Measure:

The performance of the Essential Air Service program will be evaluated against the following measure as listed in Exhibit III-2:

Livable Communities

- Maintain continuous air service at 98 percent of Essential Air Service eligible communities.

How Do You Know The Program Works?

In a July 2009 report, the General Accountability Office stated, “For many communities, the EAS program provides a valuable connection to the national transportation network. Many EAS routes carry 10,000 or more passengers per year. However, low passenger volume and high subsidies remain the norm for many EAS communities. Changes in the air service industry, including the growth of air travel alternatives provided by low-cost carriers, have changed the environment in which the EAS program operates. However, some legislative EAS program requirements, and the growing cost to operate aircraft for EAS service, contribute to the

program's inability to maintain service to EAS communities. Further, rural population shifts since deregulation, and continuing passenger leakage away from small airports with EAS service combine to limit passenger ridership on EAS flights. These factors contribute to the continuing financial strain on the EAS program which brings its long-term viability into question.”

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 request reflects a .5 percent inflation adjustment, one less compensable work day, and changes in Working Capital Fund costs.

At the requested FY 2012 budget level, the Department expects to be able to maintain continuous, regularly scheduled air service at nearly 160 small communities across the nation, including about 45 in Alaska. The FY 2012 budget proposes to repeal the 15-passenger seat requirement under 49 U.S.C. 41732 (b)(3) and, for the 48 contiguous States, to limit the program size to communities that are receiving subsidized Essential Air Service on October 1, 2011. As a contingency, the Budget proposes appropriations language for the Department to transfer funds to the EAS program to make up any funding shortfall.

The Secretary established the Future of Aviation advisory Committee, which was tasked, among other things, to recommend ways to improve the EAS program. The Committee recommended two changes to the EAS program. The first was to cap the program by limiting it, within the 48 contiguous states, to include only those communities that receive subsidized EAS as of a date certain. (There would be no change in Alaska, Hawaii and the territories.) The second recommendation was to update the eligibility standards, taking into account the proximity of alternate airports nearby and intermodal solutions. As noted above, the FY 2012 budget proposes the “cap” recommendation. The Department is still reviewing the eligibility recommendation. In addition, the Department has proposed to repeal the existing 15-passenger seat requirement. If this requirement were removed, the EAS program could solicit more competitive bids and provide more cost effective service in some locations.

Finally, the budget requests up to \$500,000 to automate the monthly subsidy billings process and to create a database that will facilitate OIG audits, GAO studies, and recurrent requests from Congress regarding the EAS program.

The Department needs the requested budget level in order to maintain regularly scheduled air service at all of the communities currently receiving subsidized air service under the EAS program. DOT does not have the authority to deny service to any eligible community, nor to deny those communities their statutorily guaranteed service levels.

**Explanation of Funding Changes
for the
Essential Air Service
(\$000)**

FY 2010 Enacted	\$50,000
Redirection of Resources:	
Personnel Compensation & Benefits	8
Other Costs	(8)
FY 2011 Annualized CR	\$50,000
Adjustments to the Base:	
Inflation	240
One Less Compensable Day	(8)
WCF	9
FY 2012 Adjusted Base	\$50,241
Base Offsets/Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	(741)
Contracts	500
To automate the monthly subsidy billing process and to create a database that will facilitate OIG audits, GAO studies, and recurrent requests from Congress regarding the EAS program.	
Program Increases/Decreases:	
Total FY 2012 Request	\$50,000

**Explanation of Funding Changes
for
Payments to Air Carriers
(\$000)**

FY 2010 Enacted **\$150,000**

Redirection of Resources:
 Personnel Compensation & Benefits
 Other Costs

FY 2011 Annualized CR **\$150,000**

Adjustments to the Base:
 Inflation 750
 One Less Compensable Day
 WCF
 FY 2012 Adjusted Base **\$150,750**

Base Offsets/Redirection of Resources:
 Personnel Compensation & Benefits
 Other Costs

Program Increases/Decreases:
 Air Carrier Payments **(27,496)**

The President's budget proposes to cap the EAS program by limiting it to those communities (in the 48 contiguous states) that receive subsidized EAS as of October 1, 2011. In addition, the budget proposes to eliminate the requirement that service be provided with 15-passenger seat or larger aircraft. These changes will allow the Department to better match aircraft size with passenger demand and save subsidy funds.

Total FY 2012 Request **\$123,254**

Estimated Unobligated Balance of Prior Year Appropriations **\$22,000**

Total Available PAC Resources **\$145,254**

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

ESSENTIAL AIR SERVICE AND RURAL AIRPORT IMPROVEMENT FUND

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code		FY 2010	FY 2011 CR	FY 2012
69-5423-0-2-402		ACTUAL	ANNUALIZED	ESTIMATE
Obligations by program activity:				
0001	Essential Air Service and Rural Airport	49,911	50,000	50,000
0900	Total new obligations	49,911	50,000	50,000
Budgetary Resources:				
Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	13,852	23,774	23,774
1021	Recoveries of prior year unpaid obligations	9,833	0	0
1050	Unobligated balance (total)	23,685	23,774	23,774
Budget Authority:				
Appropriations, mandatory:				
1221	Transferred from other accounts [69-5422]	49,999	50,000	50,000
1260	Appropriations, mandatory (total)	49,999	50,000	50,000
1800	Offsetting collections (cash)	1	0	0
1900	Budget authority (total)	50,000	50,000	50,000
1930	Total budgetary resources available	73,685	73,774	73,774
Memorandum (non-add) entries:				
1941	Unexpired obligated balance, end of year	23,774	23,774	23,774
Change in obligated balance:				
Obligated balance, start of year (net):				
3000	Unpaid obligations, brought forward, Oct 1 (gross)	22,812	27,547	19,998
3020	Obligated balance, start of year (net)	22,812	27,547	19,998
3030	Obligations incurred, unexpired accounts	49,911	50,000	50,000
3040	Outlays (gross)	-35,343	-57,549	-50,000
3080	Recoveries of prior year unpaid obligations, unexpired	-9,833	0	0
3090	Unpaid obligations, end of year (gross)	27,547	19,998	19,998
3100	Obligated balance, end of year (net)	27,547	19,998	19,998
Budget authority and outlays, net:				
Mandatory:				
4090	Budget authority, gross	50,000	50,000	50,000
Outlays, gross:				
4100	Outlays from new mandatory authority	34,903	30,000	30,000
4101	Outlays from mandatory balances	440	27,549	20,000
4110	Outlays, net (total)	35,343	57,549	50,000
Offsets against gross budget authority and outlays:				
Offsetting collections (collected) from:				
4120	Federal sources	-1	0	0
4160	Budget authority, net (mandatory)	50,000	50,000	50,000
4170	Outlays, gross (total)	35,343	57,549	50,000
4180	Budget authority, net (total)	50,000	50,000	50,000
4190	Outlays, net (total)	35,342	57,549	50,000

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

ESSENTIAL AIR SERVICE AND RURAL AIRPORT IMPROVEMENT FUND

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-5423-0-2-402	ACTUAL	ANNUALIZED	ESTIMATE
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	1,126	1,541	1,535
11.5 Other personnel compensation	31	21	21
11.9 Total personnel compensation	1,158	1,562	1,556
12.1 Civilian personnel benefits	277	464	462
21.0 Travel and transportation of persons	2	11	11
23.0 Communication and utilities	0	29	29
25.0 Other services	371	215	225
26.0 Supplies and materials	0	3	3
31.0 Equipment	0	5	5
41.0 Grants, subsidies, and contributions	48,104	47,711	47,709
44.0 Refunds	0	0	0
99.0 Subtotal, direct obligations	49,911	50,000	50,000
99.0 Reimbursable obligations	0	0	0
99.9 Total new obligations	49,911	50,000	50,000

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-5423-0-2-402	ACTUAL	ANNUALIZED	ESTIMATE
1001 Total compensable workyears: Full-time equivalent employment	9.94	14	14

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

PAYMENT TO AIR CARRIERS
(AIRPORT AND AIRWAY TRUST FUND)

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-8304-0-7-402	ACTUAL	ANNUALIZED	ESTIMATE
Obligations by program activity:			
0001	139,008	146,000	144,891
0900	139,008	146,000	144,891
Budgetary Resources:			
Unobligated balance:			
1000	1,126	17,637	21,637
1021	5,519	0	0
1050	6,645	17,637	21,637
Budget Authority:			
Appropriations, discretionary:			
1102	150,000	150,000	123,254
1160	150,000	150,000	123,254
1930	156,645	167,637	144,891
Memorandum (non-add) entries:			
1941	17,637	21,637	0
Change in obligated balance:			
Obligated balance, start of year (net):			
3000	28,134	31,414	38,364
3020	28,134	31,414	38,364
3030	139,008	146,000	144,891
3040	-130,209	-139,050	-133,952
30.5	0	0	0
30.51	0	0	0
3080	-5,519	0	0
30.81	0	0	0
Obligated balance, end of year (net):			
3090	31,414	38,364	49,303
3100	31,414	38,364	49,303
Budget authority and outlays, net:			
Discretionary:			
4000	150,000	150,000	123,254
Outlays, gross:			
4010	118,901	90,000	73,952
4011	11,308	49,050	60,000
4020	130,209	139,050	133,952
4070	150,000	150,000	123,254
4080	130,209	139,050	133,952
4180	150,000	150,000	123,254
4190	130,209	139,050	133,952

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

PAYMENT TO AIR CARRIERS
(AIRPORT AND AIRWAY TRUST FUND)

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	Fy 2012
69-8304-0-7-402	ACTUAL	ANNUALIZED	ESTIMATE
Direct obligations:			
41.0 Grants, subsidies and contributions	<u>139,008</u>	<u>146,000</u>	<u>144,891</u>
99.9 Total new obligations	139,008	146,000	144,891

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR AIR CARRIERS

PROGRAM AND FINANCING

(In thousands of dollars)

Identification code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0111-0-1-402			
Budgetary resources available for obligation			
10.00 Unobligated balance available, Oct 1	384	5,641	6,610
10.50 Unobligated balance (total)	384	5,641	6,610
Spending authority fm offsetting collections, mandatory:			
18.00 Collected	5,257	969	0
18.50 Total Spending authority	5,257	969	0
19.00 Budget Authority (total)	5,257	969	0
19.30 Total Budgetary Resources Available	5,641	6,610	6,610
Memorandum (non-add) entries:			
19.41 Unexpired obligated balance, end of year	5,641	6,610	6,610
Budget Authority and outlays, net:			
40.90 Budget authority, gross	5,257	969	0
41.23 Non-Federal sources	-5,257	-969	0
41.70 Outlays, net (mandatory)	-5,257	-969	0
41.90 Outlay, net (total)	-5,257	-969	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR AIR CARRIERS

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0111-0-1-402			
Direct obligations:			
41.0 Grants, subsidies and contributions	0	0	0
99.9 Total obligations	0	0	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR GENERAL AVIATION OPERATIONS

PROGRAM AND FINANCING

(In thousands of dollars)

Identification code	FY 2010 ACTUAL	FY 2011 CR ANNUALIZED	FY 2012 ESTIMATE
69-0156-0-1-402			
Budgetary resources available for obligation			
10.00 Unobligated balance available, Oct 1	3,254	3,254	3,254
10.50 Unobligated balance (total)	3,254	3,254	3,254
Budget Authority: Appropriations, discretionary:			
11.31 Unobligated balance of appropriations permanently reduced	0	0	-3,254
11.60 Appropriation, discretionary (Total)	0	0	-3,254
Spending authority fm offsetting collections, discretionary:			
19.00 Budget Authority (total)	0	0	-3,254
19.30 Total Budgetary Resources Available	3,254	3,254	0
Memorandum (non-add) entries:			
19.41 Unexpired obligated balance, end of year	3,254	3,254	0
Budget Authority and outlays, net:			
40.00 Budget authority, gross	0	0	-3,254
40.70 Budget authority, net (discretionary)			-3,254
41.80 Budget authority, net (total)	0	0	-3,254

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

COMPENSATION FOR GENERAL AVIATION OPERATIONS

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0156-0-1-402	ACTUAL	ANNUALIZED	ESTIMATE
Direct obligations:			
41.0 Grants, subsidies and contributions	<u>0</u>	<u>0</u>	<u>0</u>
99.9 Total obligations	0	0	0

Section 3 - FY 2012 Budget Request by Appropriation

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

NEW HEADQUARTERS BUILDING

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code		FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-0147-0-1-407				
	Obligations by program activity:			
00.01	Direct program activity	45	1,611	0
0900	Total new obligations	45	1,611	0
	Budgetary resources available for obligations:			
10.00	Unobligated balance, brought forward Oct 1	131	1,611	0
10.21	Recoveries of prior year obligations	1,525	0	0
10.50	Unobligated balance (total)	1,656	1,611	0
	New budget authority (gross), detail:			
	Discretionary:			
	Discretionary: Spending authority from offsetting collections:			
19.30	Total budgetary resources available	1,656	1,611	0
	Change in obligated balances:			
30.20	Obligated balance, start of year (net)	4,706	1,575	0
30.30	Total new obligations	45	1,611	0
30.40	Total outlays (gross)	-1,651	-3,186	0
30.80	Recoveries of prior year obligations	-1,525	0	0
30.90	Unpaid obligations, end of year (gross)	1,575		
31.00	Obligated balance, end of year (net)	1,575	0	0
	Outlays (gross), detail:			
40.11	Outlays from discretionary balances	1,651	3,186	0
40.80	Outlays (net)	1,651	3,186	0
	Net budget authority and outlays:			
41.80	Budget authority (net)	1,656	1,611	0
41.90	Outlays (net)	1,651	3,186	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

NEW HEADQUARTERS BUILDING

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0147-0-1-407	ACTUAL	(Annualized)	ESTIMATE
25.2			
Direct obligations:			
Other services	131	1,611	0
99.9	131	1,611	0
Total new obligations			

Detailed Justification for the Livable Communities

What Is The Request And What Will We Get For The Funds?

FY 2012 – Livable Communities (S000)

	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>	<u>Change FY 2010- 2012</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	0	669	669
Travel	0	250	250
Other Costs	0	9,081	9,081
TOTAL	<u>0</u>	<u>10,000</u>	<u>10,000</u>
<u>STAFFING</u>			
Direct Positions	0	6	6
Reimbursable Positions	0	0	0
Direct FTE	0	3	3
Reimbursable FTE	0	0	0

The Livable Communities program requests \$10 million and 3 FTEs in FY 2012 to accomplish the mission outlined below.

What Is This Program?

Livability is a key priority for this Administration, and the Secretary has made Livable Communities a new Departmental strategic goal. A Livable Community is defined as a community with transportation options, a variety of housing types, and destinations close to homes. The way infrastructure investments are made – including the layout of the roads, transit systems and walkways –has a huge impact on livability. The Livable Communities program promotes coordination of livability and sustainability in Federal infrastructure policy and supports the **Livable Communities** strategic goal. The Department's comprehensive strategy that promotes livability, increases transportation choices, and significantly

lowers the long-run cost of transportation (and other infrastructure) both for household budgets and taxpayers.

The Livable Communities program within the Office of the Secretary of Transportation (OST) supports the work of the DOT Livability Initiative and the multi-agency Partnership for Sustainable Communities. The initiative provides support for urban and rural communities to promote livable communities through adoption of transportation plans and policies that are coordinated with plans for housing, sewer and water infrastructure, investments, and related policies. The tools developed with this funding will include an affordability index that will combine housing and transportation costs. The development of this tool will have significant implications for redefining housing affordability. It will play a role in illustrating the affordability of housing near public transportation versus suburban housing that lacks accessibility.

As part of the larger transportation system, a network of highly interconnected regional, urban, local, and rural public transportation services will have a vital role in providing mobility and access, ensuring that people can move conveniently and efficiently. The Livable Communities program will work through the Partnership for Sustainable Communities to develop broad, universal performance measures that can be used to track livability across the Nation as well as performance measures that capture local circumstances; and advocate for more robust State and local planning efforts, create incentives for investments that demonstrate the greatest enhancement of community livability based on performance measures, and focus transportation spending in a way that supports and capitalizes on other infrastructure investment, both public and private.

DOT estimates that Federal funds spent for walking and bicycling facilities were roughly \$550 million each in fiscal years 2007 and 2008. However, these efforts are often retrofits to roadway designs that fail to consider the needs of non-motorized travelers. Although walking and bicycling account for almost 12 percent of trips and about 13 percent of roadway fatalities, these modes receive less than 2 percent of annual Federal Aid Highway funds. The Livable Communities program oversees DOT modal livability programs to better support the planning and building of interconnected walking and bicycling networks as well as the connections of those networks to local transit systems. The program will develop an online database for livability. This online database will be essential in providing adequate information and tools for communities wishing to implement livability policies and projects. It will be a central point for online users to find tools, funding opportunities, peer exchanges, trainings, and other resources related to livable communities.

The work of the Livable Communities program in OST in 2012 will be building on the progress made in the previous year, including the hiring of staff and the implementation of infrastructure to support these employees. Additionally, in FY 2012, DOT will develop a set of performance metrics in conjunction with HUD and EPA. These metrics will guide the work of the Partnership and DOT's Livability Initiative by clarifying the specific outcomes that the agencies are seeking. The program will continue to support public outreach with the development of tools to further increase the capacity of local communities interested in livability.

The Livable Communities program will foster the development of more transportation choices, including improving networks that accommodate pedestrians and bicycles by working with EPA and HUD to support planning, capacity building and tool development that allows communities to consider

how they will grow. The program will work with EPA and HUD to encourage investments in infrastructure that support community growth plans and support more transportation choices. Actions have already led to new Departmental and bicycle policies and networks that allow choices in addition to the automobile will continue to be fostered.

Why Is This Particular Program Necessary?

A key priority for DOT and this Administration is fostering livable communities – places where transportation, housing and commercial development investments have been coordinated so that people have access to adequate, affordable, and environmentally sustainable travel options. The outcomes or results of livable communities include increased access to convenient, affordable transportation choices, improvements in the public transit experience, provision of additional pedestrian and bicycle networks, and improved access to transportation for special needs populations and individuals with disabilities. Achieving these outcomes with this program and a coordinated approach with other agencies will lead to lower household expenditures for transportation, currently 17 percent,¹ and affordable connections to jobs and other amenities.

U.S. transportation spending over the last 50 years often has been poorly coordinated with other infrastructure investments such as housing and commercial development. This has contributed to the prevalence of low-density, scattered, auto-dependent communities and disinvestment in many of the Nation's core urban and rural centers. This kind of development is energy-intensive and contributes to a dependence on fossil fuels and a tendency toward high carbon-emissions; it has been correlated with increasing rates of obesity in the U.S. and higher transportation costs for American families.

Coordinated development and comprehensive planning – the type of projects encouraged by the Livable Communities program – are shown to have decreased greenhouse gas emissions associated with them, positive health impacts on the community's residents, and lower household transportation costs, leading to more economically resilient communities. This coordinated approach can also save taxpayer dollars. Using U.S. Census Bureau data, many studies estimate that compact, mixed-use development can reduce infrastructure costs by 11 percent or more.

A consumer research study found that over half of the Millennial generation – people born from the mid-1970s to the 1990s – felt that an easy walk to stores was an extremely important determinant in housing and neighborhood choice and over two-thirds of them felt that living in a walkable community was important. The American Association of Retired People (AARP) reported that 71 percent of older households want to live within walking distance of transit. In more livable, walkable communities, older Americans will be more able to age in place because, even if they have to curtail their driving, they will still have access to medical services, shopping family, friends and social amenities.

The traditional nuclear family that made up 40 percent of households in 1970 now comprises less than 24 percent of households. This is an important demographic trend that could have a profound effect on the demand for transit because older, non-family, non-white households are the demographic groups growing most quickly. Due to zoning codes and disjointed transportation, housing, and economic development policies, meeting market demand for vibrant, walkable neighborhoods is often difficult or

¹ U.S. Department of Labor, Bureau of Labor Statistics, Consumer Expenditure Survey, 2007 and personal communication with U.S. Department of Transportation, Bureau of Transportation Statistics, November 2008.

impossible. This livable communities' initiative is intended to alleviate and remove barriers to implementation, allowing for the appropriate supply of these highly and widely-valued communities.

The Livable Communities program within DOT will directly support work that will encourage the positive outcomes of livable communities. By supporting the work of the Partnership, more outcomes will be achieved that break down silos and eliminate barriers – making implementation of livable communities easier at the local level. By coordinating among the operating administrations of DOT, the OST Livable Communities program will ensure that DOT initiatives also support these goals, send a consistent message, provide adequate tools and resources, and are original and useful in their scope and implementation. Finally, by developing key tools and making additional data available to communities interested in pursuing livable communities, the Department is encouraging these benefits in a direct and tangible way.

How Do You Know The Program Works?

Livable communities have been shown to have many benefits, which would be supported by the Livable Communities program. Livable communities save tax payer money on infrastructure costs, save household transportation costs, decrease environmental impacts, boost economic competitiveness, and increase health.

The application of livability strategies can save billions in infrastructure investment. According to the U.S. Census Report, “The Market for Smart Growth,” smart growth savings could be: 12% on road-building, 6% on water and sewer infrastructure costs, and 4% on annual operations if transportation, housing, and water infrastructure plans were aligned. These facts are supported by the example of Envision Utah, where their “Quality Growth Strategy” is projected to require \$4.5 billion less investment in transportation, water, sewer, and utility over 10 years as compared to traditional development patterns.

Livable communities also save household's money. In livable communities, which support increased transportation choices, people own fewer vehicles and drive fewer miles, and therefore have lower transportation costs. In fact, good transit access yields one less car per household, lowering the cost of living by \$300-600/month. This is the equivalent of increasing income 10-20% tax free. This is because people who live close to transit stops tend to use it. A study in the Bay Area by the Metropolitan Transportation Commission found that, for people who both live and work within half a mile of a rail or ferry stop, 42% of them commute by transit. For those who neither work nor live within such proximity, the number falls to 4%.

Oil use and air pollution drops substantially in communities that provide transportation choices, walkability, and destinations within an easy distance of each other. An NPR case study in Atlanta compared the carbon footprint of a family in a walkable, transit-served neighborhood to a family in a car-dependent one. The footprint of the car-dependant family was 40% larger, with transportation accounting for almost 95% of the difference. This case study, Atlantic Station, avoided 50 million vehicle miles traveled. Additionally, livable communities help address many environmental issues faced in rural areas. Productive farmland close to urban centers is being lost due to suburban sprawl. New land could be brought into agricultural production but often at high economic and environmental cost. Also the farther farmland is moved from urban centers—where the consumers are—the more inefficient

it is to bring products to market, especially for smaller farms selling their produce in local markets. Livable communities help address these issues by reducing sprawl and providing transportation options within rural communities.

Livable communities are more economically resilient. HUD has found that foreclosures were more pervasive in communities that were car dependent. And in some cases, property values have actually continued to rise. One study showed that in 13 of 15 metro areas studied, a one-point increase in the Walk Score associated with a \$500 - \$3,000 increase in home values. The increase in home values, along with the other commodities and conveniences offered in livable communities, cause an increase in investment. From 2004-2008, EPA invested \$3.3 million in place-specific projects and programs. These investments attracted \$8.1 million in additional investments.

