

FY2009

**PERFORMANCE
& ACCOUNTABILITY REPORT
SUMMARY**

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Ray LaHood
Secretary of Transportation

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<http://www.dot.gov/budgperfplan/archive.htm>**

MESSAGE FROM THE SECRETARY



I am pleased to submit my first Performance and Accountability Report for Fiscal Year 2009 as Secretary of the U.S. Department of Transportation (DOT). As I stated during my confirmation hearing earlier this year, improving the economic health of the Nation, the livability of our communities, and the sustainability and safety of the Nation's transportation systems are the major priorities of DOT. These priorities have guided my first year as Secretary and I will continue to pursue these important goals throughout my tenure.


In addition to our core mission of improving the safety and reliability of our Nation's transportation systems, we have successfully implemented the American Recovery and Reinvestment Act of 2009 (Recovery Act) and the Car Allowance Rebate System (CARS). Although our data collection is ongoing and therefore

necessarily incomplete as of the date of the submission of this report, the information available indicates that the Recovery Act and CARS program have contributed to reviving our Nation's economy during very challenging times. The Recovery Act will continue to spur economic recovery into 2010; and the CARS program improved the fuel efficiency of our passenger vehicle fleet, and put Americans back to work. I am proud of the efforts made by DOT staff to implement these programs.

RECOVERY ACT

The Recovery Act provides \$48.1 billion to DOT for infrastructure investment spending. The investments in "ready-to-go" projects created jobs almost immediately and will continue to improve the productivity of our transportation systems over the long term. These investments will finance needed repairs to our highways, bridges, airports, and seaports; enhance transit operations; and fund the largest expansion of passenger rail in United States history. Projects funded with Recovery Act dollars range from the \$189 million spent to widen the I-405 Sepulveda Pass in California to the almost 700 grants awarded by the Federal Transit Administration to transit agencies around the country.

As we approach the half-way point of the 18-month Recovery Act initiative, more than 60 percent of the funds have been obligated. Moreover, the pace of these outlays continues to increase. I am particularly proud of the fact that DOT has met or exceeded all of the



Recovery Act deadlines, and that funding has been obligated for more than 9,400 projects, of which more than 5,500 are currently under way or completed. Most importantly, each month the number of people directly employed with Recovery Act funding continues to grow.

As the country's aging transportation assets are brought to a state of good repair, and as others are expanded or constructed to accommodate multimodal methods of transporting passengers and freight, the Recovery Act will provide economic and social benefits that will endure for generations. Since the Act's passage, I have personally visited at least 30 States and 60 cities and I have seen the positive impact these investments are making in our communities across America.

CARS

The Car Allowance Rebate System (CARS), also known as "Cash for Clunkers," has been wildly successful in achieving program objectives. In the third quarter of 2009, car dealers around the country sold nearly 700,000 vehicles, enabling many of these small businesses that are so vital to their communities to weather the economic downturn. This 10.6 percent increase in sales generated local and State tax revenues and created a demand for additional automobile production that in turn created more jobs. Moreover, the CARS program generated a 60 percent improvement in fuel economy between traded-in vehicles and vehicles purchased under the program.

SAFETY

Our most important priority at DOT is transportation safety. We have worked diligently to reduce fatality rates on highways and in the air, and we are making traveling in America safer than in past years by focusing on distracted driving and motorcycle safety, and by promoting the use of seatbelts and child safety seats.

Road Safety

Most transportation-related deaths occur on our Nation's highways. Reducing highway fatalities is therefore a top priority at the Department. I am proud to report that seatbelt usage rates have increased to 84 percent, thanks to programs such as Click It or Ticket. We have lowered the fatality rate for automobiles, while also reducing fatalities related to large trucks and buses.

Recently, we have focused on a new hazard, distracted driving, which we will continue to address in the coming fiscal year. Our latest research shows that nearly 6,000 people died last year, and more than half a million people were injured, in crashes involving a dis-

traced driver. To this end, President Obama signed an Executive Order directing Federal employees not to engage in texting while driving government-owned vehicles or while driving privately owned vehicles on official government business. The President's order sends a clear signal to the American public that distracted driving is dangerous and unacceptable and demonstrates that the Federal government is leading by example. In my capacity as Secretary of Transportation, I am also calling on State and local governments to work with DOT to reduce fatalities and crashes by making distracted driving part of their State safety plans, and by passing State and local laws against distracted driving in all types of vehicles.

Safety in the Air

DOT is committed to providing the safest air travel in the world. In FY 2009, DOT surpassed its goal for reducing the rate of commercial air carrier fatalities. Importantly, DOT also reduced the most serious runway incursions to below our targeted rate by enhancing airport surface markings and revising air traffic control procedures.