Finally, livable communities have tangible health benefits. People who walk as part of their daily routine (as opposed to part of an exercise regime) tend to be healthier. Recent studies have shown an average weight difference of 6 pounds for walkable versus auto-dependent communities.

The benefits of livable communities are tangible. The Partnership for Sustainable Communities and the DOT Livability Initiative are promoting livable communities by working to remove federal regulatory, administrative, and legislative barriers to implementation, providing funding opportunities for livability projects, providing technical assistance and planning support, and by increasing the capacity of regional offices and community leaders. By supporting these efforts, the Livable Communities program will contribute to these community enhancements.

Why Do We Want/Need To Fund The Program At The Requested Level?

The Department requests \$10 million to establish the Livable Communities program within the Office of the Secretary that would refine federal policies that promote livable communities and work with DOT Operating Administrations, HUD, and EPA to develop programmatic guidance, standards, rules, and program proposals consistent with the new policies. In addition, the program will identify current federal program barriers for developing livable communities, options for lifting those barriers, and assessing the effectiveness of various transportation programs in supporting livability.

Program activities will include technical assistance; increased coordination with modal administrations, particularly coordination of field office outreach; and oversight of livability tool development, including an affordability index, an online livability database, and training for federal employees working with livability.

The program will use up to \$4 million for administrative and technical oversight activities. The six staff that administer the Livable Communities program will be responsible for inter and intra-agency coordination, identification of appropriate action for eliminating federal barriers, coordinating public outreach on the livability initiative, and coordinating regional outreach among operating modal administrations.

The remaining \$6 million will be used to develop tools for implementing livable communities – all in collaboration with EPA, HUD and DOT's Operating Administrations. Some of these tools will require multi-year funding while others may be fully funded in a single year. The tools developed by this

program will include an affordability index that will combine housing and transportation costs. The development of this tool will have significant implications for redefining housing affordability. It will play a role in illustrating the affordability of housing near public transportation versus suburban housing that lacks accessibility. Additionally, the program will develop an online database for livability. This online database will be essential in providing adequate information and tools for communities wishing to implement livability policies and projects. It will be a central point for online users to find tools, funding opportunities, peer exchanges, trainings, and other resources related to livable communities. Finally, the Livable Communities program will fund one or more conferences for the purpose of bringing together regional staff from DOT, HUD, and EPA for training. By bringing field office employees together for training and networking, the conferences will increase capacity in the field offices to promote livable communities and provide technical assistance for projects.

The development of the tools listed here is crucial for moving forward with the livability initiative but is not a comprehensive list. The affordability index was recognized as an immediate need for the Partnership, but has not yet been developed. Though it will require significant resources, the impact that it will have in promoting livable communities is significant. Similarly, the livability database will finally provide a central point for all tools and resources related to livability. In the third year of the Partnership, these tools will likely be extensive, and having a central location for local governments, community leaders, and other stakeholders is crucial to disseminating important information about the implementation of livability.

Funding for the hosting capacity-building conference among regional offices will mean that regions will have knowledgeable technical assistance when necessary. It will also mean that field offices will have the capacity to promote livable communities and incorporate them into existing transportation projects. Ensuring that the field offices of the federal agencies are working on the same page as headquarters and providing sufficient information and support to communities is essential.

**Explanation of Funding Changes
for
*Livable Communities***

FY 2010 Enacted	\$0
Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
FY 2011 Annualized CR	0
Adjustments to the Base:	
Inflation	
One Less Compensable Day	
WCF	
FY 2012 Adjusted Base	0
Base Offsets/Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
Program Increases/Decreases:	
3 FTE	\$669
6 positions funded half-year (3 FTEs)	
Travel	\$250
Other Services	\$5,969
To develop performance measures and metrics and to create tools to better measure mobility, walkability and affordability; technical oversight activities; transactional support for grants and contracts and development and maintenance of grants management systems and procedures; program evaluation.	
Supplies and Equipment	\$70
Working Capital Fund	\$166

Section 3 - FY 2012 Budget Request by Appropriation

Technical Assistance **\$2,876**

For technical assistance targeted at improving public outreach, communication and input to direct federal investments and will also fund projects to improve public involvement with State and regional transportation plans, including visioning tools and interactive public workshops.

Total FY 2012 Request **\$10,000**

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

LIVABLE COMMUNITIES

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0158-0-1-401	ACTUAL	(Annualized)	ESTIMATE
Obligations by program activity:			
0001 Livable Communities	0	0	8,839
0002 Administration	0	0	1,161
0900 Total new obligations	0	0	10,000
Budgetary Resources:			
Budget authority:			
Appropriations, discretionary:			
1100 Appropriation	0	0	10,000
1160 Appropriation, discretionary (total)	0	0	10,000
Change in obligated balance:			
Obligated balance, start of year (net):			
3000 Unpaid obligations, brought forward, Oct 1 (gross)	0	0	0
3020 Obligated balance, start of year (net)	0	0	0
3030 Obligations incurred, unexpired accounts	0	0	10,000
3040 Outlays (gross)	0	0	-4,000
Obligated balance, end of year (net):			
3090 Unpaid obligations, end of year (gross)	0	0	6,000
3100 Obligated balance, end of year (net)	0	0	6,000
Budget authority and outlays, net:			
Discretionary:			
4000 Budget authority, gross	0	0	10,000
Outlays, gross:			
4010 Outlays from new discretionary authority	0	0	4,000
4070 Budget authority, net (discretionary)	0	0	10,000
4080 Outlays, net (discretionary)	0	0	4,000
4180 Budget authority, net (total)	0	0	10,000
4190 Outlays, net (total)	0	0	4,000

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

LIVABLE COMMUNITIES

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0158-0-1-401	ACTUAL	(Annualized)	ESTIMATE
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	0	0	500
11.5 Other personnel compensation	0	0	0
11.9 Total personnel compensation	0	0	500
12.1 Civilian personnel benefits	0	0	169
21.0 Travel and transportation of persons	0	0	250
23.0 Communication and utilities	0	0	0
25.0 Other services	0	0	9,011
26.0 Supplies and materials	0	0	20
31.0 Equipment	0	0	50
41.0 Grants, subsidies, and contributions	0	0	0
99.9 Total new obligations	0	0	10,000

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0158-0-1-401	ACTUAL	(Annualized)	ESTIMATE
1001 Total compensable workyears:			
Full-time equivalent employment	0	0	3

Detailed Justification for the National Infrastructure Investments

What Is The Request And What Will We Get For The Funds?

FY 2012

National Infrastructure Investments

(\$000)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>Change</u> <u>FY 2010 -</u> <u>FY 2012</u>
<u>FUNDING LEVELS</u>			
Mandatory: Infrastructure Investments	575,000 ^{1/}	1,970,000	1,395,000
Mandatory: Administrative Expenses	25,000 ^{1/}	30,000	5,000
TOTAL	<u>600,000</u>	<u>2,000,000</u>	<u>1,400,000</u>

^{1/} Originally appropriated as discretionary. Rebaselined as mandatory.

STAFFING

Direct Positions: Mandatory	7	25	18
Direct FTE: Mandatory	7	25	18

The National Infrastructure Investments program is requesting \$2 billion and 25 FTE for FY 2012.

What Is This Program?

The National Infrastructure Investments program leverages federal dollars and focuses on investments of national and regional significance that often fall through the cracks in the current mode-specific transportation programs. Funds are provided to State and local governments and transit agencies for capital investments in the Nation's surface transportation infrastructure, including roads and highways, public transportation facilities, freight and passenger rail, and port infrastructure. The Secretary awards these funds on a competitive basis, and selects merit-based

projects that make a significant impact on the Nation, a metropolitan area, or a region. Up to \$200 million would be available for planning purposes.

The Secretary would take measures to ensure an equitable geographic distribution of funds and an appropriate balance in addressing the needs of urban and rural communities. Not less than \$300 million would be available for rural areas. The Secretary gives priority to projects that require a contribution of Federal funds in order to complete an overall financing package, and complies with minimum and maximum grant sizes and a limitation on the amount of funding that may be awarded to projects in any individual State. Not more than 25 percent of the funds made available would be awarded to a single state.

The projects funded are judged on their ability to provide important transportation improvements. Criteria are aimed at bringing existing infrastructure to a state of good repair and increasing economic competitiveness, creating and supporting livable communities, ensuring the sustainability of our transportation system and the environment, and improving safety. .

Investment decisions are based on clear analytical measures of performance, competing projects against each other to determine which will produce the greatest benefit. In FY 2012, the Department will use cost-benefit analysis requirements for funding that demonstrates competitive and positive return on investment from a broad public benefits standpoint for each funded project.

The Department also requests that up to \$ 250 million of the program's funds be available to provide TIFIA credit assistance to eligible projects. Supplementing grant funds with TIFIA credit assistance allows the Department to maximize the value of its investments and tailor Federal assistance to the particular needs of each project that is selected for funding.

Why Is This Particular Program Necessary?

The National Infrastructure Investments program is necessary because the U.S. transportation infrastructure, much of which was built decades ago, is aging and in need of repair. The program helps build more varied, affordable, and environmentally sustainable transportation options. The program promotes innovative approaches to moving people and goods. Competitive national programs facilitate creative and innovative approaches at the State and local level and leverage substantial resources for major transportation investments.

How Do You Know The Program Works?

Increasing the economic competitiveness of the Nation is a compelling objective for transportation and National Infrastructure Investments have the unique ability to invest in the full range of transportation infrastructure options - highway, transit, rail, and port facilities – to support solutions that no other program at the Department can offer. State and local governments have shown a tremendous interest in the program and the Department expects that demand for grant funds will continue to far exceed what is available. This proposal would continue the program by providing an additional \$2 billion in mandatory funding, and would allow a portion of the funds to support new Federal credit assistance authority.

Why Do We Want/Need To Fund The Program At The Requested Level?

The program is requesting \$2 billion and 25 FTE for FY 2012. In order to address the deteriorating state of the Nation's transportation system, the program is designed to help spur investment beyond the Federal government. The competitive aspect of this program encourages additional investment into transportation infrastructure while utilizing the available grant and loan funding to enhance the Nation's transportation network.

**Explanation of Funding Changes
for
National Infrastructure Investments
(\$000)**

FY 2010 Enacted	\$600,000
Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
FY 2011 Annualized CR	\$600,000
Adjustments to the Base:	
Inflation	
One Less Compensable Day	
WCF	
FY 2012 Adjusted Base	\$600,000
Base Offsets/Redirection of Resources:	
Personnel Compensation & Benefits	
Other Costs	
Program Increases/Decreases:	
Infrastructure Investment Grants and Subsidy Assistance	\$1,395,000
Administrative Oversight	\$5,000
Total FY 2012 Request \$2,000,000	

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

NATIONAL INFRASTRUCTURE INVESTMENT

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code		FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-0143-0-1-401				
Obligations by program activity:				
0001	National Infrastructure Investment Grants	0	1,139,133	1,970,000
0002	Administrative Costs	1,000	12,337	20,000
0003	TIFIA Subsidy & Admin	0	20,000	0
0900	Total new obligations	1,000	1,171,470	1,990,000
Budgetary Resources:				
Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	0	599,000	27,530
Budget Authority:				
Appropriations, discretionary:				
1100	Appropriation	0	0	0
1160	Appropriation, discretionary (total)	0	0	0
Appropriations, mandatory:				
1200	Appropriation	600,000	600,000	2,000,000
1260	Appropriation, mandatory (total)	600,000	600,000	2,000,000
1900	Budget authority (total)	600,000	600,000	2,000,000
1930	Total budgetary resources available	600,000	1,199,000	2,027,530
Memorandum (non-add) entries:				
1941	Unexpired unobligated balance, end of year	599,000	27,530	27,530
Change in obligated balance:				
Obligated balance, start of year (net):				
3000	Unpaid obligations, brought forward, Oct 1 (gross)	0	758	1,034,470
3020	Obligated balance, start of year (net)	0	758	1,034,470
3030	Obligations incurred, unexpired accounts	1,000	1,171,470	1,990,000
3040	Outlays (gross)	-242	-137,758	-350,000
Obligated balance, end of year (net):				
3090	Unpaid obligations, end of year (gross)	758	1,034,470	2,674,470
3100	Obligated balance, end of year (net)	758	1,034,470	2,674,470
Budget authority and outlays, net:				
Discretionary:				
4000	Budget authority, gross	0	0	0
Outlays, gross:				
4010	Outlays from new discretionary authority	0	0	0
4011	Outlays from discretionary balances	0	0	0
4020	Outlays, gross (total)	0	0	0
4070	Budget authority, net (discretionary)	0	0	0
4080	Outlays, net (discretionary)	0	0	0
Mandatory				
4090	Budget authority, gross	600,000	600,000	2,000,000
Outlays, gross:				
4100	Outlays from new mandatory authority	242	6,000	20,000
4101	Outlays from mandatory balances	0	131,758	330,000
4110	Outlays, gross (total)	242	137,758	350,000
4160	Budget authority, net (mandatory)	600,000	600,000	2,000,000
4170	Outlays, net (mandatory)	242	137,758	350,000
4180	Budget authority, net (total)	600,000	600,000	2,000,000
4190	Outlays, net (total)	242	137,758	350,000

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

NATIONAL INFRASTRUCTURE INVESTMENT

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-0143-0-1-401			
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	35	1,285	4,000
11.5 Other personnel compensation	0	13	0
11.9 Total personnel compensation	35	1,298	4,000
12.1 Civilian personnel benefits	10	703	0
21.0 Travel and transportation of persons	0	548	0
22.0 Transportation of things	0	1	0
23.0 Communication and utilities	0	160	0
24.0 Printing and Reproduction	0	5	0
25.2 Other services from non-federal sources	954	608	2,000
26.0 Supplies and materials	0	15	0
31.0 Equipment	0	0	0
41.0 Grants, subsidies, and contributions	0	0	0
99.0 Direct obligations	1,000	3,337	6,000
Allocation Account - direct:			
11.1 Personnel compensation: Full-time permanent	0	2,000	5,000
21.0 Travel and transportation of persons	0	0	3,000
25.2 Other services from non-federal sources	0	7,000	6,000
41.0 Grants, subsidies, and contributions	0	1,159,133	1,970,000
99.0 Allocation account - direct	0	1,168,133	1,984,000
99.9 Direct obligations	1,000	1,171,470	1,990,000

PERSONNEL SUMMARY

Identification Code	FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-0143-0-1-401			
1001 Total compensable workyears:			
Full-time equivalent employment	0.5	18	25

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SUPPLEMENTAL DISCRETIONARY GRANTS FOR NATIONAL SURFACE TRANSPORTATION SYSTEM
(RECOVERY ACT)

PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010 ACTUAL	FY 2011 CR (Annualized)	FY 2012 ESTIMATE
69-0106-0-1-401			
Obligations by program activity:			
0001 Discretionary Grants	419,294	1,049,206	0
0002 Administrative Costs	179	1,321	0
0003 TIFIA Subsidy & Admin	400	19,600	0
0004 TIFIA Challenge Grants	900	9,100	0
0900 Total new obligations	420,773	1,079,227	0
Budgetary Resources:			
Unobligated balance:			
1000 Unobligated balance brought forward, Oct 1	1,500,000	1,079,227	0
1010 Unobligated balance transferred to other accounts [69-0106]	1,459,187		
1011 Unobligated balance transferred from other accounts [69-0106]	-1,459,187		
1050 Unobligated balance (total)	1,500,000	1,079,227	0
Budget Authority:			
Appropriations, discretionary:			
1160 Appropriations, discretionary (total)	0	0	0
1930 Total budgetary resources available	1,500,000	1,079,227	0
Memorandum (non-add) entries:			
1941 Unexpired obligated balance, end of year	1,079,227	0	0
Change in obligated balance:			
Obligated balance, start of year (net):			
3000 Unpaid obligations, brought forward, Oct 1 (gross)	0	411,009	780,000
3020 Obligated balance, start of year (net)	0	411,009	780,000
3030 Obligations incurred, unexpired accounts	420,773	1,079,227	0
3031 Obligations incurred, expired accounts	0	0	0
3040 Outlays (gross)	-9,764	-710,236	-420,000
Obligated balance, end of year (net):			
3090 Unpaid obligations, end of year (gross)	411,009	780,000	360,000
3100 Obligated balance, end of year (net)	411,009	780,000	360,000
Budget authority and outlays, net:			
Discretionary:			
Outlays, gross:			
4011 Outlays from discretionary balances	9,764	710,236	420,000
4080 Outlays, net (discretionary)	9,764	710,236	420,000
4180 Budget authority, net (total)	0	0	0
4190 Outlays, net (total)	9,764	710,236	420,000
	0	0	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

SUPPLEMENTAL DISCRETIONARY GRANTS FOR NATIONAL SURFACE
TRANSPORTATION SYSTEM
(RECOVERY ACT)

OBJECT CLASSIFICATION
(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0106-0-1-401	ACTUAL	(Annualized)	ESTIMATE
Direct obligations:			
Personnel compensation:			
11.1 Full-time permanent	2	850	0
11.5 Other personnel compensation	22	18	0
11.9 Total personnel compensation	25	868	0
12.1 Civilian personnel benefits	7	200	0
21.0 Travel and transportation of persons	1	0	0
23.0 Communication and utilities	0	0	0
25.0 Other services	143	252	0
26.0 Supplies and materials	0	1	0
31.0 Equipment	0	0	0
41.0 Grants, subsidies, and contributions	420,601	1,077,906	0
99.0 Subtotal, direct obligations	420,776	1,079,227	0
99.0 Reimbursable obligations	0	0	0
99.9 Total obligations	420,776	1,079,227	0

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
69-0106-0-1-401	ACTUAL	(Annualized)	ESTIMATE
1001 Total compensable workyears:			
Full-time equivalent employment	0.46	3	0

Detailed Justification for the Working Capital Fund

What Is The Request And What Will We Get For The Funds?

FY 2012 – WCF

TOTAL WORKING CAPITAL FUND

FY 2012 BUDGET ESTIMATE

(In thousands of dollars)

<u>Program</u>	FY 2010 <u>Enacted</u>	FY 2012 <u>Request</u>	Change FY 2010 - <u>FY 2012</u>
WCF DOT Activities	147,596	192,395	44,799
WCF Non-DOT Activities	<u>438,953</u>	<u>388,789</u>	<u>(50,164)</u>
Total	\$586,549	\$581,184	(\$5,365)
 <u>Staffing</u>			
Reimbursable Positions	224	268	39
Reimbursable FTE	216	262	46

The Offices of the Assistant Secretary for Administration and Chief Information Officer administer funds for the Working Capital Fund and receive appropriations for Salaries and Expenses. The Office of the Assistant Secretary for Administration also administers reimbursable funds.

The WCF is a fee-for-service operation that normally receives no direct appropriation; its costs are paid by its customers. For FY 2012, the WCF is requesting \$581.184 million in obligation authority, 268 positions, and 262 FTEs in this request.

What Is This Program/Activity?

Overview:

The WCF supports the **Organizational Excellence** Strategic Goal by providing high quality, timely administrative services to the DOT customers which enable the Operating Administrations to focus on core transportation infrastructure goals.

The WCF is authorized under 49 U.S.C 327 to provide the common administrative services the Secretary of Transportation decides are desirable for the efficiency and economy of the Department.

The WCF, through the Office of the Assistant Secretary for Administration (OASA) and the Office of the Chief Information Officer (OCIO), provides a wide range of technical and administrative services including personnel operations, facilities management, parking management, transit benefit programs, printing and graphics, mail operation, library and dockets management operations, building security, IT security and infrastructure, telecommunications, and procurement and acquisitions services. The Fund's services are delivered to customers through an organizational structure of individual business lines providing related services or products.

The WCF is a fee-for-service operation which normally receives no direct appropriations. Instead, the WCF is a fully self-sustaining organization and must achieve full cost recovery which includes an equitable distribution of overhead and indirect costs. During the budget formulation stage, the WCF provides cost estimates to the WCF customers based on historical data and projected demand and service levels. During the year of execution, customers are billed for actual use of common services.

The WCF continues to balance mission priorities with customer needs and available resources while building upon a sound administrative infrastructure that consolidates services for common Department-wide functions throughout the Operating Administrations. WCF services are financed through customer reimbursements based on actual customer usage. Customers are provided with estimates based on historical usage and detailed discussions occur to determine new and changing requirements.

The WCF facilitates efficiencies by:

- placing policy offices and service providers together in the same organization;
- making the best use of employee expertise, increasing communication, and reducing costs to the taxpayers;
- identifying and eliminating redundancies and reducing organizational layers;
- providing best value to the government through compliance with OMB and Congressional directives to consolidate and deliver services more efficiently; and
- consolidating Operating Administrations' infrastructures into a single Departmental infrastructure to improve service delivery, increase security, and reduce costs.

The WCF currently maintains an operating reserve capped at 4% of the previous year's revenue to protect the fund from exceeding the amounts authorized and to add an acceptable margin for both flexibility and responsiveness. The WCF is requesting a general provision to expand the operating reserve's purpose with explicit authority to use it as both an operating and **capital replacement** reserve, still capped at 4% of the previous year's revenue. The general provision will provide the WCF authority to use the reserve towards the replacement value of capitalized assets in cases where the replacement equipment has increased in costs due to inflation. Currently, only the historical cost of capitalized assets is available for the future replacement of the asset.

The two secretarial offices providing WCF services are:

The **Office of the Assistant Secretary for Administration (OASA)** prioritizes and deploys resources to provide the financial management for the WCF and Departmental services in human resources, security, acquisition and federal acquisitions reporting systems, information services, transportation and facilities, and space management. In addition, the OASA manages the transit benefit program for over 100 agencies nationwide.

The **Office of the Chief Information Officer (OCIO)** delivers information technology services to customers through the operation of an IT infrastructure that includes e-mail services, file and print service, enterprise hosting services, consolidated headquarters network and enterprise help desk support. Operating administrations contract with the OCIO for services and reimburse the WCF for the cost of those services.

FY 2011 Anticipated Accomplishments:

The Office of the Assistant Secretary for Administration will build upon the Department's culture of being citizen-centered, results-oriented, and market-based through the Strategic Management of Human Capital and a multi-sector workforce.

The WCF continues to enhance utilization of performance based metrics and expand management control plans. Documentation and testing is performed for the internal controls over financial reporting as required by the Sarbanes-Oxley Act and the Federal Managers Financial Integrity Act. The WCF has documented and performed testing on all key areas of the financial statements.

The Office of the Chief Information Officer's (CIO) will continue to accommodate the migration of desktop support from the field to the Common Operating Environment. The affected modes are currently paying for this support directly (i.e. outside of the Working Capital Fund). In FY 2011 the support will be provided by IT Shared Services and funded by the operating administrations through the WCF.

The consolidation into the Common Operating Environment will:

- Meet the Office of Management and Budget’s mandate to reduce the number of Trusted Internet Connections.
- Achieve efficiencies of scale through centralized procurement and support.
- Eliminate a fragmented network and mitigate security vulnerabilities and risk while ensuring compliance with Federal Information Security Management Act requirements.

The TRANServe Program will save over \$1 million annually by eliminating over 15 contractor positions and contract costs by converting the Transit Benefits & Parking program to a Federal workforce. The program is currently supported by over 85 full and part-time contractors. A transition to a Federal workforce will combine previously segregated functions and ensure continuity of operations as the program transitions from paper distribution to an electronic solution.

The Department will expand the health clinic at the DOT Headquarters Building to offer additional health care services with the goal of improving the health of its employees. Currently, the Department provides monthly blood pressure screenings, quarterly health awareness activities and annual influenza immunizations. FY 2011 services will include individualized health counseling, periodic bed rest, blood pressure monitoring, glucose monitoring, administering allergens and other medications administered by injection (employee provides allergy medication), and immunizations (Flu, tetanus and Pneumococcal), as well as traveler’s health and immunization information. The Health Service Clinic will also provide an expanded health awareness program and disease-specific health risk assessments.

Why Is This Particular Program Necessary?

This consolidation of services allows the WCF to achieve economies of scale, eliminate redundancies, promote consistency in service, and reduce administrative costs across the Department.

The WCF reduces costs by consolidating the administrative management structures. Without this structure, each operating administration would have to negotiate with a service provider, losing economies of scale, leading to inefficiencies and inconsistency in services. Additionally, some programs like Unemployment Compensation are required by other statutes to provide a single Departmental point of payment to the servicing agency.

Why Do We Want/Need To Fund The Program At The Requested Level?

The FY 2012 budget request aligns mission priorities with customer needs and available resources while building upon a sound administrative infrastructure that consolidates services for common Department-wide functions throughout the Operating Administrations.

Specific changes from the FY 2010 request are discussed below:

An increase of \$20.214 million and 10 positions (9 FTEs) are requested to transfer the HR systems reimbursable project into the WCF. The Departmental Office of Human Resource Management currently provides technical management and support for all consolidated HR systems on a reimbursable basis within the Department. This budget would move these costs and associated positions into the WCF. HR Systems currently funded under reimbursable agreement are: the Federal Personnel and Payroll System (FPPS), the Electronic Learning Management System (eLMS), the Enterprise Human Resources Integration (EHRI) Electronic Official Personnel Folder (eOPF) and Analytic Tools, the Human Resources Management Suite (HRMS), the Exit Interview System (EIS), and the Workers' Compensation Information System (WCIS).

The WCF proposes an increase of \$1.025 million to consolidate 84 Inter-Agency Agreements into six agreements for the E-Gov initiatives. This will gain efficiencies by eliminating 78 Inter-Agency Agreements. The increase includes the amount currently paid by the OAs and one FTE. Operated, managed, and supported by Federal agencies, these initiatives provide high-quality, common solutions such as citizen tax filing, Federal rulemaking, and electronic training. The E-Gov Initiatives benefit and serve citizens, businesses, and Federal and state government employees by delivering high quality services.

An additional \$2.000 million in funding has been requested for the implementation of the OMB guidance related to the Transparency Act. Specifically, beginning on October 1, 2010 Federal agencies are to initiate a sub-award reporting process so that recipients of new grants can provide required information to a central Federal database. This data will then be combined and provided to the public through the new USAspending.gov website.

Given the large volume of grants managed by DOT, the funding will provide IT systems support, resources for assisting grant recipients with training, and other support necessary to ensure full implementation of the Transparency Act's requirements.

An increase of \$2.743 million is requested for utilities in FY 2012. A new utilities contract will be awarded in FY 2012 and historically, costs increase in a range from 14 to 17% with each new contract. The WCF is exploring ways to reduce these costs but until savings are identified, estimates were adjusted to include increased contract costs.

The guard contracts will be reduced and some savings will be used for the FPS mandated weapons transition and training and refresher X-ray training outlined below. The reduction will result in a net savings of \$2.3 million.

Weapons Transition and Training: FPS has transitioned the majority of their non-delegated sites to semiautomatic handguns and informed their delegated sites that they will discontinue support for revolvers on FPS guard contracts in FY2012. The training is for the new weapons.

Refresher X-ray Training: This training is required by FPS on an annual basis to ensure that each security officer and supervisor maintains skills in contraband detection and response when operating X-ray scanning equipment. Both of these training components provide essential elements of a solid screening program designed to protect DOT employees.

Another mandate by FPS is to outfit the guard force with ballistic vests, which offers a measured degree of additional protection to the security officers. In recent years there have been several incidents where guards in Federal facilities were fatally shot. This initiative will provide the DOT security program with an increased capability of preventing harm to its guard force by armed intruders.

The Disability Resource Center continues to see growth in the employee assistance and interpreting programs. Accordingly, an additional \$.700 million is requested for projected growth in this program.

The WCF has requested an additional \$1.799 million in Human Resource Services in support of the IdeaHub program, a Candidate Development Program (CDP) and an expanded Health Clinic. IdeaHub is an online community that facilitates innovation and collaboration throughout DOT. It is designed to bring comprehensive, cultural change to the DOT through the use of a collaborative website. It empowers employees to develop and rate programs and technological processes and improve the work environment. By supporting communication through a transparent and accountable process, IdeaHub is an important component of DOT's Open Government Strategy. The CDP prepares current GS-14 and 15 employees to function as members of the Senior Executive Service within DOT.

Copier, Printing and Multimedia obligations are projected to increase by \$2.566 million due to the expansion of the Multi-Functional Printer fleet to field locations and the request of a customer who is planning to submit a large printing request in FY 2012. This includes an increase of \$.259 million that is being requested in the Multimedia Center, which has experienced an increased demand for support. To adequately meet that demand the WCF is requesting funding for three new contractors (one photographer and two multi-media specialists).

Security Operations is requesting \$.779 million for the development and implementation of a Security Education Awareness initiative which will include training, brochures, guest speakers, travel, and Web development. This initiative is expected to be a requirement under the new Executive Order titled "Classified National Security Information," which requires annual training of DOT personnel who are designated as an Original Classification Authority (OCA). The training program will acquaint DOT personnel with new procedures regarding the designation, marking, dissemination, and safeguarding of Controlled Unclassified Information (CUI), which will be the new designation to replace the term "For Official Use Only (FOUO)" for sensitive, but not classified, information. In addition, HSPD-12 implementation increased by \$.400 million to continue the registration and enrollment of DOT employees, excluding FAA.

- National Initiatives and CNCI (NSPD-54/HSPD-23)
 - Implement Trusted Internet Connection (TIC) services for DOT at five (5) locations as requested of the U.S. Department of Homeland Security (DHS), to reduce the exposure to external attacks
 - Consolidate 30 DOT internet access points (IAP) down to the approved and implemented DOT TICs

- Implement Einstein 2 intrusion detection services to enhance detection of malicious activity and situational awareness of Federal networks
- Implement supporting capacity, infrastructure, and capabilities for ongoing TIC and Einstein operations
- Domain Name Security (DNSSec)
 - Complete upgrades to the DOT domain name services infrastructure to meet Federal and DHS requirements for secure operations, including necessary testing and validation, and to ensure that the DOT identity on the Internet cannot be used without authorization, and only then in secure fashion
- Desktop, Management, and Compliance Enhancements
 - Complete implementation of encryption on DOT computers and networks to protect sensitive and privacy information
 - Complete implementation of the Federal Desktop Core Configuration (FDCC) to secure DOT computers
 - Expand automated configuration management to platforms other than Microsoft Windows to ensure implementation of best practice secure configurations, and add the capability to undo unauthorized changes to systems
 - Enhance existing monitoring, alerting, and reporting capabilities to reduce existing vulnerabilities and risks, and to improve DOT responsiveness to cyber security and privacy incidents
- Information Technology Validation Capabilities
 - Enhance DOT change management and deployment services and functions by implementing a comprehensive validation environment and capability (people, process, and technology) to validate new products and solutions for business impact and security prior to production deployment
- Education, Training, and Awareness and Workforce Development
 - Enhance and extend the current cyber security and privacy training program to improve program performance, reduce risks associated with untrained personnel, and reduce the occurrence of incidents resulting from personnel awareness and training gaps
 - Support the President's National Cyber Security Awareness initiative by incorporating messaging and content provided by DHS into DOT training and awareness materials, and programs
 - Enhance development of the DOT cyber security and privacy workforce through specialized training, certification, and recruiting and retention programs, in order to improve effectiveness and reduce corresponding risks

CIO is requesting a FY 2012 increase of \$3.187 million, including 12 federal positions and 7 FTEs, for Cyber Security operational support. This funding will enable DOT to begin to provide the necessary continuity to meet the security requirements for the Department's network. Specific outcomes include:

- Network Access, Authentication, and Authorization
 - Mitigate and close existing weaknesses identified in an OIG report (FI-2008-001)
 - Proactively assess the security of computers and devices as they connect to DOT networks, prior to authorizing them access, and quarantine or remediate those that are threats
 - Ensure that only authorized personnel access DOT networks, systems, and information by incorporating the President’s national Identity Management strategy, and enhancing processes and technology to use the new Federal identification (PIV) cards

The CIO is requesting \$7.437 million for new initiatives under the New Initiatives business line. The OCIO FY2012 New Initiative request focuses on three OMB directives: promoting innovation through participation by: adopting shared services models to implement enterprise licenses, employing business solutions services to improve the management of major IT initiatives and strengthen accountability through transparency. Through the implementation of these new initiatives, OCIO can assist the Department to modernize in line with OMB guidance, thereby limiting the risk of discontinued projects and a reduction in DOT IT funding. Detailed descriptions of services are provided in the OCIO Business Line narratives beginning on page 37.

The OCIO is also requesting \$3 million for Records Management to enhance the Department’s Records Management program and ensure it meets the requirements of Section 207(e) of the E-Government act of 2002, the Federal Records Act, and the Federal Rules of Civil Procedure.

Overall, the FY 2012 WCF request represents a \$44.7 million net increase over FY 2010. In addition to the increases already discussed, other programs experienced cost increases due to inflation and pre-negotiated option year increases. These increases were offset by cost reductions in other lines of business. Most notably, Dockets Management and Operations was reduced approximately \$.438 million due to changes in service provider billing methodologies and in Acquisition & Program Operations was reduced by \$1.467 million related to the Departmental Procurement Platform as a result of the elimination of the licensing requirements. Other increases and decreases as a result of shifts in customer demand for services have been incorporated in various programs and are reflected in the revenue estimates to the WCF customers.

Without the DOT WCF, each operating administration would have to assume responsibility for the common services provided in the WCF. Not providing these activities through the WCF would NOT eliminate the need for them. Instead, it would lead to inherent inefficiencies as each administration would strive to provide services. In programs like Copier, Printing & Multi-media, economies of scale would be lost as each mode would be forced to negotiate with a service provider for individual printing services.

FY 2012 Program Initiatives:

To enhance the WCF operations and ensure centralized services are performed at rates which will return in full all expenses of operations, including depreciation of equipment and an amount

necessary to maintain a reasonable operating reserve, the WCF is requesting the following General Provisions:

(1) Authority to include the operation of the NON-DOT Transit Benefit program under the current P.L. 49 U.S.C 327. (This General Provision was included in the FY 2010 DOT Appropriations Act.)

(2) Expansion of the operating reserve's purpose with explicit authority to use it as both an operating and **capital replacement** reserve, capped at 4% of the previous year's revenue, to be used towards the replacement value of capitalized assets whose cost has increased due to inflation. Currently, only the historical cost of capitalized assets is available for the future replacement of the asset.

(3) Designation of the Department of Transportation as the Executive Agency for transit pass transportation fringe benefits responsible for issuing guidance on nationwide implementation of the transit pass transportation fringe benefits program.

(4) Language specifying all WCF funding decisions requiring the transfer of funds from the OAs to the WCF must be approved by 90 percent of the voting members of the WCF Steering Committee and the Secretary. This language is proposed as an alternative to language in previous DOT Appropriations Acts requiring each modal administrator to approve all transfers of funds to the WCF, which has restricted the Secretary's ability to encourage efficiencies and economies of scale by allowing one OA regardless size, to block a program from being included in the WCF.

FY 2012
WCF DOT NON-DOT OBLIGATIONS BY BUSINESS LINE (\$000)

<u>Description</u>	<u>DOT</u> <u>Obligations</u>	<u>Non-DOT</u> <u>Obligations</u>	<u>2012 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	3,534	0	3,534
Building Security	12,241	0	12,241
Commercial Services Management	200	65	265
Consolidated Federal Funds	137	0	137
Copier, Printing & Multimedia	10,525	30	10,555
Disability Resource Center	2,330	290	2,620
Dockets Management and Operations	2,158	118	2,276
E-Gov Initiative	1,025	0	1,025
Facilities Services & Utilities	12,018	340	12,358
Federal Acquisitions Reporting Systems	2,247	0	2,247
Federal Laboratory Consortium	25	0	25
FEMA COOP Facility	905	0	905
Financial Mgmt, Accting & Admin	7,290	0	7,290
Flexible Spending Account	363	0	363
Human Resource Services	6,242	42	6,284
Human Resource Systems	20,214	0	20,214
Library & Information Services	1,354	0	1,354
Mail Services & Postage	3,352	27	3,379
Publications Distribution	281	0	281
Rent & Space Management	7,746	0	7,746
Security Operations	5,326	0	5,326
Substance Abuse Awareness & Testing	1,725	4,215	5,940
Transit Benefits & Parking	5,182	383,034	388,216
Unemployment Compensation	1,600	25	1,625
Warehouse	982	0	982
Assistant Secretary for Admin Subtotal:	109,002	388,186	497,189
Chief Information Officer			
Campus Area Network	7,615	0	7,615
Cyber Security Operations	3,187	0	3,187
Desktop Services	22,059	0	22,059
Information Assurance & Privacy	14,566	0	14,566
IT Infrastructure	0	0	0
OCIO New Initiatives	7,437	0	7,437
Records Management	3,000	0	3,000
Server & Messaging Services	13,982	0	13,982
Voice, Cable & Wireless	11,547	603	12,150
Chief Information Office Subtotal:	83,393	603	83,996
Grand Total:	192,395	388,789	581,184

**FY 2011 CR ANNUALIZED
WCF DOT NON-DOT OBLIGATIONS BY BUSINESS LINE (\$000)**

<u>Description</u>	<u>DOT Obligations</u>	<u>Non-DOT Obligations</u>	<u>2011 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	4,989	0	4,989
Building Security	11,693	0	11,693
Commercial Services Management	200	0	200
Consolidated Federal Funds	132	0	132
Copier, Printing & Multimedia	8,315	10	8,325
Disability Resource Center	2,241	290	2,531
Dockets Management and Operations	2,257	199	2,456
E-Gov Initiative	0	0	0
Facilities Services & Utilities	11,006	365	11,371
Federal Acquisitions Reporting Systems	240	0	240
Federal Laboratory Consortium	25	0	25
FEMA COOP Facility	881	0	881
Financial Mgmt, Accting & Admin	7,038	0	7,038
Flexible Spending Account	363	0	363
Human Resource Services	5,026	42	5,068
Human Resource Systems	0	0	0
Library & Information Services	1,321	0	1,321
Mail Services & Postage	3,283	16	3,299
Publications Distribution	275	42	317
Rent & Space Management	7,454	0	7,454
Security Operations	5,030	0	5,030
Substance Abuse Awareness & Testing	1,474	4,348	5,822
Transit Benefits & Parking	5,159	440,687	445,846
Unemployment Compensation	1,600	25	1,625
Warehouse	957	63	1,020
Assistant Secretary for Admin Subtotal:	80,959	446,087	527,046
Chief Information Officer			
Campus Area Network	6,914	0	6,914
Cyber Security Operations	0	0	0
Desktop Services	20,341	0	20,341
Information Assurance & Privacy	14,268	0	14,268
IT Infrastructure	0	0	0
OCIO New Initiatives	0	0	0
Server & Messaging Services	13,661	0	13,661
Voice, Cable & Wireless	11,453	600	12,053
Chief Information Office Subtotal:	66,637	600	67,237
Grand Total:	147,596	446,687	594,283

FY 2010 ENACTED
WCF DOT NON-DOT OBLIGATIONS BY BUSINESS LINE (\$000)

<u>Description</u>	<u>DOT</u> <u>Obligations</u>	<u>Non-DOT</u> <u>Obligations</u>	<u>2010 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	5,001	0	5,001
Building Security	14,547	0	14,547
Commercial Services Management	538	0	538
Consolidated Federal Funds	132	0	132
Copier, Printing & Multimedia	7,959	51	8,010
Disability Resource Center	1,630	453	2,083
Dockets Management and Operations	2,596	202	2,798
E-Gov Initiative	0	0	0
Facilities Services & Utilities	9,275	371	9,646
Federal Acquisitions Reporting Systems	527	0	527
Federal Laboratory Consortium	21	0	21
FEMA COOP Facility	1,075	0	1,075
Financial Mgmt, Accting & Admin	6,867	0	6,867
Flexible Spending Account	415	0	415
Human Resource Services	4,443	41	4,484
Human Resource Systems	0	0	0
Library & Information Services	2,110	0	2,110
Mail Services & Postage	3,081	81	3,162
Publications Distribution	128	115	243
Rent & Space Management	7,413	0	7,413
Security Operations	4,547	0	4,547
Substance Abuse Awareness & Testing	1,458	3,742	5,200
Transit Benefits & Parking	4,411	433,227	437,638
Unemployment Compensation	2,107	75	2,182
Warehouse	698	60	758
Assistant Secretary for Admin Subtotal:	80,978	438,418	519,396
Chief Information Officer			
Campus Area Network	4,227	0	4,227
Cyber Security Operations	0	0	0
Desktop Services	27,567	0	27,567
Information Assurance & Privacy	15,121	0	15,121
IT Infrastructure	0	0	0
OCIO New Initiatives	0	0	0
Records Management	0	0	0
Server & Messaging Services	9,582	0	9,582
Voice, Cable & Wireless	10,122	535	10,657
Chief Information Office Subtotal:	66,618	535	67,153
Grand Total:	147,596	438,953	586,549

**ASSISTANT SECRETARY FOR ADMINISTRATION
WORKING CAPITAL FUND
FY 2012 BUDGET ESTIMATE**
(In thousands of dollars)

<u>Program</u>	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>
DOT Activities	80,978	109,002
Non-DOT Activities	<u>438,418</u>	<u>388,186</u>
Total	\$519,396	\$497,188
 <u>Staffing</u>		
Reimbursable Positions	192	224
Reimbursable FTE	192	223

The Office of the Assistant Secretary for Administration continues to meet the challenge to think more globally, respond to customer needs, anticipate and plan for future impacts of services offered, and strategically define what should be done in order to best prioritize and deploy resources.

MISSION/VISION/VALUES

The OASA provides the Department with a competitively priced, comprehensive range of administrative services while continuously improving administrative activities to ensure effective performance through the use of best practices. The Office provides expertise to the Department on human resource management, administrative and internal security management, headquarters building and space management programs, procurement and federal acquisitions reporting while ensuring administrative support services are responsive to limitations and DOT's strategic policy direction.

The OASA staff plans, develops, evaluates, and provides support programs in the areas of: security; personnel; procurement; employee wellness; occupational health and safety; personal property; mail and copy management; motor pool; parking and transit benefits; graphics; printing, photography, warehousing, distribution, and library services; and space management. The staff consists of experienced government FTE and contractors who oversee the technical and business operations.

FY 2012 BUSINESS LINES BY PROGRAM**Acquisitions & Procurement Operations****\$3.534 million**

The Procurement Operations Program provides the full range of procurement functions from acquisition planning through contract closeout including pre-award contract and grant services, post award contract and grant services, simplified acquisition services, and purchase card administration and oversight. This program acts as the servicing procurement office for the Office of the Secretary (OST), Research Information Technology Agency, Office of the Inspector General, and Surface Transportation Board and does limited procurement work for other customers as requested. Acquisition Services awards between \$150 million and \$400 million in new obligations annually, processing over 500 transactions per year. At any one time, Acquisition Services is managing over \$500 million in existing contracts and grants. Acquisition Services also manages DOT's \$200 million per year purchase card program. Contracts meet all applicable Federal Government procurement regulations.

Departmental Procurement Platform

The Departmental Procurement Platform supports the Department-wide strategy of migrating to a standard consolidated procurement system that is integrated with DOT's Delphi Financial System. Consolidation of the multiple DOT procurement systems that now exist will significantly enhance Department-wide spend analysis and reporting capabilities while reducing the cost of software maintenance, application support and system hosting obligations. Integration of the procurement system with Delphi will enhance the financial reconciliation and management reports provided to Congress, the Office of the Secretary, the Inspector General, the general public, other departmental offices and other federal agencies, streamline business processes, eliminate duplicate data entry into multiple systems and support commitment accounting.

The program will include the assignment of four FTEs and will include contract costs for on-going maintenance, training and support. The U.S. Federal government's reliance on contracts to achieve mission goals requires agencies to process procurements as timely and cost-effectively as possible. DOT recognizes that to procure rapidly and effectively the Department must have a consolidated procurement platform that is integrated with the financial system.

Building Security**\$12.241 million**

The Building Security program provides security for the DOT Headquarters buildings and FAA's FOBs 10A and 10B. The program provides security services for these buildings on a 24-hour per day basis. Building security functions include providing both security guard services for these buildings and updated security equipment within the buildings and on their perimeters, ensuring a safe and secure work environment for employees, contractors, and visitors.

At all DOT Headquarters buildings, contract security guards perform entry control functions for both pedestrians and vehicles. They are the first responders for security and life safety incidents. In addition, they provide escort services for special visitors (VIPs) when enhanced security is

required. They also serve as escorts for employees and contractor employees who are being dismissed from employment and/or from the building, in situations where it is necessary to monitor a person's actions until he/she leaves the building. The security guards monitor alarms (fire, intrusion, and duress) and the closed-circuit television system (security cameras) at all of the buildings.

Commercial Services Management

\$.265 million

This continuing activity provides a commercial services management infrastructure responsible for business process reengineering and high performing organization implementation activities throughout the Department. DOT's ultimate goal for commercial services management is to further integrate and align human capital and commercial services management initiatives to create a strategic tool for managing DOT's multi-functional workforce.

Efforts managed by this office include: coordinate and provide oversight of all OAs in managing and reporting organizational change activities; assist OAs in identifying and managing contractor support for organizational change activities (funded by OAs); and consolidate and analyze workforce and FAIR Act Inventory data.

Consolidated Federal Funds

\$.137 million

The Consolidated Federal Funds business line provides centralized billing services. This program processes payments to the Census Bureau to cover the cost of preparing the Consolidated Federal Funds Report and the Federal Assistance Award Data System (FAADS) maintenance. The Census Bureau is the executive agent for the Office of Management and Budget for this effort and requires a single point of contact for billing purposes. Department of Commerce bills the Department of Transportation yearly for their participation in this program. The costs are distributed to the appropriate operating administrations.