LIVABLE COMMUNITIES

One of my highest priorities is to help make our communities more livable. To achieve this goal, in FY 2009 DOT joined with the U.S. Department of Housing and Urban Development and the Environmental Protection Agency to create a sustainability partnership, whose mandate is to coordinate Federal investments in transportation, housing, air quality, and water infrastructure across the country. This collaborative effort is essential if we are to provide Americans with more transportation options and affordable housing choices near transit, as well as ensuring greater access to jobs, education, health care, and other vital services. The DOT will continue to work with its Federal, State, and local partners to transform our transportation system into a truly multimodal system with strong alternatives to driving in order to maximize returns on highway capacity, combat traffic congestion, reduce our reliance on oil, and decrease greenhouse gas emissions.

FUEL ECONOMY AND CLIMATE CHANGE

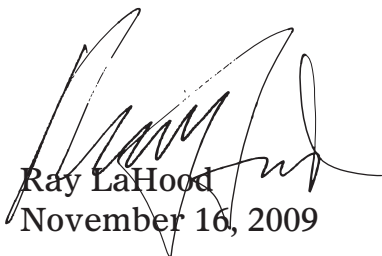
This year DOT also successfully partnered with the U.S. Environmental Protection Agency (EPA) to establish an historic, coordinated national program that will improve fuel economy and reduce greenhouse gases from light duty vehicles built in model years 2012–2016. The standards, if finalized as proposed, would also conserve billions of barrels of oil, save consumers money at the pump, increase fuel economy, and reduce millions of tons of greenhouse gas emissions by raising fleet-wide fuel economy standards to an average of 35.5 miles per gallon by 2016—all while ensuring that consumers still enjoy a full range of vehicle choices. These proposed standards, which were established with

unprecedented support from automakers, the United Auto Workers, leaders in the environmental community, governors and State officials, were published in September 2009 and build upon core principles that President Obama announced in May 2009.

CONCLUSION

I am committed to doing everything in my power to make our Nation's transportation system safer, stronger, greener, and more accessible to everyone, and I want to express my appreciation to the employees and partners of DOT, who not only worked diligently during the past year to address the most significant challenges facing our Nation's transportation system, but also implemented two significant programs to help our Nation begin recovering from the greatest downturn in our economy since the Great Depression.

This report contains descriptions of the long-term challenges that lie ahead, as well as evidence of the progress that we made in FY 2009. The data and information are reliable and supported by verifiable measurement and reporting procedures in place throughout the Department.



Ray LaHood
November 16, 2009

MESSAGE FROM THE CHIEF FINANCIAL OFFICER



I am pleased to issue the Department of Transportation's (DOT) Fiscal Year 2009 Performance and Accountability Report. This report provides information on the Department's program performance, the management of the financial resources used to support these programs, and the steps taken to ensure that the Department's internal controls remain strong. These are top priorities for my office, and will continue to be our major focus.

FY 2009 was a year of substantial progress for the DOT. We successfully:

- Implemented the first phase of the American Recovery and Reinvestment Act of 2009 (Recovery Act) ensuring the \$48.1 billion provided to DOT was put to work rebuilding our transportation network in cities and counties across the Nation, and;
- Oversaw the overwhelming success of the Car Allowance Rebate System (CARS) program, which aided nearly 700,000 vehicle sales in the third quarter of 2009.

In addition we achieved an unqualified opinion on our financial statements, our eighth in the last nine years. By continuing to achieve clean audit opinions with no material weaknesses, we are able to provide a solid foundation for assessing performance and strategic investments in transportation safety, and to act as prudent financial stewards of taxpayers' funding.

On February 13, 2009 Congress passed the Recovery Act. The Recovery Act's three main goals are to: (1) create and save jobs, (2) spur economic activity and invest in long-term economic growth, and (3) foster unprecedented levels of accountability and transparency in government spending. The DOT received \$48.1 billion in Recovery Act funds to rebuild our Nation's network of roads, tunnels, bridges, rail systems, airports and waterways, which we depend upon to keep the economy moving and growing. As of September 30, 2009, DOT had obligated more than 60 percent of Recovery Act funding and expended almost \$4 billion. I am pleased to report that Recovery Act funding has been obligated for more than 9,400 projects, of which more than 5,500 projects are currently under way or completed.

As the DOT implements the Recovery Act to create jobs and improve transportation, we have also been working to ensure that people who travel on our highways are safe. We continue to make progress to reduce fatalities on our highways through our core programs. Seatbelt usage is at an all time high of 84 percent. We also are focusing, however, on a new hazard—distracted driving—which was at least partially responsible for nearly 6,000 deaths last year. To highlight the dangers of distracted driving and to lead by example, President Obama signed an Executive Order prohibiting Federal employees from engaging in texting while driving government-owned vehicles or while driving privately owned vehicles when on official government business.