Copier, Printing & Multimedia

\$10.555 million

Visual Information and Printing (VIP):

The VIP Program utilizes the Government Printing Office's (GPO) Simplified Purchase Agreement Program (SPA), and Direct Deal Contracts to procure both printing and graphic services. This allows faster processing time by going directly to the vendors, plus receiving top quality with volume prices. The SPA program offers Graphics access to five-hundred vendors to obtain competitive pricing, faster processing time and quick turnaround deliveries. Contract Printing is approved to the Maximum \$10,000 limit for the SPA program. Direct Deal Term Contracts allows DOT to write contracts that fit DOT's specific needs for print and graphic design procurement. These contracts allow DOT to deal directly with the vendor and submit paperwork to GPO. This provides the staff the ability to calculate the final price before the job is released; jobs are processed faster and with knowledgeable print buyers, thus savings cost when used properly. Graphics provides expert consultation including design specifications, multi-media presentations, and CD-ROM layout services, web pages, publications, posters, plaques, and certificates. Contract Printing, through GPO's access to over 15,000 printing contractors nationwide, offers a complete range of printing, binding and finishing services with volume

pricing. Contract Printing will evaluate job requests to be produced in the Digital Document Center as a first option before sending jobs out through the GPO procurement methods.

The VIP also provides on-site, state-of-the-art, high-speed digital copying and document automation and conversion. It provides basic office documents and reports, multi-colored digital copying and the conversion of “hard copy” documents to a variety of digital file formats. The center also provides finishing services such as drilling, collating, perfect binding, spiral/comb-binding and saddle stitching. Future plans for this area include implementing consistent front end systems to improve color uniformity and allow editing of PDF to reduce color copy cost to customers.

Multi-Media & Photography Services:

Multi-Media Center (MMC) & Photography Services provides on-demand multi-media services to the Secretary of Transportation, and the DOT operating administrations. These services produce results that meet the communication objectives of the diverse DOT customer base through technical support and execution of press conferences, live and prerecorded press interviews and teleprompter presentations, web casting, on site and on location presentation/meeting video documentation, video conferencing support, satellite uplink programming, and satellite downlinks. MMC and Photography are in-house resources that provide digital prints and creation of audiovisual and video programs, which are distributed via tape, CD, DVD and the internet.

The Media Center is upgrading all equipment to accommodate current and future High Definition (HD) standards in broadcasting. The Media Center seeks to continue its equipment build-up with a control room systems upgrade to accommodate HD signal requirements and employing HD studio cameras, mounting dollies, and related equipment.

The photographers interpret programs and situations and use innovative and improvised techniques and methods to achieve high quality photographs using digital technology, producing prints of a professional, technical, and artistic standard. The photographers photograph the Secretary and other members of the highest offices of the government, and foreign dignitaries.

Multi-functional Printers:

This program provides 259 black/white and color multi-functional printers (MFPs) to OAs, resulting in excess of 35 million clicks annually. (The term “clicks” is used for any MFP action. It would include making a copy, receiving a fax, or printing a document from an electronic file.) The program allows the Department to procure units in large quantities to obtain volume discounts that enables DOT to be cost effective. The program also provides on-site maintenance technicians through a centralized location to provide prompt service to customers when any troubleshooting is needed. Training is available to customers so they may utilize all the benefits and features the equipment has to offer. All supplies including paper are included in the program and delivered directly to each office on a regular basis.

Disability Resource Center

\$2.620 million

The DOT Disability Resource Center (DRC) was established as a centralized resource to provide reasonable accommodation, technical assistance, training and outreach to all modal employees and job applicants under DOT. Program costs are allocated based on national population and with adjustments made to exclude certain position series (i.e., Air Traffic Controller-2152).

The DOT DRC continues to provide valuable services and support to agencies throughout DOT including regional and field offices. The services can be divided into three main categories:

- Accommodations Support – these are the core of what DRC provides;
- Technical Assistance – consultation, explaining the accommodation process, information on products and services;
- Customer Outreach/Selective Placement – including disability awareness, and information and support for hiring, retention and promotion of individuals with disabilities.

DRC also assists agencies in understanding accessibility and Section 508 compliance issues related to training, video and multimedia presentations.

In addition to direct costs, DRC provides the staff time required in supporting the assessment, identification and procurement of the products and/or services and the follow-up conducted to ensure products/services are provided and are fulfilling the customers' needs. This relieves the programs employing people with disabilities not only of the costs for products/services needed, but the indirect costs to manage contracts, locate qualified providers, monitor costs, and consistently manage performance and activities in accordance with various procurement and HR regulations.

Docket Services

\$2.276 million

The Dockets Operations Program uses image-based technology to provide the public with on-line access to DOT rulemaking and adjudicatory docketed material. Members of the public can electronically submit comments to the DOT Docket. The OA's docket offices are consolidated into Docket Operations, which processes all DOT-generated material and public comments into the docket, provides docketing support to all DOT Counsel Offices, and conducts research assistance. Additionally, the system includes the Data Quality and Peer Review initiatives for the OCIO.

The Department utilizes the Federal Docket Management System (FDMS) managed by EPA. FDMS serves as a central, electronic repository for all Federal rulemaking dockets, which include Federal Register notices, materials such as scientific or economic analyses, and public comments as well as non-rulemaking dockets. It empowers and encourages all segments of the public to participate in the rulemaking process while achieving significant costs savings by eliminating redundant regulatory information technology systems across the Federal Government.

E-Gov Initiative**\$1.025 million**

In response to the E-Government Act of 2002, the Office of Management and Budget and Federal agencies identified 24 E-Gov Initiatives to provide high-quality, common solutions such as citizen tax filing, Federal rulemaking, and electronic training. The E-Gov Initiatives serve citizens, businesses, and Federal and state government employees by delivering high quality services.

The WCF proposes an increase of \$1.025 million to consolidate 84 Inter-Agency Agreements into six agreements for the E-Gov initiatives. This will gain efficiencies by eliminating 78 Inter-Agency Agreements. The increase includes the amount currently paid by the OAs and one FTE.

Facilities Services & Utilities**\$12.358 million**

Transportation & Facility Services manages a diversified and complex, mission-essential, building management program for the DOT Headquarters facility totaling over 1,350,000 square feet of space which houses the Secretary of Transportation and over 5,500 employees. The following program responsibilities are carried out by the office:

Facility Services:

The Facilities Office is the first point of contact for all facilities support. The office receives and tracks all customer requests for service. The office is also responsible for lease management of the facility. This effort entails conducting periodic inspections to ensure compliance with lease terms, maintaining a record of all complaints and their resolutions and written notification to the building owner to take corrective action on items which are included in the lease. The Facilities Office monitors building custodial services ensuring that the building owner provides custodial services in accordance with the terms in the lease agreement. The office conducts daily inspections to ensure that the facilities are clean, healthful and present an attractive environment. The office also coordinates with the Operating Administrations for special cleaning services not included in the lease, coordinates concession activities such as facilities operated by the blind under the Randolph-Sheppard Act, and provides oversight responsibility for the contracted cafeteria. As such, the Facilities Office oversees functional management reviews and performs analytical duties related to food service management. It formulates, develops, and implements nutritional awareness, menu initiatives, and equipment requirements. The office identifies, installs, and maintains signage throughout DOT HQ facilities ensuring office suites, utility rooms and common areas are easily identified. The Facilities Office is also responsible for handling all customer requests for special events, audio visual services and equipment, managing and operating the Central Receiving Office, and the receipt for all deliveries to the DOT Headquarters facility.

Building Maintenance and Utilities:

The Facilities Office manages the DOT Headquarters annual energy budget and the electrical and steam distribution infrastructure required to light, heat and cool the facilities. The office ensures that maintenance and recurring repairs are completed on electrical transformers and other electrical and mechanical systems. This office is also responsible for implementing the National Energy Conservation Program requirements in the DOT headquarters building. The office ensures all Government-maintained mechanical, electrical and utility systems are operated in accordance with energy conservation guidelines contained in the Federal Property Management Regulation (FPMR) 101-20-107. The office maintains an energy management and conservation plan in accordance with the lease and an established preventive maintenance program for the building operating systems. Such a program requires a complete inventory of the equipment to be maintained, with identification of maintenance to be performed and frequencies.

Special Facility Services:

The office manages all tenant renovation and alteration projects including installing or removing walls and configuring/reconfiguring system furniture. This effort entails maintaining a record of all projects and financial reports of completed alteration projects, and updating all as-built drawings showing all changes made to the building as a result of the completed work. The office manages and coordinates all major construction and improvement projects required under the building lease renewals and ensures that all work is completed in accordance with the lease specifications; schedules phases of work with contractors and develops sketches and diagrams to be included as part of contract specifications; and reviews work requests and consults with requesting organizations to ascertain specific requirements, time schedules, special materials, manpower requirements, labor costs, material costs, and other factors.

Contract Labor Support:

The Facilities Office provides labor support to the DOT workforce. Such support is generally requested to assist in event planning, setting up conference rooms, moving equipment and or furniture, hanging/removing photos and portraits and other special requests.

Motor Pool:

The Motor Pool provides transportation/fleet management support to the DOT headquarters through the operation of an executive vehicle service program, U-drive vehicle service, and courier service. The Motor Pool program provides professional, cost effective, dependable motor vehicle service and support to the Operating Administrations (OAs) within the Headquarters Department of Transportation. The program implements Departmental administrative policy for motor vehicle operations; maintains a physical environment which supports the needs of the OAs; and provides innovative fleet solutions ensuring safe, dependable, transportation utilizing cost effect fleet strategies and efficient repair and replacement methods. The office manages the vehicle lease agreement with GSA; prepares the monthly billing report, and ensures vehicle accidents, abuses, and damages are investigated; serves as a liaison to GSA Fleet Management Center (FMC)/Fleet Management Offices (FMO) for vehicle matters; reviews vehicle lease requirements annually; and manages the U-Drive fleet of vehicles.

Conference Center:

The Conference Center in the DOT Headquarters is available to meet the needs of DOT occupants in the Headquarters Building. The facilities are used by DOT organizations for purposes related to DOT mission, programs, and activities.

Personal Property/Records Management:

This program provides personal property, asset (acquisition, use and disposal), and inventory management, shipping and receiving, storage, transporting materiel, property repair and rehabilitation, computer donation to schools, and records management. The office conducts comprehensive reviews and evaluations on departmental programs, systems and procedures ensuring procedures are consistent with governmental laws and regulations, and applicable industry standards and practices. As the Department's representative to external groups such as Central Managing Agencies, General Services Administration, and Government Accountability Office, the office negotiates, and defends DOT on matters related to personal property policies, programs, systems and procedures. The office manages the development, implementation and maintenance of an automated property management system, maintaining a data base of all personal property and equipment (minus IT equipment). The office conducts a 100% physical inventory annually of all accountable property and ensures property records accurately reflect on-hand quantities. Additional services provided include:

- Manage Reports of Survey for property which is destroyed, lost, or damaged.
- Manages the Utilization/Surplus Personal Property and Exchange/Sale Transaction Program.
- Develops, recommends, and implements standardized electronic record retrieval and disposal processes.
- Manages the Department's loan agreements for art work on loan to the Office of the Secretary of Transportation from National Galleries.

Occupational Safety and Health/Emergency Preparedness:

This program is responsible for maintaining a viable safety program for the DOT HQ which includes ensuring alarm monitoring systems are adequately maintained and reporting all incidents resulting in personal injury related to building design to the proper authorities. This program conducts periodic fire, safety and health inspections and air quality inspections. Provide employees with a comprehensive occupational safety and health program which includes evaluating, assessing and monitoring the facility to reduce operational risks to employees, thereby providing a safe and healthful workplace. It also provides DOT Headquarters employees with the basic emergency preparedness procedures to include evacuation of the building and sheltering-in-place drills.

Fitness Center:

The DOT Health and Fitness Program develops and promotes Department-wide employee health and fitness policy and guidelines thereby improving employees' ability to enhance their work performance. The core programs offered by the DOT Fitness Center are well-rounded and are designed to address lifestyle behaviors, nutrition education, stress reduction, and other programs that are appropriate to the prevention of disease and other health conditions. The Center conducts

health appraisals, lifestyle and physical risk factor assessments; including better ways to incorporate healthy strategies and approaches for improved intervention in Body Mass Index, pulse, blood pressure, aerobic strength and flexibility levels; which are vital to optimal health. These strategies provide employees with increased knowledge in handling self care and thereby may decrease absenteeism and health care costs. Funding for the program is through membership fees; with half of the budget supported by DOT employee membership fees and the other half supported by the DOT Operating Administrations.

Financial Assistance Reporting System (FARS)

\$2.247 million

With an enterprise perspective, the Office of the Senior Procurement Executive Grants Management Program consists of the Financial Assistance Reporting System (FARS), which is a system that records awards of grants and other financial assistance actions (loans, cooperative agreements, and other transactions). The FARS captures all DOT Financial Assistance data from the Operating Administrations (OA) and transmits that data to other government agencies and directed sources for Departmental reporting purposes, as a result of statute or regulation.

This program also includes contracting for Program Management support for E-Grants. The scope of Federal grants streamlining goals are three-fold: (1) to reduce the number of individual federal grant systems; (2) to standardize data requirements, processes, and policies; and (3) to create greater uniformity and interoperability within individual agencies and across government.

The FARS program will also be involved in the implementation of the Transparency Act. Specifically, beginning on October 1, 2010 Federal agencies are to initiate a sub-award reporting process so that recipients of new grants can provide required information to a central Federal database. This data will then be combined and provided to the public through the new USApending.gov website.

Federal Laboratory Consortium

\$.025 million

The Federal Laboratory Consortium Program provides centralized billing services. This program processes payments to the National Institute of Standards and Technology for the support of the Federal Laboratory Consortium. The Federal Laboratory Consortium provides a linkage between Governmental agencies and industry in order to promote the transfer of Federal technology to improve the domestic economy. This transfer of funds is required by Title 15 U.S.C. Section 3710. The National Institute of Standards and Technology requires a central billing point of contact in each cabinet level office for these costs. Distribution is based on the National Science Foundation's *Federal Obligations for Total Research and Development by Agency and Performer* report for each fiscal year.

FEMA COOP Facility

\$.905 million

This program provides centralized billing services for the Federal Emergency Management Agency (FEMA) Continuity of Operations (COOP) facility utilized by DOT leadership. This program reimburses FEMA for costs associated with leasing the COOP relocation site at FEMA's Mt. Weather Emergency Assistance Center. FEMA bills the Department of

Transportation yearly for participation in this program. Estimates reflect the actual lease and operational costs based on DHS/FEMA forecasts.

Financial Management, Accounting & Administration

\$7.290 million

Office of Financial Management:

The Office of Financial Management (OFM) provides financial administration, guidance and support to the OASA and the program offices within the WCF to include the OCIO. It manages budget formulation and execution; provides financial management and accounting services; and manages the overall financial operations of the WCF. The OFM is an overhead function within the WCF.

The OFM funds all of the accounting service functions, including the preparation and issuance of WCF financial statements and reports. The OFM ensures that a sound system of financial management controls exist in all programs, organizations, and functions and meets the objectives and requirements of the Federal Managers' Financial Integrity Act and OMB Circular A-123, Management's Responsibility for Internal Control. The OFM provides monthly financial reports to program managers; manages customer agreements and performs billings; identifies and resolves overdue balances and charge backs; manages invoice processing to maintain minimal interest penalties; and develops and distributes monthly performance indicator charts.

The OFM provides services to approximately 130 DOT and non-DOT customers and has an established agreement for each. The OFM meets periodically with all the DOT Operating Administrations to discuss the WCF revenue estimates and ongoing services. The OFM conducts the WCF Steering Committee meetings that provide oversight to the fund and ensures that WCF goods and services are provided to all DOT OAs in the most cost-effective and efficient manner. Specific functions and activities of the Committee include: recommending goods and services that comprise the WCF; approving all WCF funding levels; evaluating the WCF performance in meeting service plans; and evaluation and approval of capital asset purchases in excess of \$50,000.

Office of the Deputy Assistant Secretary for Administration:

The Office of the Deputy Assistant Secretary for Administration is responsible for planning, coordinating and implementing cross-organizational and Departmental objectives, especially those supporting DOT's Strategic Plan. Objectives include communication strategies, program reviews, and ad-hoc strategic project support. The customer base is the entire Office of the Assistant Secretary for Administration organization as well as senior management across the Department.

Flexible Spending Account

\$.363 million

This program provides centralized billing services for the Flexible Spending Account fees. The Flexible Spending Account (FSA) program resulted from the National Defense Authorization Act for Fiscal Year 2004, Public Law 108-136. The FSA program is administered government-wide, through a contract held by the Office of Personnel Management (OPM). The WCF is the Departmental point of contact for these payments. The costs are distributed to the OAs based on actual usage information provided by OPM.

Human Resource Services

\$6.284 million

Personnel Operations:

The Personnel Operations Program provides human resource services to the Office of the Secretary (OST) and the Research and Innovative Technology Administration (RITA) Headquarters (HQ). This program provides human resource services and training that includes recruitment, skill and competence assessment; payroll support and time-and-attendance administration; workforce and succession planning; employee recognition and performance management; employee relations, benefits; labor management; workers compensation and unemployment compensation assistance; and management of the automated human resources personnel systems. In addition, the program evaluates human resources management activities; adherence to merit principles and prevention of prohibited personnel practices. Training includes classes and activities to develop human resource skills for managers and employees.

Organizational Planning & Initiatives:

The Organizational Planning & Initiatives program office assures that DOT satisfies statutory and regulatory requirements to conduct workforce analyses, competency assessments, and reporting on the department's leadership development and other learning programs in support of the human capital initiatives. OST partners and modal HR organizations fill OA gaps and leverage services in order to meet the increasing requirements of statute and those related to the human capital initiatives. In addition, the office works with OAs to identify positions and develop recruitment strategies, and ensures OAs are aware of the commitments for hiring individuals for these programs (e.g., training and rotational requirements, developing individual development plans, and monitoring intern performance).

All of these activities are required under the Chief Human Capital Officers Act of 2002 and the Federal Workforce Flexibility Act of 2004, and implementing regulations.

Departmental Programs:

The Departmental Special Programs Office provides centralized coordination of programs that cross all DOT operating administrations, Secretarial offices, and the Surface Transportation Board (STB). Program responsibilities include: Secretary's Annual Awards Program, Combined Federal Campaign, Incentive Awards Program, various OPM Performance Management Awards Programs, Public Service Recognition Week, Blood Donor Program, Volunteer Program, IdeaHUB, and the Voting Assistance Program.

IdeaHub is an online community that facilitates innovation and collaboration within the DOT and the OAs. It is designed to bring comprehensive, cultural change to the DOT through the use of a collaborative website. It empowers employees to develop and rate programs and technological processes and improve the work environment. By supporting communication through a transparent and accountable process, IdeaHub is an important component of DOT's Open Government Strategy. IdeaHub will bring DOT into the world of social media, and inspire cultural change in traditional business procedures. IdeaHub depends on the active participation of employees to accomplish its mission of open communication, and dedicated agency improvement.

Through IdeaHub, the Department expects to achieve savings and increase productivity by quickly identifying opportunities for cost savings across DOT and increasing employees' investments in their work by enabling employees to have an active, visible role in improving the organization. IdeaHub creates a new communication channel to reach employees on the topics they care about, by establishing a forum for leadership to listen to and seriously consider employees' ideas and celebrating good ideas and success stories through communication and recognition and will foster a culture of resilience by reducing Operating Administration silos and encouraging synergies and cooperation across programs.

Executive and Political Resources Program:

The Executive and Political Resources Program coordinates Departmental approvals for SES actions including providing support to the DOT Executive Resources Board; manages Departmental SES allocations; assists OAs in position establishment and classification; advises OAs on the full range of technical and procedural requirements involving performance management, bonuses and awards, staffing, adverse and performance-based actions.

Outcomes from this program include increased accountability of executives, increased diversity and outreach among the SES recruitments and hires, SES Performance Management system certification, maintaining a high level of Qualifications Review Board approvals and improvement in the time it takes to hire an SES member.

This program also provides advisory services to the Secretary's White House Liaison and Chief of Staff for all Departmental political appointees including case processing for all Departmental political hires; advises OAs on the full range of technical and procedural requirements for all political actions; serves as liaison to OPM for all human resources matters pertaining to the Department's political workforce; serves as liaison to the White House Clerk's Office and the Department of State for matters pertaining to Presidential appointees confirmed by the Senate; prepares comprehensive reports on each political position; and prepares for Presidential/senior leadership transitions.

DOT Work-life Program:

The Work-Life Program provides information, resources and referral support to employees nationwide on a wide range of issues including, but not limited to, life transitions, wellness, telecommuting, time management, effective communication, financial health, parenting, child care, elder care, and long-term care planning. Support is provided over the phone, by e-mail, and via one-on-one work-life coaching consultations under the guidance of a work-life professional.

The Child Care Advisor, a component of the Work-Life Program provides DOT child care centers with training for their boards of directors, directors, teachers, and family resource coordinators. In addition to the training, the Child Care Advisor performs on-site visits, which include observations of classrooms, mentor teaching in classrooms, and accreditation preparation. The Advisor is also available to work one-on-one with child care coordinators and directors on program design, evaluation of RFP's, and assist with needs assessment and interpretation of new accreditation guidelines.

Health Services:

DOT Health Services will establish a full health clinic by FY 2012 with the goal of improving the health of its employees. The Health Service Clinic will be staffed by Federal Occupational Health (FOH) staff eight hours per day, and will service a Federal population of approximately 3,607.

The Health Service Clinic will offer a full range of services including: individualized health counseling, periodic bed rest, blood pressure monitoring, glucose monitoring, allergens and other medications administered by injection (employee provides allergy medication), and immunizations (Flu, tetanus and Pneumococcal), traveler's health and immunization information.

HR Systems

\$20.214 million

This is the first year for the HR Systems to be a part of the WCF. Previously services were provided under a reimbursable program within the OASA.

The Departmental Office of Human Resource Management provides technical management and support for all consolidated HR systems, which include the Federal Personnel and Payroll System (FPPS), the Electronic Learning Management System (eLMS), the Enterprise Human Resources Integration (EHRI) Electronic Official Personnel Folder (eOPF) and Analytic Tools, the Human Resources Management Suite (HRMS), the Exit Interview System (EIS), and the Workers' Compensation Information System (WCIS).

- FPPS provides HR and payroll support and processing for all of DOT. FPPS facilitates movement toward achieving strategic management of Human Capital by providing reports that enable diversity management plans to sustain a workforce that represents the face of America in all occupations and at all grade levels and by providing support to workforce planning reporting to identify mission critical competencies and gaps in those competencies.
- eLMS provides system support for the delivery of on-line learning, learner registration, learner training completion, the delivery and recording of assessments, and the reporting of eLMS EHRI data to OPM. DOT is able to identify competency and resource gaps and develop improvement strategies for mission-critical occupations and is able to identify competency and resource gaps and develop improvement strategies for mission-critical occupations.
- eOPF allows secure access to official employee HR records for employees and HR staff. The centralized management of and access to the data provides the technological means for consolidating HR operations and improves the government's ability to share and transfer data about employees moving between agencies.
- WCIS provide the efficient and effective use of an automated system to transmit workers compensation claims to the Department of Labor and to allow workers compensation specialists and managers to monitor and manage the workers compensation cases.
- EHRI Analytic Tools allows DOT to develop 5-year projections for Departmental mission-critical occupations using the EHRI Forecasting Tool.

- HRMS provide Departmental implementation and operation of the HRMS Workforce Tracking and Transformation System (WTTS) and Entrance on Duty System (EODS).
- EIS provides the operation of a flexible and customizable Department-wide automated exit interview survey tool that allows DOT to collect useful management information from exiting employees

These modules provide automated staffing and entry on duty support for all DOT employees, improving DOT's ability to (1) track projected gains; (2) track transfers and losses of federal staff and (3) allow HR specialists to develop checklists for entrance on duty, as well as providing on-line forms for new employees to complete information required on entrance to duty.

Library & Information Services

\$1.354 million

The DOT Library Program is one of the largest transportation libraries in the United States and serves approximately 3,800 DOT customers each year. The Library collects materials in all areas of transportation, in both print and electronic format. The Library provides circulation, interlibrary loan, serials routing, acquisitions and cataloging services. The Library is transitioning its collection and selection practices from hard-copy to electronic formats. By seeking to increase electronic access to DOT customer at the rate of 5% per year, the Library continues to avoid costs of approximately \$1 million (per year) for DOT by centralizing the acquisition and management of these and other online research subscription contracts.

Mail Services & Postage

\$3.379 million

Mail Services Program:

The Mail Services Program provides complete office and mail delivery services to the DOT HQs and its satellite locations. Over 10 million pieces of government mail are handled annually. The services include managing the DOT and FAA Mail Centers and all associated duties to include: sorting and distributing all incoming mail, processing Federal Express and UPS Mail, and delivering all accountable mail through an automated tracking system.

An A-76 review of the operation during the late 1980s and early 1990s found that a contractor workforce would be more cost-effective for the department. The Department chose to stay with the NISH vehicle in support of national disability initiatives. The vendor, Service Source, is flexible and through contract modification can meet emerging requirements quickly due to their size and background in the field.

Postage Program:

This program is responsible for the direct billing of actual postage and shipment fees by each operating administration at all locations throughout the Washington Metropolitan area. These fees are for Standard Ground shipment of large packages and parcels to include large boxes. Letter mail is processed at a discounted price through our presort vendor (Jetsort now PSI), saving the department about five cents per piece on each letter mailed out or approximately \$65 thousand annually.

Publications Distribution

\$.281 million

The Distribution Requirements Program assists customers in determining the correct audience for their mailings. The mailing lists and addresses are maintained in a database which is updated regularly to keep data current and accurate. There are 7,445 mailing lists with approximately 144,005 addresses. The program prepares all types of publications for distribution worldwide.

Headquarters Space Management and WCF Rent

\$7.746 million

Headquarters Space Management:

The Space Management Program provides oversight and management of all DOT headquarters workspace and provides various support services, as required, involving the Department's nationwide real property and field space inventory. The program manages three buildings totaling 2,147,400 square feet.

A key goal of this program is to improve space utilization and reduce costs. The specific services include:

- acquisition, assignment, release or disposal of space and other real property; review of major real property acquisitions and disposals;
- space requirements development; space planning and interior design;
- tenant "build out" coordination and oversight;
- on-site real property and space utilization surveys;
- coordination and preparation of Departmental real property reports;
- maintenance of a Department-wide real property inventory and Headquarters space assignment data; and
- acts as DOT's liaison with GSA and other Federal agencies for real property actions and issues.

Rent Program:

The WCF rent obligation in the amount of \$6.7 million, which includes the Federal Protection Services cost, is tracked under this business line and distributed to the other WCF programs.

Security Operations

\$5.326 million

Security & Investigations (S&I):

The Security and Investigations Program is an integral and crucial part of DOT's effort to ensure a safe working environment for its federal and contractor employees and visitors; and to protect DOT facilities, equipment, and sensitive and classified information.

Security Personnel coordinate criminal and administrative investigations of individuals and incidents occurring within the DOT headquarters facilities, and assist in resolving security-related problems for DOT regional offices. Personnel review and conduct follow-up investigations on guard incident reports and serve as liaisons with their security counterparts in

Federal, state, and local law enforcement agencies, as well as at the DOT headquarters buildings. Security personnel are part of a crisis management team that works with human resources and law enforcement offices, employee assistance programs, and managers to help resolve potential workplace violence situations, and are frequently present during volatile disciplinary actions. Staff also provide security awareness seminars for DOT employees to deter thefts and ensure adequate protection of government and personal property.

The S&I program includes the installation, operation, and maintenance of security systems, closed circuit TV cameras, monitors, X-Ray fluoroscope machines, magnetometers, and card access systems located within the three DOT headquarters buildings. The Lenel OnGuard® system installed at the headquarters facility is an access control and alarm monitoring system. The basic purpose of this system is to control access to secure areas via proximity card and reader technology, as well as to monitor alarm points for intrusion detection. Other functions include credential production, visitor management, and video and graphical map display to assist in video surveillance and deployment of assets in response to an incident.

This program also includes lock and key services for all DOT OAs in the headquarters buildings. The locksmith conducts periodic combination safe changes throughout the headquarters buildings.

Personnel Security Program:

The personnel security program includes the initiation and processing of required background investigations on all DOT federal employees; the review and adjudication of all completed investigations; and, as necessary, the granting of security clearances for access to classified information. The security staff provides this service for all operating administrations except FAA, which has delegated authority to run its own personnel security program. Under this program, the security staff is responsible for ensuring that DOT complies with laws, Executive Orders and regulations pertaining to personnel security. The staff also provides DOT liaison with other Federal agencies on behalf of the operating administrations.

Homeland Security Presidential Directive 12 (HSPD-12, Policy for a Common Identification Standard for Federal Employees and Contractors) has increased the personnel security program's workload because of stringent requirements to integrate personnel security operations even more with the process of issuing identification cards to federal and contractor employees, to adjudicate the results of criminal history checks prior to issuing any ID cards, and to conduct background investigations on certain personnel (e.g., contractor employees requiring HSPD-12 cards for logical access) to whom DOT did not previously issue ID cards. It is anticipated that initial issuance of HSPD-12 cards will be completed for DOT in FY 2011 and FY 2012 will start the sustainment phase of the program.

Industrial Security Program:

The industrial security program includes the initiation of required background investigations on DOT contractor employees, and the adjudication for suitability of completed reports of investigation. The security staff initiates and adjudicates investigations on contractor employees for all DOT organizations other than FAA. The HSPD-12 requirements have increased the workload with regard to contractor employees, as has the general increase in contractor

employment as a percentage of the overall DOT workforce. With an increasing number of contractor employees actually working on-site at DOT facilities, it is especially important to ensure that background investigations have been conducted on them and that they are suitable for employment in the DOT work environment.

Identification Media Program:

With the exception of FAA, the Volpe Center, and a few field operating administration offices, the security staff issues federal and contractor employee photo identification cards for DOT nationwide and also issues official credentials. The identification media automated system assists in identifying persons working within the DOT buildings and is essential for proper management of both identification cards and credentials.

HSPD-12:

HSPD-12 requires the Office of Security to establish and follow stringent procedures to ensure a separation of functions in the issuing of these new identification cards. Specifically, those who serve as registrars cannot be the same ones who issue cards to DOT personnel. The Federal Aviation Administration (FAA) has agreed to be the Office of Security's HSPD-12 service provider; thus, the Office of Security and FAA have entered into an Intra-Agency Agreement for these services. The Office of Security is responsible for registering and enrolling employees and certifying that the background investigation requirements have been met.

Passport Program:

The Secretary of State has designated the Office of Security as the Passport Agent for DOT and this office has the authority to execute and verify official passports on behalf of the Department of State. The office maintains a passport unit to support all DOT personnel, in all operating administrations and Secretarial offices, who require official passports and visas. Obtaining passports and visas in a timely manner is crucial to DOT personnel meeting foreign travel requirements. Because of the various DOT programs that provide assistance to foreign countries, travel requirements often occur with little advance notice and it is important for the Office of Security to respond promptly to the passport and visa requests. Requirements for U.S. citizens to have passports to travel to countries where they did not previously need them, such as Canada and Mexico, have increased the passport processing workload.

Information Security Program:

This program includes managing the primary security control point for classified documents at DOT headquarters and providing advice and assistance to all operating administrations on matters pertaining to classified information. The control point coordinates destruction of all classified and sensitive information at the headquarters building, and the office is the point of contact to request sensitive security containers used by many offices to properly dispose of sensitive, but not classified, material. The security staff also conducts both initial and refresher briefings for DOT personnel granted access to classified information. Because of the increasing numbers of DOT employees requiring security clearances for access to classified information, the need for briefing sessions has increased significantly. There is also an increasing number of employees with higher level clearances (e.g., Sensitive Compartmented Information access), which results in a need for more specialized briefings for additional personnel.

The Office of Security is the DOT focal point to ensure that all classified information held by DOT that is 25 years or older receives a declassification review before it is automatically declassified. In addition, the security staff polls all of the operating administrations to provide two consolidated reports annually to the Information Security Oversight Office (ISOO) as required by Executive Order. The office must work closely with all DOT organizations to ensure proper review of classified information and referral of documents to other agencies for review as necessary.

Technical Security Program:

This program includes managing several security programs that fall under a general security category called Technical Security. These programs include communications security (COMSEC), control of compromising electronic emissions (TEMPEST), and technical surveillance countermeasures (TSCM), and require the expertise of persons highly trained in complex technical matters. The Office of Security provides this expertise for all operating administrations. The technical security programs are concerned with the protection of classified national security information and other sensitive information when it is discussed or processed during meetings or on information technology systems; or when it is electronically transmitted.

The Office of Security directly manages the COMSEC program for DOT Headquarters and those field facilities (excluding FAA) that process classified information. This responsibility includes management of the DOT COMSEC account, conducting required inventories of controlled cryptographic equipment and material, and issuance of secure communications equipment, including Secure Terminal Equipment (STE) units and secure wireless phones.

Substance Abuse Awareness & Testing

\$5.940 million

The DOT Federal Employee Drug and Alcohol Testing Program, mandated by Executive Order 12564 and the Omnibus Employee Testing Act of 1991, is the second largest program in the Federal Government with over 80,000 federal employees in the testing pool. Services under this program are provided to all DOT operating administrations, the U.S. Merchant Marine Academy and to the following agencies within the Department of Homeland Security (DHS): Transportation Security Administration (TSA), U.S. Coast Guard (USCG) and the Federal Air Marshals (FAM) program. Services are provided on a nationwide basis and include setting program policy requirements; briefings to unions on policy changes; providing testimony at third party hearings; random selection process; follow-up drug and/or alcohol testing program for employees who have completed rehabilitation; urine collection and laboratory testing services for pre-employment, random, follow-up, reasonable suspicion, and post accident; breath alcohol testing services for random, follow-up, reasonable suspicion, and post accident; split specimen testing services; medical review officer services; managing, coordinating and conducting employee awareness programs and mandatory supervisory training; and coordination of the Employee Assistance Program. Drug and alcohol collection and testing services are provided through contract vendors.

Transit Benefits & Parking

\$388.216 million

Transportation Services (TRANServe) delivers transit benefit services to DOT operating administrations and Non-DOT agencies and provides parking management services to DOT

employees. This program receives funding under three different authorities in performing its various roles in support of DOT and Non-DOT agencies.

- Working Capital Fund (WCF) cost reimbursable agreements under U.S.C. 49.327.
- Non-DOT WCF reimbursable agreements under the Economy Act of 1932.
- Employee Parking Deposits for parking spaces to DOT employees under GSA Federal Management Regulation.

Transit Benefit Program:

The program was established in 1991 when the Department's Federal Transit Administration (FTA) began pilot testing a transit benefit program. The Energy Policy Act of 1992 raised the monthly tax-free limit to \$60 and linked the limit to changes in the Consumer Price Index. The Federal Employees Clean Air Incentive Act, signed into law in 1993, permanently authorized Federal participation in this program, resulting in its expansion throughout the Department of Transportation and other Federal agencies. In April 2000, Executive Order 13150 was signed which sought to reduce Federal employees' contribution to traffic congestion and air pollution and expand their commuting alternatives. In 2005, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act (SAFETEA-LU) required Federal agencies to implement transit benefit programs for all eligible employees in the National Capital Region.

From the perspective of providing an efficient, economical means to distribute transit benefits, TRANServe enables agencies to make use of a single established distribution system, with extensive and effective internal controls over the receipt, maintenance, and distribution of the fare media provided to Federal employees under the program. It eliminates the need to establish multiple systems duplicating these functions at agencies and individual offices throughout the country. It also offers some unique advantages due to its size and experience. For example, transit operators in some localities offer discounts for volume purchases of fare media, and these savings are then passed on to the participating agencies. There is no mandate to make use of TRANServe for transit benefit distribution; rather, each of the agencies now making use of its services decided it was in their interest to use TRANServe for transit benefit distribution.

Participating agencies, TRANServe, and transit benefit recipients all have specific responsibilities to help ensure that the transit benefit program functions effectively and that individuals participating in the program receive only the fare media they are eligible for, and use it appropriately.

DOT's Implementation of the Transit Benefit Program

Inasmuch as DOT is both a participant in the transit benefit program and home to the TRANServe organization, the WCF is seeking to maintain a program with extensive participation and use of mass transit, while having effective and useful controls in place to ensure the program accomplishes its intended results.

TRANServe's management controls include continued financial management and infrastructure oversight for the transit benefit program. Responsibilities for each transit benefit recipient, supervisor, and program manager are outlined in the application process, in Broadcast messages, and in agency Partnership Agreements.

An initiative is being explored in the pursuit of an electronic fare mechanism to deliver the transit benefit to federal participants. The objectives are to eliminate physical inventory, lower cost and reduce distribution infrastructure, strengthen internal controls, and minimize security vulnerabilities. Full implementation is expected to occur during fiscal year 2013.

The Parking Management Program:

The Parking Management Program sells, issues, and administers weather-secure parking spaces in the new DOT headquarters building. In addition, the program provides oversight to FAA for the management of their parking fees. The Parking Office collects money from the sale of parking permits for the regular monthly parking, temporary parking, and FAA parking.

Unemployment Compensation

\$1.625 million

The Department of Labor requires a central billing point in each cabinet agency for the unemployment costs of employees. The Working Capital Fund accepts unemployment compensation charges from the Department of Labor and bills each operating administration for their costs through a centralized billing service. Department of Labor (DOL) bills the Department of Transportation on a quarterly basis for their unemployment charges. Current actual billing trends for the department are significantly higher than anticipated, obligations have been requested to cover this additional amount.

Warehouse

\$.982 million

The Warehouse Program provides storage for furniture, equipment, bulk materials such as computers and copy paper, publications and forms, and other items as required for all DOT organizations in the Washington Metropolitan area. The Warehouse stores over 1,500 skids of furniture and publications monthly. As part of this program, truck services are provided for delivering internal mail, receiving and delivering furniture, equipment, bulk supplies and other items as required between the Warehouse facility in Landover, MD and the DOT Headquarters Buildings in Washington, DC.

Excess personal property is received, reported, and transferred for all DOT organizations in the Washington Metropolitan area. The excess program handles on average 850 pieces of furniture or equipment every month, sending almost half of the computer equipment to schools throughout the country as part of Executive Order 12999.

In addition, customers can search, view and download desired publications from the On-line Publication (OLP) System. Subsequent Distribution serves over 5,000 DOT publications via the Internet and is working to make more information available via OLP and to reduce the amount of publications being stored in the Warehouse.

**OFFICE OF THE CHIEF INFORMATION OFFICER
WORKING CAPITAL FUND
FY 2012 BUDGET ESTIMATE**
(In thousands of dollars)

<u>Program</u>	<u>FY 2010 Enacted</u>	<u>FY 2012 Request</u>
DOT Activities	66,618	83,393
Non-DOT Activities	535	603
Total	\$67,153	\$83,996
 <u>Staffing</u>		
Reimbursable Positions	32	44
Reimbursable FTE	24	39

Background

The Office of the Chief Information Officer (OCIO) has the responsibility for the management and administration of the IT Shared Services portion of the Department's WCF organization, which supports the operation of an infrastructure that includes telecommunications, e-mail/directory services, a fully consolidated DOT headquarters network, help desk and other support.

At the beginning of FY 2010, 21 government employees provided technical direction and oversight of approximately 200 contractors. Late in FY 2010, OCIO then received Congressional approval of a permanent reprogramming of funds to support an additional 11 positions and 3 FTE to oversee the common operating environment. The FY 2012 annualizes the 11 reprogrammed FTE in FY 2010 and includes an additional increase of 12 positions and 7 FTE to support the cyber security operations of the CIO. IT Shared Services has expanded to the field and the current request will provide oversight and guidance of the \$83.9 million in IT services to the Department's OAs on a cost recovery basis. The FY 2012 request includes funding for the tools necessary to enable continuous monitoring of the effectiveness of DOT's IT Cyber Security systems and process as described in OMB memorandum M-10-15, "FY 2012 Reporting Instructions for the Federal Information Security Management Act and Agency Privacy Management," dated April 21, 2010.

MISSION/VISION/VALUES

WCF OCIO/IT Shared Services provides the Department with a single source for a competitively priced, comprehensive wide range of IT services while continuously improving the technology

and safety of the IT infrastructure for the Department. WCF/OCIO IT Shared Services provides expertise to the Department with state-of-the-market technical expertise, institutional IT knowledge, and historical data that is not readily available from other sources.

WCF/OCIO IT Shared Services staff maintain, operate, design, implement, and oversee communications and core IT infrastructure for the Department. The Federal staff oversees the technical and business operations, with the majority of the day-to-day operations provided by contractors.

FY 2012 OCIO BUSINESS LINES BY PROGRAM

Campus Area Network (CAN) \$7.615 million

The Campus Area Network provides support services for the network infrastructure, wide-area network and Internet connectivity for the DOT headquarters and connectivity between DOT HQ and other DOT buildings in the DC Metro area, including the FAA HQ (FOB-10A).

The FY 2012 request includes continued infrastructure funding to remediate security vulnerabilities, including those identified by the DHS/US-CERT, Cyber Security Management Center (CSMC) and Federal Information Security Management Act (FISMA) audits. The current estimate for the increase includes support for the Network and Security Operations Center (NOSC) and maintenance and support for new security software and appliances.

Additional resources and funding is required for support of the additional bandwidth for Internet connectivity and the increased level of monitoring as required by DHS and the Trusted Internet Connection required. Connectivity costs have also increased that provide the additional level of geographical redundancy and enable improved services to the public.

Cyber Security Operations \$3.187 million

CIO is requesting FY 2012 increase of \$3.187 million, including 12 federal positions and 7 FTEs, for Cyber Security operational support. This will enable DOT to begin to provide the necessary continuity to meet the security requirements for the Department's network.

Desktop Services \$22.059 million

The IT Shared Services desktop, laptop, and engineering PC program provides quality, cost effective seat management, and related support under service level agreements with customers. In FY 2010 IT Shared Services supported more than 8,300 desktop users, which included the addition of 1,000 field users in the third quarter. There are plans to expand consolidation to include additional regional and field users during FY 2011 and FY 2012. The FY 2012 request includes \$4 million in Desktop Services to support approximately 1,000 additional users from the field offices. The affected operating administrations currently pay for this support directly (i.e. outside of the Working Capital Fund). In FY 2012 the support will be provided by IT Shared Services and funded by the modes through the WCF.

Information Assurance & Privacy

\$14.566 million

The Information Assurance and Privacy program is composed of the following five program areas:

IT Admin & Special Projects supports the overall management of the IT Shared Services programs and certain special projects. The program costs are recovered through an equitable distribution to each IT Shared Services program.

Financial Management Group provides business management and full back-end accounting support to the IT Shared Services programs and special projects. The program costs are recovered through an equitable distribution to each IT Shared Services program.

Logistics & Support Services include direct management and oversight of IT Shared Services programs, Continuity of Operations (COOP) and Disaster Recovery (DR) activities for IT Shared Services programs, Inventory Management/Help Desk software implementation and maintenance, Stockroom, and Administrative services. The program costs are recovered through an equitable distribution to each IT Shared Services program.

Enterprise Network Operations Center (ENOC) is responsible for the monitoring, notification, and facility management in support of IT Shared Services. ENOC was established to provide twenty-four hour handling of calls, problem management, staff notification, and system monitoring. Areas monitored 24 X 7 include:

- Network monitoring
- Server monitoring
- Telecom systems monitoring
- Automated problem ticket generation and escalation
- After-hours service desk support.

These services are provided twenty-four hours a day regardless of physical location. ENOC costs are proportionally distributed to IT Shared Services programs.

Network Engineering provides planning, design, and implementation services for the network infrastructure, including:

- IP Address Management
- Network Design
- Network diagnoses and optimization
- Secure Remote Access

The Network Engineering Program is one of the focal points in enabling the consolidation of services under IT Shared Services and establishing a consistent and secure network across DOT. In FY 2012, IT Shared Services will

- Continue to develop and implement processes and procedures for network monitoring and validation of network availability.

- Refresh and continue to enhance remote access for security and usability.

DOT has invested in and deployed the necessary equipment and software to provide system redundancy at our COOP/DR site as well as network access control, enhancing network security so that only those users with patched operating systems, current anti-virus signatures, and authorized access certificates have access to the DOT network. Approximately 10,000 users in the DOT have the ability to utilize Secure Remote Access.

Information Assurance:

The Information Assurance program is designed to ensure the protection, integrity, availability, and confidentiality of the DOT IT infrastructure across the DOT's hundreds of geographically separated locations. The program's primary function is to manage DOT's compliance with the Federal Information Security Management Act (FISMA) and other statutory requirements. FISMA support includes managing and reporting on security issues and remediation activity. Information is maintained on the Cyber Security Asset Management System (CSAM).

The Information Assurance program supports continuous operations of the DOT CSMC, which has responsibility to detect, protect against, and report all cyber events across the entire DOT enterprise and coordinate reporting efforts to the US-CERT. The CSMC identifies cyber events, privacy violations and network interruptions. CSMC coordinates with DOT CIO's, ISSO's, the intelligence community, and DHS for incident management, monitoring, cyber threat analysis and responding to modal requests.

The Information Assurance program also supports Security Awareness training to the entire DOT community. The cost of these services will continue to be proportionately allocated to the OAs.

The Information Assurance program also supports the continual Certification and Accreditation process for all of the major systems that are managed by DOT ITSS. The C&A process within ITSS is also the core baseline for most of the modal systems as the consolidated infrastructure is an inherent component for the completion of the C&A processes and annual audits of financial systems.

New Initiatives

\$7.437 million

Business Solutions:

OMB is urging all departments to increase the capacity in the area of investment, program, and project management for efficient and effective IT services delivery. To comply with OMB TechStat review requirements DOT requests \$1.1M to improve the DOT's capacity and capabilities in investment program and project management.