In the year to come, we will continue to build on our solid foundation for organizational excellence. As I continue my tenure as Chief Financial Officer, I will strive to demonstrate the financial transparency and best practices, and achieve the program results the American people expect and deserve.



Christopher Bertram

Assistant Secretary for Budget and Programs, and Chief Financial Officer

FINANCIAL HIGHLIGHTS

Preparing these statements is part of the Department's goal to improve financial management and to provide accurate and reliable information that is useful for assessing financial performance. Departmental management is responsible for the integrity and objectivity of the financial information presented in the financial statements.

The financial statements and financial data presented in this Report have been prepared from the accounting records of the DOT in conformity with generally accepted accounting principles (GAAP). GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The American Recovery and Reinvestment Act of 2009 (ARRA or the Recovery Act) provided the Department an additional \$48 billion. In addition to the Recovery Act the Department received an additional \$3 billion for the Car Allowance Rebate System (CARS) program. The funding from these additional programs has caused significant fluctuations on certain line items in the financial statements when comparing FY 2009 to FY 2008.

OVERVIEW OF FINANCIAL POSITION

Assets

The Consolidated Balance Sheet shows the Department had total assets of \$101.5 billion at the end of FY 2009. This represents a 65 percent increase over the previous year's total assets of \$61.3 billion. The largest increase of \$40.6 billion was the Fund Balance with Treasury. This increase is consistent with the additional funding from the Recovery Act and CARS programs.

The Department's assets reflected in the Consolidated Balance Sheet are summarized in the following table.

ASSETS BY TYPE

Dollars in Thousands	2009	%	2008	%
Fund Balance with Treasury	\$62,685,783	61.7	\$22,074,754	36
Investments	20,684,481	20.4	21,728,238	35.4
General Property, Plant & Equipment	14,439,603	14.2	14,512,568	23.6
Inventory and Related Property, Net	797,310	.8	802,368	1.3
Direct Loans and Guarantees, Net	2,219,298	2.2	1,670,284	2.7
Accounts Receivable	384,754	.4	303,490	0.5
Cash and Other Assets	294,830	.3	276,082	0.5
Total Assets	\$101,506,059	100.0	\$61,367,784	100.0

Liabilities

The Department had total liabilities of \$16.9 billion at the end of FY 2009. This represents a 14 percent increase from the previous year's total liabilities of \$14.8 billion, which is reported on the Consolidated Balance Sheet and summarized in the following table. The largest increases were in the Grant Accrual which reflects changes in grantee payment patterns and the effects of the Recovery Act, and debt which is attributed to additional loans made on the Transportation Infrastructure Finance and Innovation Act (TIFIA) program.

LIABILITIES BY TYPE

Dollars in Thousands	2009	%	2008	%
Grant Accrual	\$6,769,814	40.0	\$5,810,147	39.2
Other Liabilities	4,444,553	26.3	4,628,380	31.2
Accounts Payable	1,732,168	10.2	1,528,335	10.3
Environmental and Disposal Liabilities	1,195,249	7.1	828,757	5.6
Debt	2,478,348	14.6	1,762,985	12.0
Loan Guarantees	310,710	1.8	258,050	1.7
Total Liabilities	\$16,930,842	100.0	\$14,816,654	100.0

Net Position

The Department's Net Position at the end of FY 2009 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position is \$84.5 billion, an 82 percent increase from the previous fiscal year total net position of \$46.5 billion. These increases were due to the ARRA and CARS programs. Net Position is the sum of the Unexpended Appropriations and Cumulative Results of Operations.

RESULTS OF OPERATIONS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position.

Net Costs

The Department's total net cost of operations for FY 2009 was \$75.2 billion.

NET COSTS

Dollars in Thousands	2009	%	2008	%
Surface Transportation	\$57,597,654	76.4	\$50,153,011	75.7
Air Transportation	16,288,922	21.6	15,532,121	23.4
Maritime Transportation	728,687	1.0	215,079	0.30
Costs Not Assigned to Programs	366,041	0.5	386,130	0.60
Less Earned Revenues Not Attributed to Programs	10,708	0.001	39,379	0.05
Cross-Cutting Programs	327,208	0.4	23,501	0.04
Net Cost of Operations	\$75,297,804	100.00	\$66,270,463	100.00

Surface and air costs represent 98 percent of the Department's net cost of operations. Surface transportation program costs represent the largest investment for the Department at 76.4 percent of the Department's net cost of operations. Air transportation is the next largest investment for the Department at 21.6 percent of the Department's net cost of operations. The increases in Net Cost are attributed to the Surface and Air Programs and additional Recovery Act and CARS funding.