The DOT IT community is taking a three-pronged approach to address the immediacy of this situation. First, OCIO is developing capacity for a program management office through the Salaries & Expenses (S&E) fund that will have capabilities for developing enterprise wide strategies, policies, procedures and oversight relating to investment, program, and project management. Second, a new Line Of Business (LOB) called Business Solutions is being

introduced in the WCF to provide tools that will ensure consistency in IT projects and to develop a unified IT focus across the Department, working with OAs to solve complex situations through expert level advice and guidance. Finally, the Department is encouraging all the OA CIOs to ensure that they have the resources within their offices to address the steps required in the upcoming implementation of the project management lifecycle including developing business cases, scope and requirements documents, managing steering and working committees, developing appropriate OMB artifacts, as well as creating and implementing project plans.

Enterprise Licenses:

DOT currently funds and manages the Microsoft (MS) Enterprise Licensing Agreement (ELA) separately by each mode. This creates significant operational and coordination responsibilities for each mode without giving them the efficiencies of a consolidated, centralized enterprise wide purchase. Additionally, the current Microsoft ELA does not include the option to upgrade to the next version of the software.

The OCIO WCF manages the Common Operating Environment (COE) and thus is positioned to centrally manage and fund the Microsoft ELA. This would enable the modes to focus on their core missions while the WCF continues to manage and oversee all COE IT related aspects for DOT. Each mode will receive the same Microsoft ELA, but they will no longer have to manage it or pay separately for this service. Additionally, the Department will experience better cyber and system monitoring and overall environmental savings. This new initiative will include both the current assurance plus the upgrade fee.

The plan is to have each OA continue to fund its software assurance (SA) through their existing agreements until FY 2012. The cost for the current SA is approximately \$1.6 million per year. The FY 2012 new initiative will have the COE managing both the existing MS software assurance and a true-up to Microsoft Office 2010, which is not included in the existing Microsoft ELA, for a total of \$6.4 million. The proposed one-time cost for the true-up is \$4.8 million.

Records Management

\$3 million

The Records Modernization/E-Discovery Initiative (REMEDI) effort is being deployed in an effort to substantially increase the effectiveness and efficiency by which the Department of Transportation (DOT) manages the information it produces during the course of conducting Department business. REMEDI focuses on electronic and hardcopy records management, digital data /email archiving, e-discovery and FOIA process improvement. Teams of both internal and external subject matter experts in each of the respective areas have been assembled to support the successful planning and implementation of REMEDI.

The initial REMEDI budget for FY 2012 is based on technology pilots and training associated with records management, digital data archiving and e-discovery. The cost is anticipated to cover new equipment/infrastructure for pilots; software and licenses; IT contractor support for configuration and related preparatory work; e-discovery/e-records subject matter expert contractor support; and training.

Server and Messaging Services

\$13.982 million

Server Operations:

The Server Operations program consists of the following functional areas: Departmental Internet, Server Administration, Net Backup, Storage and Backup, and Server Hosting.

The Departmental Internet program provides server hosting and limited web design support for the DOT web page, as well as the GovDocs subscription service for e-mail management, and enhanced Google search capabilities. Departmental Internet Charges reflect increases in FY 2012 to support transparency of the DOT web site and web infrastructure improvements.

Off-site server hosting services for HQ servers and other devices for Operating Administrations (with the exception of FAA) provides server hosting for most OA mission critical systems in a primary data center external to the Headquarters building. Direct costs to support the remote hosting location, including limited growth capacity and some security and hardware costs, have been spread proportionally to customers based on each OAs power requirements (watts) for direct usage, while the infrastructure costs are spread to the OAs based on the adjusted total population of OA devices. Ongoing efforts are underway to study the current data center locations throughout the Department and strategies for consolidation which include virtualization, consolidation, and cloud computing.

Directory & Messaging Services:

The Directory and Messaging program supports DOT directory services, message routing, enterprise messaging backup, custom directory services, email security and spam filtering and virus protection mail server hosting, mailbox administration, and wireless email support. Further consolidation of e-mail systems beyond DOT HQ to include field and regional users will continue into FY 2012. IT Shared Services has planned for capital asset purchases in FY 2012 to support the Microsoft Exchange Upgrade and Mail Failover capabilities. The costs for annual equipment replacement reserves, increased maintenance and support are included in the FY 2012 estimates

ITSS currently manages more than 10,000 accounts, providing mailbox administration, mail storage and backup. Consolidation has increased IT Shared Service's messaging infrastructure and management responsibilities which were previously managed by the OAs.

Voice, Cable & Wireless

\$12.150 million

The IT Shared Services Voice, Cable, and Wireless (VCW) component offers customers a wide range of telecommunications services such as desktop telephone service with voice mail, wireless telephony, circuit analysis, cabling, billing analysis, inventory management, telecom coordination/customer service, teleconferencing and customer special projects.

Supporting both DOT's Washington, D.C. campus and remote communications, VCW services are an essential component of the DOT's IT support mission, and currently includes more than

15,000 telephone lines and 11,000 voice mailboxes, supported by the Southeast Federal Center's telecommunications switch.

A large majority of costs in this program area, more than \$5 million per year, support local and long-distance communications and utilities costs for telephone, T-1 lines and circuits between regional offices and other remote sites, internet communications, and redundant systems to ensure continuity of operations.

IT Shared Services has contained rising telecommunications costs over the past seven years, absorbing labor and maintenance increases by aggressively negotiating for better rates with its local and long distance service providers.

Section 3 – FY 2012 Budget Request by Appropriation

**Explanation of Funding Changes
for the
Working Capital Fund (DOT Activities only)**

FY 2010 Base (Request) 147,596
FY 2012 Program Changes (+/-)

All programs include annualization of FTE and inflationary contract costs. Other increases are explained below:

Assistant Secretary for Administration	Explanation	
Acquisition & Procurement Operations	Reduced licensing costs	(1,467)
Building Security	Decreased Guard contract estimates offset by FPS mandated weapons transition; refresher X-ray training; and purchase of ballistic vests	(2,306)
Commercial Services Management	Change in customer demand	(338)
Copier, Printing & Multimedia	Customer usage and expansion of the Multi-Functional Printers in the field	2,566
Disability Resource Center	Net increased usage of accommodation services	700
Dockets Management and Operations	Change in billing methodology from service provider	(438)
E-Gov Initiative	Consolidated payments into the WCF	1,025
Facilities Services & Utilities	Estimated utilities rates under new contract	2,743
Federal Acquisitions Reporting Systems	OMB Transparency Grants system and contractor support and training	1,720
FEMA COOP Facility	Completion of site renovations	(170)
Financial Mgmt, Accting & Admin	Increased Certification and Accreditation for IT Systems and increases in accounting services costs	423
Flexible Spending Account	Decreased program usage	(52)
Human Resource Services	Idea Hub, Candidate Development Program, expansion of health services program, and pre-negotiated contracts increases	1,799
Human Resource Systems	Transferred from a separate reimbursable program	20,214
Library & Information Services	Decrease in program requirements due to changes in customer demand	(756)
Rent & Space Management	Rent increase partially offset by a decrease in program cost	333
Security Operations	Develop/implement security awareness training, increased costs for background investigations for staff, and HSPD-12 implementation increases	779
Transit Benefits & Parking	Increased Transit Benefits mandated by ARRA	771
Unemployment Compensation	Decrease in actual customer usage	(507)
Other Programs	Annualization of new hires, within grade increase, pre-negotiated contract increases, and adjustments in customer usage	984
Assistant Secretary for Admin Subtotal:		28,023
Chief Information Officer		
Campus Area Network	Additional contract labor & maintenance to accommodate increased customer base	3,388
Cyber Security Operations	Cyber security operations support & maintenance	3,187
Desktop Services	Refinement of estimates for migration of field users	(5,508)
Information Assurance & Privacy	Reduction in capitalized equipment requirements	(555)
OCIO New Initiatives	Enterprise licenses and business solutions	7,437
Records Management	To meet responsibilities under Section 207(e) of the E-Government act of 2002	3,000
Server & Messaging Services	Replacement of capitalized equipment with associated contract maintenance	4,400
Voice, Cable & Wireless	Inflationary contract costs	1,427
Chief Information Office Subtotal:		16,776
Total FY 2012 Request:		192,395

Section 3 - FY 2012 Budget Request by Appropriation

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WORKING CAPITAL FUND
PROGRAM AND FINANCING
(In thousands of dollars)

Identification Code	FY 2010	FY 2012
021-04-4520-0	ACTUAL	(Annualized) ESTIMATE
Obligations by program activity:		
09.01 DOT service center activity	135,740	147,596
09.02 Non-DOT service center activity	341,224	446,687
10.00 Total new obligations	476,964	594,283
Budgetary resources available for obligations:		
10.00 Unobligated balance available, start of year	25,373	48,129
10.21 Recoveries of prior year unpaid obligations	35,258	
10.50 Unobligated balance (total)	60,631	48,129
22.10 Resources available from recoveries of prior year obligations	-476,964	-594,283
New budget authority (gross), detail:		
Spending from offsetting collections:		
Discretionary		
17.00 Collected	460,288	594,283
17.01 Change in uncollected customer payments from Federal sources (unexpired)	5,173	0
17.50 Spending authority from offsetting collections (total)	465,461	594,283
19.30 Total budgetary resources available	526,092	642,412
19.41 Unexpired unobligated balance, end of year	48,129	48,129
Change in obligated balances:		
30.00 Unpaid obligations, brought forward, Oct 1 (gross)	95,445	80,568
30.10 Uncollected pymts, Fed sources, brought forward, Oct 1	-43,126	-48,299
30.20 Obligated balance, start of year (net)	52,318	32,269
30.30 Obligations incurred, unexpired accounts	476,964	594,283
30.40 Outlays (gross)	-456,582	-594,283
30.50 Change in uncollected pymts, Fed sources, unexpired	-5,173	0
30.80 Recoveries of prior year unpaid obligations, unexpired	-35,258	0
30.90 Unpaid obligations, end of year (gross)	80,568	80,568
30.91 Uncollected pymts, Fed sources, end of year	-48,299	-48,299
31.00 Obligated balance, end of year (net)	32,269	32,269
Outlays (gross), detail:		
40.00 Budget authority (gross)	465,461	594,283
40.10 Outlays from new discretionary authority	408,277	594,283
40.11 Outlays from discretionary balances	48,305	0
40.20 Total outlays (gross)	456,582	594,283
Offsets:		
Against gross budget authority and outlays:		
Offsetting collections (cash) from:		
40.30 Federal sources	-458,000	-590,000
40.33 Non-federal sources	-2,000	-4,000
40.40 Offsets against gross budget authority and outlays (total)	-460,000	-594,000
Against gross budget authority only:		
40.50 Change in uncollected customer payments from Federal sources (unexpired)	-5,173	0
40.60 Additional offsets against budget authority only (total)	-5,173	0
40.80 Outlays, net (discretionary)	-3,706	
41.90 Outlays, net (total)	-3,706	0

DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

WORKING CAPITAL FUND

OBJECT CLASSIFICATION

(In thousands of dollars)

Identification Code	FY 2010	FY 2011 CR	FY 2012
021-04-4520-0	ACTUAL	(Annualized)	ESTIMATE
Reimbursable obligations:			
Personnel compensation:			
11.1 Full-time permanent	\$17,102	\$20,359	\$23,977
11.2 Accrued leave	\$0	\$77	\$232
11.3 Other than full-time permanent	1,024	1,979	1,911
11.5 Other personnel compensation	491	395	358
11.8 Special personal services payments	0	0	0
11.9 Total personnel compensation	18,617	22,810	26,478
12.1 Civilian personnel benefits	4,698	5,875	6,185
13.0 Benefits for former personnel	1,665	1,650	1,650
21.0 Travel and transportation of persons	657	817	847
22.0 Transportation of things	357	515	525
23.1 Rental payments to GSA	7,888	8,169	8,469
23.3 Communications, utilities, and miscellaneous charges	13,484	14,352	15,065
24.0 Printing and reproduction	0	0	0
25.1 Advisory and assistance services	0	0	0
25.2 Other services	58,077	328	931
25.3 Other purchases of goods and services from Government accts.	26,756	87,869	118,777
25.4 Operation and maintenance of facilities	0	0	0
25.7 Operation and maintenance of equipment	7,388	10,693	16,802
26.0 Supplies and materials	325,574	433,420	375,786
31.0 Equipment	11,803	7,464	9,348
42.0 Insurance claims and indemnities	0	321	321
99.9 Total obligations	\$476,964	\$594,283	\$581,184

PERSONNEL SUMMARY

Identification Code	FY 2010	FY 2011 CR	FY 2012
021-04-4520-0	ACTUAL	(Annualized)	ESTIMATE
2001 Reimbursable civilian full-time equivalent employment	196	271	262

**PROGRAM SUMMARY
RESEARCH, DEVELOPMENT & TECHNOLOGY
DEPARTMENT OF TRANSPORTATION
BUDGET AUTHORITY
(in thousands of dollars)**

RD&T PROGRAM:

AMOUNT REQUESTED FOR FY 2012:

\$9.824 million

Projects

Objective:

Conduct research on transportation standards, technical aspects of industry proposals, and transportation industry indicators. Research and review of cost benefit analyst of policy.

Description:

The RD&T program focuses on identifying improvements in transportation through new and innovative approaches to assisting the travelling public, mitigating adverse environmental effects, and lessening impacts to industry. The program fosters improvements in safety, technology and efficiency through research and studies. Once standards are developed and approved through the research conducted, the information is used to create policy and regulation for the transportation system.

Outputs:

The RD&T program within the Office of the Under Secretary for Policy provides economic research reports to develop and refine departmental policy positions. RD&T studies also update the state-of-the-art on economic modeling of, and data for, the aviation industry, in support of the mission of the Office of Aviation and International Affairs.

RD&T Partners:

Partners include other operating administrations, especially RITA, FAA, FHWA, FRA and FTA; the network of University Transportation Centers (UTCs), and other private and not-for-profit organizations that engage in transportation research, including the Transportation Research Board. The research promotes the economic competitiveness of the U.S. airline industry, benefiting the U.S. travelling public, and U.S. air carriers seeking access to foreign markets. The travelling public and emerging industry will benefit from research into High Speed Rail. The public also benefits from research to improve the safety of the transportation system and reducing adverse environmental impacts.

FY 2012 Funding: (from the Office of the Under Secretary's TPR&D submission)

The Department's objectives will be supported by specific research initiatives, detailed below, in three key strategic areas (safety, economic competitiveness, and sustainability) that the Office of the Under Secretary proposes to undertake with FY 2012 TPR&D funds.

Safety: (23%)

Research will, in at least three specific safety areas, identify barriers and suggest alternative approaches to counteract those factors that inhibit achievement of performance goals. This will lead to a reduction in fatalities, injuries and property damage.

Improving safety throughout the transportation sector is DOT's highest priority and the Secretary has urged all DOT to redouble efforts to reduce transportation-related fatalities and injuries and make the U.S. transportation system safe for all users. This requested funding would advance research actions to support policy decisions in the critical areas in order to reduce transportation-related fatalities and injuries; and improve safety experience for all road users, including motorists, pedestrians and bicyclists, with a focus on children, older adults, and individuals with disabilities. The funding would advance research on such safety issues as implications of innovative roadway modal sharing on the safety of users, cross-modal integration of definitions and potential collection alternatives for injury data, and implications of modal shift policies on the safe mobility of an aging population. Research will allow us to implement data-driven, effective policies that will assist DOT in attaining performance goals specified in the DOT Strategic and Performance Plans.

For example, research on innovative roadway modal sharing will examine the safety implications of allowing equal access by pedestrians, bicyclists, transit, and other motorized vehicles within specified share-space designated areas. Many innovative street designs under consideration are not contained in the AASHTO greenbook or MUTCD. Research will identify the elements of such innovations, barriers to adoption, including perception issues, and safety benefits and costs. The research will encompass a review of existing literature on programs that will most likely achieve significant reductions in the number of highway fatalities, injuries and crashes the concept, evaluation of existing experiments, including an evaluation of any safety data or noted concerns, along with recommendations for appropriate conditions to conduct demonstration projects. With respect to crash injury data, the project will examine current definitions of injuries and data collection methodologies, recommend alternatives, and identify costs of crash related injuries to society. For our aging population, research will focus on the relative safety implications of incentivizing a shift from traditional passenger vehicle transport to alternative mobility options, identifying barriers/challenges to public acceptance of modal shifts. Research on reducing crashes will focus on countermeasures for enhancing transportation safety.

Advancing and accelerating new policies requires a sound, research-based concept to insure that safety is not compromised as DOT implements other initiatives. While larger cities like Portland and New York City have the resources to implement innovative roadway design projects, more widespread adoption will require intense examination of the concept and more thorough disposal of concerns and barriers to acceptance, such as liability concerns. The highway fatality rate is currently at the lowest in our Nation's history, 1.25 fatalities per 100M VMT (2008), but reducing this rate further will prove difficult. Research to improve collection of injury data will directly support a Strategic Plan safety performance measure. Research on safety for older Americans will assure that there are no un-intended consequences of policies to shift drivers out of personal vehicles to alternate modes of transportation. If this research were not funded, the Department's efforts to develop and promote innovative safety measures would be hampered, and it would be more difficult to meet the Department's proposed safety performance measures.

Economic Competitiveness: (54%)

Criteria for High Speed Rail and Multi-Modal Discretionary Grant Programs: In the wake of the High Speed and Intercity Passenger Rail and TIGER I and TIGER II discretionary grant programs, the Department has been rapidly developing criteria to identify, select, and track the progress of projects of national significance, and finding techniques to compare and evaluate projects of dissimilar modes. In FY 2012 the Department will be evaluating the progress of the first two years of discretionary grant programs, and reevaluating the criteria and standards used to evaluate the projects and programs.

Based on experiences in Recovery Act programs, we anticipate that new approaches for Benefit Cost Analyses, and other standards to equitably measure project viability and performance, may have to be introduced, then monitored and adjusted as necessary.

Aviation Data Modernization: There is consensus in the industry and government aviation community that updated and enhanced airline traffic and financial data are mission-critical to national aviation infrastructure planning and development. The Aviation Data Modernization Program will provide the appropriate data required to administer statutorily mandated aviation programs.

The program seeks to reduce the reporting burden on the airline industry (which also uses this data intensively in planning its business) while enhancing the quality, utility, and accessibility of the data. The collection of accurate data that is uniform for all markets is necessary in order to perform the cost/benefit analysis that is vital for wise spending of tax dollars.

The Department relies upon these data for its mandated responsibilities, including the review of antitrust immunity applications, airline mergers, Essential Air Services carrier selection orders, airline congestion claims, Small Community Air Service Development Program grant awards, and slot transfers.

The current system dates largely from the 1970s and needs to be updated to better address contemporary needs. The Department also conducted a detailed review of stakeholders' data needs through an Advance Notice of Proposed Rulemaking, subsequent research and dialogue with industry stakeholders, and a Notice of Proposed Rulemaking, which confirmed the importance of the Department's data modernization initiative.

U.S. Airline Alliance Project: In 2008, DOT and the European Commission launched a new joint research project aimed at deepening their understanding of how alliances have affected competition in transatlantic markets and the potential impact of the new U.S.-EU Air Transport Open Skies Agreement that began in March 2008. This agreement, which, for the first time, allows EU and U.S. airlines to serve any route between Europe and the United States, calls for developing a common understanding of trends in the airline industry in order to promote compatible approaches.

Global trade is critical to the U.S. economy and our nation's international activities have grown over the past decade. The future growth opportunities for legacy carriers are largely in international service, where their networks provide a competitive advantage. Between 2000 and 2007, for example, legacy sector international revenue grew from 25% to 33% of its total network. Alliances have become increasingly important and, in some cases, members have sought antitrust immunity. The Secretary's Future of Aviation Advisory Committee has identified competition as a key issue for his tenure with the Department.

This project provides for three separate studies. The first study consists of an external academic review of the quantitative analysis, conducted by Marc Ivaldi and his colleagues, in the context of the joint research project between DOT and the EU's Directorate General for Competition on transatlantic alliances. Validity and reliability are key elements of research and peer review is one component of those constructs. Articles submitted to professional conferences and journals receive such review. However, the confidentiality of the data used in this study restricts our ability to use conventional peer review. Based on the peer reviews of the quantitative analysis, the second study would update and refine the methodology and incorporate more recent international traffic data. We would use that methodology to assess future applications for antitrust immunity as well as to address specific issues related to competition that were identified as part of the Secretary's Future of Aviation Advisory Committee. The third project will explore the impact of global marketing alliances on the operating and competitive structures of the aviation industry. The study will evaluate the effects of airline alliances on transatlantic competition by examining airline efficiencies achieved through the integration of networks, business processes, wider market access, and cost reductions through joint procurement and other activities. It will also examine the effect of alliances on fares, market capacity, service, product quality, and other consumer benefits attributable to the immunized cooperation.

The Department's work with DG Competition has yielded, to date, what appear to be compatible remedies in the oneworld antitrust immunity case. This compatibility is consistent with the

Second Stage Agreement with the EU and is grounded in prior cooperative work, including the Ivaldi et al. study and informational meetings with U.S. and foreign carriers. In addition, the study enables the Department to address Congress' interest in airline alliances and the application of antitrust immunity to those alliances and to open skies negotiations.

Airline Costing Study: Airlines report their operating costs to the Department, which in turn uses the data for its required programs. As business models change and carriers develop new revenue and cost management systems, the ways in which they classify and report their costs change. The structure of the airline industry has been changing radically during the recent past and will continue to evolve in the years ahead. For the most part, detailed analysis of the industry and the recent decline in profitability has focused on declining airline traffic and revenues, and on the large network carriers' efforts to reexamine their hub-and-spoke systems in the face of the growing competition from the low cost carriers. This growing competition has raised questions about the cost structures of the large network carriers and their ability to change these structures to compete effectively with the low cost carriers.

In 2006, the Department conducted a study to evaluate and revise the CAB's Costing Model, which had been last updated in the 1960s. The knowledge gained from this update enabled us to better assess the effects of dramatic fuel price increases over the past years and to assess financial implications of proposed regulations and reporting requirements.

Environmental Sustainability: (23%)

The Policy Office climate and environmental sustainability work to date has provided research and analytical support to the Department's senior management for many key Departmental and national initiatives, including environmental and energy aspects of TIGER grant assessments, support for interagency policymaking in climate, energy, and alternative fuels, assessment of transportation impacts. The program's usefulness can be seen in the success of the activities to which the program has contributed. Shaping the national transportation program to achieve national policy goals, rather than by the methods used in the past, will require a formidable cultural change, both in the Department and in actions of the Department's stakeholders.

Requested funding would advance research to support policy decisions and transportation response to emerging policies on climate change, alternative fuels and strategies to reduce transportation related pollution and impacts on the natural environment, making the transportation sector more environmentally sustainable. Research will allow DOT to develop and implement effective policies that will assist DOT in attaining performance goals specified in the DOT Strategic and Performance Plans, especially the environmental sustainability goal of advancing environmentally sustainable policies and investments that reduce carbon and other harmful emissions from transportation sources. This funding will support two new White House Initiatives on Climate, DOT actions to implement adaptation to climate, and DOT's Center for Climate Change and Environmental Forecasting/Office of Climate Change directed to be

established by EISA. Under White House Office of Science and Technology Policy (OSTP) direction GCRP is conducting a National Climate Assessment mandated by the Global Change Research Act. The Assessment will cover work in climate change across federal agencies, including an assessment of needs and priorities. Pursuing an innovative approach, the intent is to set up an ongoing process for future assessments in order to meet climate change needs. DOT will play a key role in both mitigation and adaptation efforts. Separately, the White House is leading an interagency effort to develop a National Adaptation Strategy. DOT has a critical role due to the existing and planned infrastructure that will be at risk. The strategy development will identify areas where work is needed to prepare for climate change impacts. Efforts will need to be expanded on risk and vulnerability assessments to best inform the National Adaptation Strategy. All agencies including DOT will be directed to accomplish new tasks that will require additional resources. Policy work will assist modal administrations in developing standardized approaches to incorporating climate change into departmental decision-making through environmental impact statements, cost-benefit analyses, and other funding approval and regulatory processes.

EXHIBIT IV-1
FY 2012 RESEARCH, DEVELOPMENT & TECHNOLOGY BUDGET REQUEST BY GOAL
DEPARTMENT OF TRANSPORTATION
BUDGET AUTHORITY
(in thousands of dollars)

	<u>FY 2010</u> <u>Enacted</u>	<u>FY 2012</u> <u>Request</u>	<u>FY 2012</u> <u>Applied</u>	<u>FY 2012</u> <u>Development</u>
OFFICE OF THE SECRETARY (TPR&D)				
A. Transportation Planning, Research & Development	<u>18,168</u> ^{1/}	<u>9,824</u>	<u>0</u>	<u>9,824</u>
Total, OST	18,168	9,824	0	9,824

1/ Includes \$2 million for the Mississippi-Missouri Rivers project pursuant to P.L. 111-117 Section 195.

EXHIBIT IV-2
FY 2012 RESEARCH, DEVELOPMENT & TECHNOLOGY BUDGET REQUEST BY GOAL
DEPARTMENT OF TRANSPORTATION
BUDGET AUTHORITY
 (in thousands of dollars)

RD&T Program	FY 2012 Request	<i>Safety</i>	<i>Livable Comm.</i>	<i>State of Good Repair</i>	<i>Economic Comp.</i>	<i>Environmental Sustainability</i>
Research and Analysis	9,824	2,260	-	-	5,304	2,260
Subtotal, R&D	9,824	2,260	-	-	5,304	2,260
Subtotal, Technology Investment (T)	-	-	-	-	-	-
Subtotal, Facilities (F)	-	-	-	-	-	-
Total OST:	9,824	2,260	-	-	5,304	2,260

**Transparency Paper:
Total Program Resources for
Office of the Assistant Secretary for Administration
and
Office of the Chief Information Officer**

The information contained in this Transparency Paper identifies the amount of funding received and requested by the Office of the Chief Information Officer and the Office of the Assistant Secretary for Administration from direct appropriations, and the amount of funding for those two offices from WCF reimbursements; a clear description of the WCF work that is completed under the appropriations cap, exempt from the cap, and completed under reimbursable agreements; and full supporting information for any request to modify the WCF appropriations language.

The information that follows is an update of the transparency paper in the FY 2011 Congressional Justification for inclusion in the FY 2012 Congressional Justification.

INTRODUCTION

The Working Capital Fund (WCF) was authorized under the Department of Transportation (DOT) Act, Public Law 89-670, enacted October 15, 1966, to provide technical and administrative services that allow the DOT Operating Administrations (OAs) to focus on core missions while reducing costs by consolidating administrative management structures. The WCF is funded through negotiated agreements with its customers. The WCF is an intra-governmental revolving fund established in order to finance a cycle of operations in which the customers reimburse the costs of goods and services received. Costs reimbursed by customers include direct and indirect costs including accrued annual leave and capital asset depreciation. To extend efficiencies and to increase economies of scale, the WCF also services customers outside of the DOT. These Non DOT customers include the Department of Homeland Security, specifically Coast Guard and Transportation Security Administration, and more than 100 agencies nationwide, including the House of Representatives, that use the WCF to manage transit benefits to their employees.

The WCF, through the Office of the Assistant Secretary for Administration (OASA) and the Office of the Chief Information Officer (OCIO), provides a wide range of technical and administrative services, including personnel operations, facilities management, parking management, transit benefit programs, printing and graphics, mail operation, library and dockets management operations, building security, IT security and infrastructure, telecommunications, and procurement and acquisitions services. The fund's services are delivered to customers through an organizational structure of individual business lines providing related services or products. This consolidation of services allows the WCF to achieve economies of scale, eliminate redundancies, promote consistency in service, and reduce administrative costs across the Department.

The WCF is a fee-for-service operation which normally receives no direct appropriations. Instead, the WCF is a fully self-sustaining organization and must achieve full cost recovery

which includes an equitable distribution of overhead and indirect costs. During the budget formulation stage, the WCF provides cost estimates to the WCF customers based on historical data and projected demand and service levels. During the year of execution, customers are billed for actual use of common services.

A WCF Steering Committee (Committee) was established in fiscal year (FY) 2003 to facilitate shared accountability by both WCF and the operating administrations, and ensure a transparent and effective working environment that invites everyone involved to operate with shared responsibilities. The Committee ensures common goods and services are provided in the most cost effective and efficient manner. The Committee is comprised of Associate Administrators of Administration and Chief Financial Officers/Budget Officers from each OA. Specific functions and activities of the Committee include: recommending goods and services that comprise the WCF; approving all WCF funding levels for each service; evaluating the WCF performance in meeting service plans; ensuring that systematic measures of performance against approved service plans are in place; and evaluating and approving capital asset purchases in excess of \$50,000.

The Office of the Assistant Secretary for Administration administers funds for the Working Capital Fund, receives appropriations for Salaries and Expenses for non-WCF functions, and administers a Reimbursable Program. The Office of the Chief Information Officer provides IT services, technical management, and business support through the WCF. The OCIO also receives a Salaries and Expenses appropriation for non-WCF functions and requested a \$30 million Cyber Security Appropriation in the FY 2011 budget cycle.

The following table shows the breakout of funds for both offices.

TOTAL OBLIGATIONAL AUTHORITY BY OFFICE

(In thousands of dollars)

	FY 2010 <u>Enacted</u>	FY 2012 <u>Request</u>
Assistant Secretary for Administration		
Salaries and Expenses	25,520	27,697
Working Capital Fund		
DOT	80,978	109,002
NON-DOT	438,418	388,186
Reimbursable	19,255	1,598
TOTAL	\$566,821	\$526,483
 Chief Information Officer		
Salaries and Expenses	13,215	17,750
WCF DOT Activities	66,618	83,393
WCF NON-DOT Activities	535	603
TOTAL	\$80,368	\$101,746

Major Responsibility
Source of Funds
FY 2012 Request (in thousands)

Office of the Assistant Secretary for Administration Overview:

The Assistant Secretary for Administration is the policy and operations leader and principal advisor to the Secretary of Transportation on Department-wide and Office of the Secretary administrative functions. The Assistant Secretary serves as the:

- Department's Chief Human Capital Officer and provides leadership on all matters associated with the Chief Human Capital Officers Act of 2002. In this role, oversees the planning, implementation, reporting, and evaluation of personnel policies, programs, operating procedures, and systems that support DOT strategic objectives and performance goals.
- Deputy Chief Acquisition Officer for DOT (49 CFR §1.59(a) (6)). Formulates departmental policy, controls and standards to ensure that procurement and financial assistance management programs are in accord with applicable laws, regulations, and good business practices to meet departmental missions in support of the national transportation system.

The Assistant Secretary also delivers administrative services to DOT and Non-DOT customers through the WCF operations and ensures administrative support services are responsive to OST customer requirements and DOT strategic policy direction.

For FY 2012, the Office of the Assistant Secretary for Administration will administer three sources of funding in performing its various roles in support of the DOT. Each funding stream is maintained and reported independently. OASA funding directly tracks to the OASA three areas of responsibility:

- Annually appropriated Salaries and Expenses (S&E) for carrying out human resources and procurement policy, security management and follow-up, promoting environmental strategies and technologies, and resolution of Government Accountability Office and Inspector General audit reviews of department programs, including preparation of required reports.
- Reimbursable funding for providing formal Administrative Procedure Act (APA) hearings to DOT operating administrations.
- Working Capital Fund cost reimbursements for providing and supporting Department-wide core administrative, security and facilities functions such as executive and political personnel operations, building security, and facilities management.

Specific breakdown of the uses of these funds follows.

	FY 2012 (\$000)
<u>Assistant Secretary for Administration - Salaries and Expenses</u>	\$27,697

The OASA provides oversight and leadership for major programs such as acquisition reform, human capital planning and recruitment, sustainable operations and environmental compliance, physical and facility security policy outreach and oversight, and emergency preparedness. This program also administers the resources to pay for consolidated rent payments to GSA and OST payments to the Working Capital Fund.

The Assistant Secretary for Administration serves as the principal advisor to the Secretary and Deputy Secretary on Department-wide administrative matters. The Assistant Secretary is the Department’s Chief Human Capital Officer (CHCO), with statutory responsibility for developing and reviewing policies and programs to ensure that high-quality, diverse talent is both continuously available and properly deployed to support DOT objectives. Reforms mandated by the Service Acquisition Reform Act (P.L. 108-16) and the Energy Policy (E.O. 13514) have also significantly enlarged the responsibilities of the Assistant Secretary, who is the Deputy Chief Acquisition Officer. In that capacity, the OASA formulates departmental policy, controls, and standards to ensure that procurement and financial assistance programs are in accord with applicable laws, regulations, and good business practices. Under the authority delegated by the Secretary, the Assistant Secretary carries out the responsibilities of the Competitive Sourcing Officer as specified in OMB Circular A-76, Performance of Commercial Activities. The Assistant Secretary is also the senior departmental security executive and provides leadership and direction to departmental organizations to ensure the safety, security, and protection of DOT personnel, information, facilities, and other assets.

<u>Assistant Secretary for Administration - Working Capital Fund</u>	\$497,188
DOT:	\$109,002
NON-DOT:	\$388,186

The Working Capital Fund (WCF) provides Departmental services in human resources, security, acquisition and grants, information services, transportation and facilities, and space management. In the transit benefits area, the WCF manages the program for over 100 agencies nationwide. These services include financial management of DOT’s WCF.

The DOT’s WCF provides an array of services in support of the Department’s Office of the Secretary and Operating Administrations. The WCF is normally a full cost recovery, fee-for-service organization that receives no directly appropriated funds, but recovers costs through cost reimbursable and interagency service level agreements. The WCF has an

obligation ceiling set by Congress which limits the amount of business the WCF may do for the Department that fiscal year.

Assistant Secretary for Administration - Reimbursable Program

Office of Hearings *\$1,598*

The Office of Hearings is located in the Office of the Assistant Secretary for Administration in order to separate the Office from all investigatory and prosecution functions. The Office of Hearings is composed of administrative law judges, who hold hearings under the Administrative Procedure Act (5 U.S.C. § 551 et seq.) (APA) for the Department's Office of the Secretary (primarily in aviation matters) and the Department's component modal administrations that need formal APA hearings, including the Federal Aviation Administration, Federal Motor Carrier Safety Administration, and the Pipeline and Hazardous Materials Safety Administration.

NOTE: Through FY 2011, the Office of Assistant Secretary for Administration also managed the HR Systems Reimbursable Program. The FY 2012 Budget proposes to include HR Systems in the Working Capital Fund.

Office of the Chief Information Officer Overview:

The Department of Transportation Chief Information Officer (DOT CIO) is the principal information technology (IT) and cyber security advisor to the Secretary. In this strategic departmental role, the CIO provides leadership on all matters associated with the Department's \$3 billion IT portfolio. This includes security, investment management, and improvements in the delivery of services to the American taxpayer through electronic government initiatives.

The DOT OCIO also supports the CIO function for Office of the Secretary. Similar to the role of an operating administration CIO, the OST CIO ensures that IT needs of OST employees are met and sound investment decisions are made, consistent with mission and business requirements of the DOT CIO. Funding is included in this request to address the CIO's strategic departmental, OST and infrastructure roles.

The DOT CIO delivers IT services to DOT customers through the operation of an IT infrastructure that includes e-mail services, a backbone network, and help desk support. Historically, operating administrations contract with the CIO for services and reimburse the CIO for the cost of those services. The WCF is the reimbursement mechanism for these services.

DOT CIO Managed Resources Overview:

For FY 2012, the Office of the Chief Information Officer (OCIO) will administer two sources of funding in performing its various roles in support of the DOT. Each funding stream is maintained and reported independently. OCIO funding directly tracks to the CIO's two areas of responsibility:

- Annually appropriated Salaries and Expenses (S&E) for carrying out IT policy, security and other mandates, guidance, monitoring and reporting; and
- WCF cost reimbursements for providing and supporting Department-wide core IT functions, such as information assurance and support, voice, cable and wireless, campus area network (CAN), desktop services, and server and messaging services.

NOTE: A one-time \$30 million, no-year Cyber Security appropriation was requested in FY 2011. If enacted, OCIO will administer those funds as well.

A specific breakdown of the uses of this funding request follows.

	FY 2012
	(\$000)
<u>Office of the Chief Information Officer - Salaries and Expenses</u>	\$17,750

The OCIO annual Salaries and Expenses appropriation provides pay, compensation and benefits for the Department’s CIO, and Deputy CIO and Chief Technology Officer, as well as technical and administrative government staff. Annual OCIO S&E funding provides resources necessary for the CIO to meet responsibilities to the Department as well as other Executive and Legislative Branch requirements, and for improving practices in the design, modernization, use, sharing, and performance of information resources. The CIO develops recommendations for information technology management policies, procedures, and standards and leads e-government projects to improve service delivery, and foster the effective use of IT communication technologies to enhance business activities performance. The Salaries and Expenses appropriation provides resources necessary for the security and management of the Department’s \$3 billion IT Program and WCF operations.

<u>Office of the Chief Information Officer - Working Capital Fund</u>	\$ 83,996
DOT	\$ 83,393
NON-DOT	\$ 603

The DOT’s Working Capital Fund provides an array of services in support of the Department’s Office of the Secretary and OAs. The WCF is a full cost recovery, fee-for-service organization that receives no directly appropriated funds, but recovers costs through cost reimbursable and interagency service level agreements. The WCF has an obligation ceiling set by Congress which limits the amount of business the WCF may do that fiscal year.

WCF organizationally consists of two major components, personnel/facilities services, and IT shared services. The IT shared services fall organizationally and operationally under the OCIO. OCIO’s WCF IT operations are essentially an outsourced environment, consisting primarily of contractors and a small cadre of government project managers and technicians. In addition to providing the DOT Washington metro area’s campus-wide telephony,

communications backbone infrastructure, and firewall security, OCIO WCF IT operations also provide a common IT operating environment, server hosting facilities, desktop management, as well as IT engineering and DOT intranet/internet support.

The following tables show the Budget Estimates, with a break out for both offices, for FY 2012, FY 2011, and FY 2010:

FY 2012 BUDGET ESTIMATES SUMMARY BY OFFICE

ASSISTANT SECRETARY FOR ADMINISTRATION

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	8,060	28,869	1,524
Travel	67	1,334	11
Other Costs	<u>19,570</u>	<u>466,986</u>	<u>63</u>
TOTAL	27,697	497,189 ^{1/}	1,598

1/ Of the \$497 million, \$365 million is for the Transit Benefits and Parking Program.

STAFFING

Direct Positions	66	0	0
Reimbursable Positions	0	224	10

OFFICE OF THE CHIEF INFORMATION OFFICER

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	5,426	5,444	0
Travel	25	38	0
Other Costs	<u>12,299</u>	<u>78,513</u>	<u>0</u>
TOTAL	17,750	83,995	0

STAFFING

Direct Positions	35	0	0
Reimbursable Positions	0	39	0

FY 2011 CR ANNUALIZED SUMMARY BY OFFICE

ASSISTANT SECRETARY FOR ADMINISTRATION

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	8,084	26,557	2,943
Travel	67	1,295	65
Other Costs	<u>17,369</u>	<u>498,917</u>	<u>19,058</u>
TOTAL	25,520	526,769 ^{1/}	22,066

1/ Of the \$527 million, \$468 million is for the Transit Benefits and Parking Program.

STAFFING

Direct Positions	66	0	0
Reimbursable Positions	0	239	20

OFFICE OF THE CHIEF INFORMATION OFFICER

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	3,772	3,778	0
Travel	25	37	0
Other Costs	<u>9,418</u>	<u>63,699</u>	<u>0</u>
TOTAL	13,215	67,514	0

STAFFING

Direct Positions	35	0	0
Reimbursable Positions	0	32	0

FY 2010 ACTUAL SUMMARY BY OFFICE**ASSISTANT SECRETARY FOR ADMINISTRATION**

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	8,077	21,906	2,891
Travel	67	1,001	64
Other Costs	<u>17,376</u>	<u>389,403</u>	<u>18,964</u>
TOTAL	25,520	412,310 ^{1/}	21,919

1/ Of the \$412 million, \$325 million is for the Transit Benefits and Parking Program.

STAFFING

Direct Positions	66	0	0
Reimbursable Positions	0	239	20

OFFICE OF THE CHIEF INFORMATION OFFICER

	<u>Salaries & Expenses</u>	<u>Working Capital Fund</u>	<u>Reimb Programs</u>
<u>FUNDING LEVELS</u>			
Personnel Compensation and Benefits	3,772	3,074	0
Travel	25	13	0
Other Costs	<u>9,418</u>	<u>61,567</u>	<u>0</u>
TOTAL	13,215	64,654	0

STAFFING

Direct Positions	28	0	0
Reimbursable Positions	0	32	0

The following tables show the total Working Capital Fund estimate and a break out for both offices.

**ASSISTANT SECRETARY FOR ADMINISTRATION
WORKING CAPITAL FUND
FY 2012 BUDGET ESTIMATE**
(In thousands of dollars)

<u>Program</u>	FY 2010 <u>Enacted</u>	FY 2012 <u>Request</u>
DOT Activities	80,978	109,002
Non-DOT Activities	<u>438,418</u>	<u>388,186</u>
Total	\$519,396	\$497,188

Staffing

Reimbursable Positions	192	224
Reimbursable FTE	192	223

**OFFICE OF THE CHIEF INFORMATION OFFICER
WORKING CAPITAL FUND
FY 2012 BUDGET ESTIMATE**
(In thousands of dollars)

<u>Program</u>	FY 2010 <u>Enacted</u>	FY 2012 <u>Request</u>
DOT Activities	66,618	83,393
Non-DOT Activities	<u>535</u>	<u>603</u>
Total	\$67,153	\$83,996

Staffing

Reimbursable Positions	32	44
Reimbursable FTE	24	39

The following tables display the WCF/OCIO cost estimates by Operating Administration:

**FY 2012
Working Capital Fund
Operating Administration Costs
And Other Expenses Estimate
(\$000)**

	FY 2012 Estimate					Total
	WCF Administration	WCF OCIO	WCF-OCIO New Initiatives	WCF-OCIO Cyber Security Transfer	WCF CIO Total	
Operating Administration						
OST	9,792	8,279	598	597	9,474	19,266
FAA	38,463	10,794	3,152	313	14,259	52,722
FHWA	12,706	15,931	2,490	865	19,286	31,992
FRA	4,085	6,486	759	274	7,519	11,604
NHTSA	5,578	6,265	710	459	7,434	13,012
FTA	4,035	4,383	489	248	5,120	9,155
SLSDC	275	413	29	22	464	739
VOLPE	354	114	0	0	114	468
MARAD	3,439	3,553	506	277	4,336	7,775
OIG	2,776	1,102	26	159	1,287	4,063
STB	250	0	0	0	0	250
FMCSA	5,275	3,749	936	273	4,958	10,233
RITA	2,381	3,301	324	150	3,775	6,156
PHMSA	5,942	4,446	418	243	5,107	11,049
DOT Unspecified	1,063	4,744	0	0	4,744	5,807
SUBTOTAL ^{1/}	96,414	73,560	10,437	3,880	87,877	184,291
Other Expenses						
Capital Assets	304				4,579	4,883
Depreciation	(224)				(7,446)	(7,670)
Net NON-DOT Intrafund Costs	11,272				0	11,272
Net WCF Intra Fund Costs	1,235				(1,617)	(382)
TOTAL	109,001				83,393	192,394

^{1/} Total revenue equals obligations plus depreciation.

Note: Totals may not add due to rounding

**Working Capital Fund
Operating Administration Costs
And Other Expenses Estimate
(\$000)**

	FY 2010 Enacted			FY 2011 CR Annualized		
	WCF Administration	WCF OCIO	Total	WCF Administration	WCF OCIO	Total
Operating Administration						
OST	9,935	7,042	16,977	8,578	7,978	16,557
FAA	20,245	10,619	30,864	19,972	10,422	30,394
FHWA	8,096	8,431	16,527	8,569	15,584	24,153
FRA	2,890	3,319	6,209	3,538	3,355	6,893
NHTSA	5,065	5,861	10,926	5,035	6,027	11,063
FTA	3,056	3,826	6,882	3,283	4,118	7,401
SLSDC	184	217	401	200	402	602
VOLPE	10	226	236	381	111	491
MARAD	3,100	3,103	6,203	2,902	3,366	6,269
OIG	2,524	934	3,458	2,458	1,021	3,479
STB	152	0	152	183	0	183
FMCSA	3,448	2,608	6,056	4,629	3,558	8,188
RITA	2,657	2,501	5,158	2,096	3,206	5,302
PHMSA	3,143	3,841	6,984	3,156	4,273	7,428
DOT Unspecified	5,130	18,769	23,899	3,127	6,394	9,521
SUBTOTAL	69,635	71,297	140,932	68,106	69,816	137,922
<u>Other Expenses</u>						
Capital Assets	46	1,186	1,232	0	4,079	4,079
Depreciation	(210)	(4,051)	(4,261)	(172)	(5,305)	(5,477)
Net NON-DOT Intrafund Costs	7,704	0	7,704	10,895	0	10,895
Net WCF Intra Fund Costs	3,803	(1,814)	1,989	2,130	(1,953)	177
TOTAL	80,978	66,618	147,596	80,959	66,637	147,596

Note: Totals may not add due to rounding

Crosswalk of DOT Operating Costs/Expenses

The WCF is a fee-for-service operation which normally receives no direct appropriations. Instead, the WCF is a self-sustaining reimbursable fund. During the budget formulation stage, the WCF provides to its customers operating cost estimates they will need to contribute to the WCF. These estimates are based on historical data and projected on-demand service levels. The preceding chart is a summary of the DOT operating cost estimates to our customers based on full cost recovery. These operating costs represent the costs provided to each Operating Administration during the fiscal year.

To crosswalk the DOT customer operating costs to DOT obligations, it is necessary to account for items that are (a) at the time of budget formulation were not directly attributable to a specific customer or (b) not directly collected as operating costs.

- DOT Unspecified represents costs where the scope of the work for individual customers is not yet determined and it is not possible to determine a specific billing methodology or customer base, such as for IT consolidation.
- Capital Asset obligations will be expensed over the expected life of the asset and collected in the future as asset replacement reserve.
- Depreciation expenses are treated as a replacement reserve to enable capital assets to be refreshed on a regular cycle. These assets are typically significant technology investments, such as networking and telecommunications equipment that have a useful life of two or more years.
- Net Non DOT Intra Fund Costs provide support services to NON-DOT programs that are not reflected in the DOT cost numbers
- Net WCF Intra Fund Costs are the indirect expenses shared between WCF programs.

Customer Operating Costs:	<i>FY 2012</i> (\$000)
DOT Customer Total	178,484
DOT Unspecified	5,807
DOT Operating Administrations' Costs	<u>184,291</u>
Capital Assets	4,883
Depreciation	(7,670)
Net Non-DOT Intra Fund Costs	11,272
Net WCF Intra Fund Costs	(382)
Total WCF Obligations	<u>192,394</u>

The DOT unspecified amounts in FY 2012 relate primarily to on-demand services such as facility services, personnel services, and the phased implementation of IT field consolidation and enterprise license consolidations. These services are subject to fluctuations in customer demand. A breakout of these amounts is provided in the following chart:

Service	Amount (\$000)	Reason
Human Resource Services	\$360	Potential New Requirements - Executive Development and IDEAHub
Personnel Services	\$310	Uncertain Customer Usage - Unemployment Compensation
Voice, Cable, & Wireless	\$616	Changes in Customer Demand
Facility Services	\$380	Potential Increased Customer Base and Space Assignment Changes
Commercial Services Management	\$200	Changes in Customer Requirement
Copier, Printing & Multi-Media	\$427	New customer specific requirements (Field Locations)
IT Consolidation and Field Office Support	\$3,514	New program requirements (Field Locations)
Total	\$5,807	

Capital Asset obligations will be expensed over the expected life of the asset and collected in the future as asset replacement reserve. A breakout of these amounts being purchased is provided in the following chart:

Program Area	Asset Description	Budgeted Asset Value	Useful Life (Months)
Copier, Printing, and Multimedia	Media Center Equipment	\$ 241	72
Warehouse	Forklift	\$ 63	180
Information Assurance & Privacy	ArcSight Logger	\$ 185	36
Information Assurance & Privacy	Remedy Upgrade	\$ 30	48
Voice, Cable & Wireless	PBX Operating System Upgrade, Call Manager Cluster - Field Infrastructure, Streaming Video	\$ 659	36
Campus Area Network	Network Infrastructure Optimization	\$ 1,555	48
Server & Messaging Services	Server Hosting/Infrastructure Build-out	\$ 1,250	48
Server & Messaging Services	Google Search Appliance	\$ 500	24
Server & Messaging Services	Messaging Enhancements	\$ 400	48
	Total FY 2012 Assets	\$ 4,883	

The following tables display the obligation budget by WCF business lines:

FY 2012 ESTIMATE

<u>Description</u>	<u>DOT</u> <u>Obligations</u>	<u>Non-DOT</u> <u>Obligations</u>	<u>2012 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	3,534	0	3,534
Building Security	12,241	0	12,241
Commercial Services Management	200	65	265
Consolidated Federal Funds	137	0	137
Copier, Printing & Multimedia	10,525	30	10,555
Disability Resource Center	2,330	290	2,620
Dockets Management and Operations	2,158	118	2,276
E-Gov Initiative	1,025	0	1,025
Facilities Services & Utilities	12,018	340	12,358
Federal Acquisitions Reporting Systems	2,247	0	2,247
Federal Laboratory Consortium	25	0	25
FEMA COOP Facility	905	0	905
Financial Mgmt, Accting & Admin	7,290	0	7,290
Flexible Spending Account	363	0	363
Human Resource Services	6,242	42	6,284
Human Resource Systems	20,214	0	20,214
Library & Information Services	1,354	0	1,354
Mail Services & Postage	3,352	27	3,379
Publications Distribution	281	0	281
Rent & Space Management	7,746	0	7,746
Security Operations	5,326	0	5,326
Substance Abuse Awareness & Testing	1,725	4,215	5,940
Transit Benefits & Parking	5,182	383,034	388,216
Unemployment Compensation	1,600	25	1,625
Warehouse	982	0	982
Assistant Secretary for Admin Subtotal:	109,002	388,186	497,189
Chief Information Officer			
Campus Area Network	7,615	0	7,615
Cyber Security Operations	3,187	0	3,187
Desktop Services	22,059	0	22,059
Information Assurance & Privacy	14,566	0	14,566
IT Infrastructure	0	0	0
OCIO New Initiatives	7,437	0	7,437
Records Management	3,000	0	3,000
Server & Messaging Services	13,982	0	13,982
Voice, Cable & Wireless	11,547	603	12,150
Chief Information Office Subtotal:	83,393	603	83,996
Grand Total:	192,395	388,789	581,184

FY 2011 CR ANNUALIZED
WCF DOT AND NON-DOT OBLIGATIONS BY BUSINESS LINE (\$000)

<u>Description</u>	<u>DOT</u> <u>Obligations</u>	<u>Non-DOT</u> <u>Obligations</u>	<u>2011 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	4,989	0	4,989
Building Security	11,693	0	11,693
Commercial Services Management	200	0	200
Consolidated Federal Funds	132	0	132
Copier, Printing & Multimedia	8,315	10	8,325
Disability Resource Center	2,241	290	2,531
Dockets Management and Operations	2,257	199	2,456
E-Gov Initiative	0	0	0
Facilities Services & Utilities	11,006	365	11,371
Federal Acquisitions Reporting Systems	240	0	240
Federal Laboratory Consortium	25	0	25
FEMA COOP Facility	881	0	881
Financial Mgmt, Accting & Admin	7,038	0	7,038
Flexible Spending Account	363	0	363
Human Resource Services	5,026	42	5,068
Human Resource Systems	0	0	0
Library & Information Services	1,321	0	1,321
Mail Services & Postage	3,283	16	3,299
Publications Distribution	275	42	317
Rent & Space Management	7,454	0	7,454
Security Operations	5,030	0	5,030
Substance Abuse Awareness & Testing	1,474	4,348	5,822
Transit Benefits & Parking	5,159	440,687	445,846
Unemployment Compensation	1,600	25	1,625
Warehouse	957	63	1,020
Assistant Secretary for Admin Subtotal:	80,959	446,087	527,046
Chief Information Officer			
Campus Area Network	6,914	0	6,914
Cyber Security Operations	0	0	0
Desktop Services	20,341	0	20,341
Information Assurance & Privacy	14,268	0	14,268
IT Infrastructure	0	0	0
OCIO New Initiatives	0	0	0
Server & Messaging Services	13,661	0	13,661
Voice, Cable & Wireless	11,453	600	12,053
Chief Information Office Subtotal:	66,637	600	67,237
Grand Total:	147,596	446,687	594,283

FY 2010 ESTIMATE
WCF DOT AND NON-DOT OBLIGATIONS BY BUSINESS LINE (\$000)

<u>Description</u>	<u>DOT</u> <u>Obligations</u>	<u>Non-DOT</u> <u>Obligations</u>	<u>2010 Total</u>
Assistant Secretary for Administration			
Acquisition & Procurement Operations	5,001	0	5,001
Building Security	14,547	0	14,547
Commercial Services Management	538	0	538
Consolidated Federal Funds	132	0	132
Copier, Printing & Multimedia	7,959	51	8,010
Disability Resource Center	1,630	453	2,083
Dockets Management and Operations	2,596	202	2,798
E-Gov Initiative	0	0	0
Facilities Services & Utilities	9,275	371	9,646
Federal Acquisitions Reporting Systems	527	0	527
Federal Laboratory Consortium	21	0	21
FEMA COOP Facility	1,075	0	1,075
Financial Mgmt, Accting & Admin	6,867	0	6,867
Flexible Spending Account	415	0	415
Human Resource Services	4,443	41	4,484
Human Resource Systems	0	0	0
Library & Information Services	2,110	0	2,110
Mail Services & Postage	3,081	81	3,162
Publications Distribution	128	115	243
Rent & Space Management	7,413	0	7,413
Security Operations	4,547	0	4,547
Substance Abuse Awareness & Testing	1,458	3,742	5,200
Transit Benefits & Parking	4,411	433,227	437,638
Unemployment Compensation	2,107	75	2,182
Warehouse	698	60	758
Assistant Secretary for Admin Subtotal:	80,978	438,418	519,396
Chief Information Officer			
Campus Area Network	4,227	0	4,227
Cyber Security Operations	0	0	0
Desktop Services	27,567	0	27,567
Information Assurance & Privacy	15,121	0	15,121
IT Infrastructure	0	0	0
OCIO New Initiatives	0	0	0
Records Management	0	0	0
Server & Messaging Services	9,582	0	9,582
Voice, Cable & Wireless	10,122	535	10,657
Chief Information Office Subtotal:	66,618	535	67,153
Grand Total:	147,596	438,953	586,549

**GENERAL PROVISIONS – DEPARTMENT OF TRANSPORTATION
(INCLUDING TRANSFER OF FUNDS)
(INCLUDING CANCELLATIONS)**

Sec. 180. During the current fiscal year applicable appropriations to the Department of Transportation shall be available for maintenance and operation of aircraft; hire of passenger motor vehicles and aircraft; purchase of liability insurance for motor vehicles operating in foreign countries on official department business; and uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902).

- ❖ Section 180 retains the provision that allows the Department of Transportation to use funds for aircraft, motor vehicles, liability insurance, uniforms, or allowances, as authorized by law.

Sec. 181. Appropriations contained in this Act for the Department of Transportation shall be available for services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for an Executive Level IV.

- ❖ Section 181 retains the provision that limits appropriations for services authorized by 5 U.S.C. 3109 to the rate for an Executive Level IV.

Sec. 182. None of the funds in this Act shall be available for salaries and expenses of more than 110 political and Presidential appointees in the Department of Transportation.

- ❖ Sec. 182 retains the provision that prohibits funds to be used for salaries and expenses of more than 110 appointees, but proposes to delete the requirement that none of the personnel covered by this provision can be assigned on temporary detail outside DOT.

Sec. 183. None of the funds in this Act shall be used to implement section 404 of title 23, United States Code.

- ❖ Section 183 retains the provision that prohibits funds from being used to implement section 404 for title 23, United States Code.

*Sec. 184. (a) No recipient of funds made available in this Act shall disseminate personal information (as defined in 18 U.S.C. 2725(3)) obtained by a State department of motor vehicles in connection with a motor vehicle record as defined in 18 U.S.C. 2725(1), except as provided in 18 U.S.C. 2721 for a use permitted under 18 U.S.C. 2721.
(b) Notwithstanding subsection (a), the Secretary shall not withhold funds provided in this Act for any grantee if a State is in noncompliance with this provision.*

- ❖ Section 184 retains the provision that prohibits recipients of funds made available in this Act from releasing certain personal information and photographs from a driver's license or motor vehicle record, without express consent of the person to whom such information pertains; and prohibits the withholding of funds provided in this Act for any grantee if a State is in noncompliance with this provision.

Sec. 185. Funds received by the Federal Highway Administration, Federal Transit Administration, and Federal Railroad Administration from States, counties, municipalities, other public authorities, and private sources for expenses incurred for training may be credited respectively to the Federal Highway Administration's "Federal-Aid Highways" account, the Federal Transit Administration's "Research and University Research Centers" account, and to the Federal Railroad Administration's "Safety and Operations" account, and used for such expenses, except for State rail safety inspectors participating in training pursuant to 49 U.S.C. 20105.

- ❖ Section 185 retains the provision that permits funds received by specified DOT agencies from States or other private or public sources for expenses incurred for training to be credited to certain specified agency accounts.

Sec. 186. Notwithstanding any other provisions of law, rule or regulation, the Secretary of Transportation is authorized to allow the issuer of any preferred stock heretofore sold to the Department to redeem or repurchase such stock upon the payment to the Department of an amount determined by the Secretary.

- ❖ Section 186 retains the provision that authorizes the Secretary of Transportation to allow issuers of any preferred stock sold to the Department to redeem or repurchase such stock upon the payment to the Department of an amount determined by the Secretary.

Sec 187. None of the funds in this Act to Department of Transportation may be used to make a grant unless the Secretary of Transportation notifies the House and Senate Committees on Appropriations not less than 3 full business days before any discretionary grant award, letter of intent, or full funding grant agreement totaling \$1,000,000 or more is announced by the department or its modal administrations from: (1) any discretionary grant program of the Federal Highway Administration including the emergency relief program; (2) the airport improvement program of the Federal Aviation Administration; (3) any grant from the Federal Railroad Administration; or (4) any program of the Federal Transit Administration other than the formula grants and fixed guideway modernization programs: Provided, That the Secretary gives concurrent notification to the House and Senate Committees on Appropriations for any "quick release" of funds from the emergency relief program: Provided further, That no notification shall involve funds that are not available for obligation.

- ❖ Section 187 retains the provision that prohibits funds from being used to make a grant unless the Secretary of Transportation notifies the House and Senate Committees on Appropriations no less than three days in advance of any discretionary grant award, letter of intent, or full funding grant agreement totaling \$1,000,000 or more.

Sec. 188. Rebates, refunds, incentive payments, minor fees and other funds received by the Department of Transportation from travel management centers, charge card programs, the subleasing of building space, and miscellaneous sources are to be credited to appropriations of the Department of Transportation and allocated to elements of the Department of Transportation using fair and equitable criteria and such funds shall be available until expended.

- ❖ Section 188 retains the provision that allows funds received from rebates, refunds, and similar sources to be credited to appropriations of the Department of Transportation.

Sec. 189. Amounts made available in this or any other Act that the Secretary determines represent improper payments by the Department of Transportation to a third party contractor under a financial assistance award, which are recovered pursuant to law, shall be available--

- (1) to reimburse the actual expense incurred by the Department of Transportation in recovering improper payments; and*
- (2) to pay contractors for services provided in recovering improper payments or contractor support in the implementation of the Improper Payments Information Act of 2002: Provided, That amounts in excess of that required for paragraphs (1) and (2)--*
 - (A) shall be credited to and merged with the appropriation from which the improper payments were made, and shall be available for the purposes and period for which such appropriations are available; or*
 - (B) if no such appropriation remains available, shall be deposited in the Treasury as miscellaneous receipts: Provided further, That the Secretary shall report annually to the House and Senate Committees on Appropriations the amount and reasons for these transfers: Provided further, That for purposes of this section, the term "improper payments", has the same meaning as that provided in section 2(d)(2) of Public Law 107-300.*

- ❖ Section 189 retains the provision that allows amounts from improper payments to a third party contractor that are lawfully recovered by the DOT to be available to cover expenses incurred in the recovery of such payments, but proposes an annual report of the transfer of such recoveries rather than congressional notification prior to each transfer.

Sec. 190. Notwithstanding section 3324 of Title 31, United States Code, in addition to authority provided by section 327 of title 49, United States Code, the Department's Working Capital Fund is hereafter authorized to provide payments in advance to vendors and accept reimbursements from agencies other than the Department of Transportation for transit benefit distribution services that are necessary to carry out the Federal transit pass transportation fringe benefit program under Executive Order 13150 and section 3049 of Public Law 109-59: Provided, That the Department shall include adequate safeguards in the contract with the vendors to ensure timely and high quality performance under the contract.

- ❖ Section 190 would continue to enable the Department to provide payments in advance to its vendor in order to carry out its contract for the implementation of a debit card program for distribution of transit benefits. The Department needs this authority because the debit card vendor is unable to front such funding, which would be approximately \$30 million per month. FAR provisions regarding advance payment are generally for payment for contract services only and may not cover this specific situation. The debit card program streamlines the transit benefit process from application to distribution, eliminates physical inventory, reduces distribution cost and infrastructure, strengthens internal controls and minimizes security vulnerabilities. Section 190 also provides explicit authority for the Working Capital Fund to provide transit benefit services to non-DOT agencies.

Sec. 191. The Secretary of Transportation is authorized to carry out a program that establishes uniform standards for developing and supporting agency transit pass and transit benefits authorized under section 7905 of title 5, United States Code, including distribution of transit benefits by various paper and electronic media.

- ❖ Section 191 would explicitly designate the Department of Transportation as the Government-wide executive agency for the Federal transportation fringe benefit program. While the Department of Transportation currently acts as the *de facto* executive agent, the lack of an official designation creates confusion with coordinating with the Office of Management and Budget and other agencies as to the Federal agency with the policy role for the program. In an April 2007 report, the Government Accountability Office (GAO) identified weaknesses in the design of program controls for transit benefit

program at numerous Federal agencies; noted the lack of Government-wide policies or standards for establishing internal controls for the Federal transit benefits program; and concluded that weak program controls at each agency is a factor in fraud and abuse. The Department of Transportation has taken many of the corrective actions identified in the GAO report, but a formal designation as the Government-wide executive agent would enable the Department to lead more effectively the effort against transit benefit subsidy fraud and abuse,

Sec. 192. Funds appropriated in this Act to the modal administrations may be obligated for the Office of the Secretary of Transportation for the costs related to assessments or reimbursable agreements only when such amounts are for the costs of goods and services that are purchased to provide a direct benefit to the applicable modal administration or administrations.

- ❖ Section 192 proposes a provision that would allow the Office of the Secretary of Transportation to assess or enter into reimbursable agreements with the modal administrations only to the degree that such amounts are for the costs of goods and services that are purchased to provide a direct benefit to the applicable modal administration or administrations.

Sec. 193. In addition to the authority provided by section 327 of title 49, United States Code, the Secretary of Transportation is authorized to maintain and utilize without fiscal year limitation a reasonable operating and capital replacement reserve, notwithstanding paragraph (d) of such section, within the Working Capital Fund: Provided, That such capital replacement reserve shall not exceed four percent of the revenue from the previous fiscal year.

- ❖ Section 193 expands the purpose of the Working Capital Fund's existing operating reserve with explicit authority to use it as both an operating and capital replacement reserve. This provision is similar in intent to those provided other Working Capital Funds under 13 U.S.C 11 (Census); 40 U.S.C. 3173 (GSA); and 42 U.S.C. 4370 (Treasury). The total amount of the reserve would be capped at four percent of the revenue from the previous fiscal year, the same as for the existing operating reserve. The four percent is not cumulative – a new reserve limit would be calculated annually. The capital reserve would aid the Federal transit pass transportation fringe benefit program by allowing the Fund to retain sufficient reserves during each fiscal year-end to procure an adequate stock of transit fare media to immediately provide services at the beginning of each subsequent fiscal year. The Working Capital Fund could also use the capital reserve toward the replacement value of capitalized assets in cases where the replacement equipment

has increased in cost due to inflation. Currently, only the historical cost of capitalized assets is available for the future replacement of the assets.

Sec. 194. No funds appropriated in this Act to an agency of the Department of Transportation shall be transferred to the Working Capital Fund without a quorum approval of the Working Capital Fund Steering Committee and approval of the Secretary.

- ❖ Section 194 is an alternative to the annual appropriation *proviso* requiring modal administrator approval of Operating Administration funding transfers to the Working Capital Fund for the provision of common administrative services. The proposed language is based on the Secretary's existing authority to determine the administrative services that are funded through the Working Capital Fund. It creates a stronger role for the existing Working Capital Fund Steering Committee to ensure common goods and services are provided through the Working Capital Fund in the most cost effective and efficient manner. The Committee is comprised of representatives of each Operating Administration -- the Associate Administrator for Administration and the Operating Administration's Chief Financial Officer or Budget Officer -- and recommends, advises, and oversees the Working Capital Fund activities. Under Section 913, any motion requiring the Operating Administrations to transfer funds into the Working Capital Fund would have to be adopted by a quorum vote equal to 90 percent of the voting members and approved by the Secretary.

GENERAL PROVISIONS—THIS ACT

Sec. 401. None of the funds in this Act shall be used for the planning or execution of any program to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings funded in this Act.

- ❖ Section 401 continues the prohibition on the use of funds for pay and other expenses provided in the appropriation act for compensating non-Federal parties intervening in regulatory or adjudicatory proceedings funded by the act.

Sec. 402. None of the funds appropriated in this Act shall remain available for obligation beyond the current fiscal year, nor may any be transferred to other appropriations, unless expressly so provided herein.

- ❖ Section 402 continues the prohibition on obligations beyond the current fiscal year and transfers of funds to other appropriations unless expressly provided in the appropriations act.

Sec. 403. The expenditure of any appropriation under this Act for any consulting service through procurement contract pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

- ❖ Section 403 continues the limitation on expenditures for consulting service through procurement contracts where such expenditures are a matter of public record and available for public inspection.

Sec. 404. Except as otherwise specifically provided by law, not to exceed 50 percent of unobligated balances remaining available at the end of fiscal year 2012 from appropriations made available for salaries and expenses for fiscal year 2012 in this Act, shall remain available through September 30, 2013, for each such account for the purposes authorized: Provided, That notice thereof shall be submitted to the House and Senate Committees on Appropriations prior to the expenditure of such funds.

- ❖ Section 404 continues the provision providing that 50 percent of unobligated balances are available for certain purposes.

Sec. 405. No funds in this Act may be used to support any Federal, State, or local projects that seek to use the power of eminent domain, unless eminent domain is employed only for a public use: Provided, That for purposes of this section, public use shall not be construed to include economic development that primarily benefits private entities: Provided further, That any use of funds for mass transit, railroad, airport, seaport or highway projects as well as utility projects which benefit or serve the general

public (including energy-related, communication-related, water-related and wastewater-related infrastructure), other structures designated for use by the general public or which have other common-carrier or public-utility functions that serve the general public and are subject to regulation and oversight by the government, and projects for the removal of an immediate threat to public health and safety or brownfields as defined in the Small Business Liability Relief and Brownfields Revitalization Act (Public Law 107-118) shall be considered a public use for purposes of eminent domain.

- ❖ Section 405 continues the provision prohibiting the use of funds for eminent domain unless such taking is employed for public use.

Sec. 406. No funds appropriated pursuant to this Act may be expended in contravention of sections 2 through 4 of the Act of March 3, 1933 (41 U.S.C. 10a-10c, popularly known as the "Buy American Act").

- ❖ Section 406 prohibits the expenditure of funds by an entity unless it agrees that such expenditure will comply with the Buy American Act.

Sec. 407. No funds appropriated or otherwise made available under this Act shall be made available to any person or entity that has been found to violate the Buy American Act (41 U.S.C. 10a-10c).

- ❖ Section 407 prohibits the availability of funds to any person or entity that has been convicted of violating the Buy American Act.

Sec. 408. None of the funds made available in this Act may be used for first-class airline accommodations in contravention of sections 301-10.122 and 301-10.123 of title 41, Code of Federal Regulations.

- ❖ Section 408 prohibits the use of funds for the purchase of first-class airline accommodations.

Sec. 409. None of the funds made available in this Act may be used to purchase a light bulb for an office building unless the light bulb has, to the extent practicable, an Energy Star or Federal Energy Management Program designation.

- ❖ Section 409 prohibits the use of funds to purchase of light bulbs for an office building unless the light bulb has, to the extent practicable, an Energy Star or Federal Energy Management Program designation.

Sec. 410. None of the funds made available under this Act or any prior Act may be provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.

- ❖ Section 410 prohibits Federal funds from being provided to the Association of Community Organizations for Reform Now (ACORN), or any of its affiliates, subsidiaries, or allied organizations.