RESOURCES

Budgetary Resources

The Combined Statement of Budgetary Resources provides information on how budgetary resources were made available to the Department for the year and their status at fiscal year-end. For the 2009 fiscal year, the Department had total budgetary resources of \$175.6 billion, compared to the FY 2008 levels of \$133.7 billion.

RESOURCES

Dollars in Thousands	2009	2008	% Change
Total Budgetary Resources	\$175,644,291	\$133,717,556	31.4
Obligations Incurred	\$117,386,471	\$87,670,373	33.9
Net Outlays	\$80,881,011	\$73,864,953	9.5

Budget Authority of \$186.4 billion – which consists of \$128 billion of appropriations received and \$58.4 billion of borrowing and contract authority. The Department incurred obligations of \$117 billion for FY 2009, a 33.9 percent increase over the \$87.6 billion of obligations incurred during FY 2008. These changes are due to additional appropriations received for the Recovery Act and CARS.

Outlays reflect the actual cash disbursed against the Department's obligations. For the FY 2009, the Department had net outlays of \$80.8 billion, compared to the FY 2008 levels of \$73.8 billion, an increase of 9.5 percent. The increase is due to the Recovery Act and CARS programs. Due to the timing of the Recovery Act program, in FY 2010, net outlays should increase significantly as the program matures.

HERITAGE ASSETS AND STEWARDSHIP LAND INFORMATION

Heritage assets are property, plant and equipment that are unique for one or more of the following reasons: historical or natural significance; cultural, educational, or artistic importance; or significant architectural characteristics.

Stewardship Land is land and land rights owned by the Federal Government but not acquired for or in connection with items of general property, plant and equipment.

The Department's Heritage assets consist of artifacts, museum and other collections, and buildings and structures. The artifacts and museum and other collections are those of the

Maritime Administration. Buildings and structures include Union Station (rail station) in Washington, D.C., which is titled to the Federal Railroad Administration.

The Department holds transportation investments (Stewardship Land) through grant programs such as the Federal Aid Highways, mass transit capital investment assistance, and project grants for airport planning and development.

Financial information for Heritage assets and Stewardship Land is presented in the Financial Section of this Report under the Financial Statements and Required Supplementary Information.

LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Transportation, pursuant to the requirements of 31 U.S.C. 3515 (b).

These statements have been prepared from the books and records of the Department of Transportation in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government.

DOT PERFORMANCE SUMMARY TABLES

*The following tables present the results over several years, when possible, of all the performance measures tracked in this report. The measures are grouped by strategic goal.

SAFETY PERFORMANCE SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Passenger vehicle occupant highway fatality rate per 100 million passenger vehicle-miles traveled (VMT).	1.21	1.17	1.15 (r)	1.10 (r)	1.04 (r)	1.03	0.98 – 1.04#	1.02	✓
Large truck and bus fatality rate per 100 million total VMT.	N/A	N/A	0.185	0.177 (r)	0.169 (r)	0.155 #	0.140 – 0.154#*	0.167	✓
Motorcyclist fatality rate per 100,000 motorcycle registrations.	69.16	69.83	73.48	72.42 (r)	72.48 (r)	71.30	73.75 – 74.96#	77	✓
Non-occupant fatality rate per 100 million VMT	0.19	0.19	0.20	0.19	0.18	0.18 (r)	0.18 – 0.19#	0.19	✓
Number of commercial air carrier fatalities per 100 million persons onboard	N/A	N/A	N/A	N/A	N/A	0.4 *	6.8*	8.4	✓
Fatal Accidents per 100,000 Flight Hours in General Aviation	1.28	1.20	1.23	1.14	1.08	1.10	1.15*	1.11	✗
Rail-related accidents and incidents per million train-miles	19.40	19.02	18.03 (r)	17.51 (r)	17.20 (r)	16.53 (r)	15.81	17.00	✓
Transit fatalities per 100 million passenger-miles traveled	0.461	0.467	0.428	0.389	0.437	0.332 (r)	0.243*	.463	✓
Number of serious incidents for natural gas and hazardous liquid pipelines	61	48	41	36 (r)	47	42 * (r)	53*#	38	✗
Number of serious hazardous materials transportation incidents	472	492	528	495	490 (r)	427 (r)	427*#	458	✓

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

Performance & Accountability Report FY2009

REDUCED CONGESTION SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Percentage of travel on the National Highway System (NHS) meeting pavement performance standards for "good" rated ride	50	52	52	54	57	56	57	57	✓
Percentage of deck area on National Highway System (NHS) bridges rated as deficient, adjusted for average daily traffic	29.8	32.0	29.9	29.2	29.7	29.5	29.2	29.0(r)	✗
Percentage of total annual urban-area travel occurring in congested conditions	28.5	28.6	28.6	28.4	27.8	27.3#	26.3#	27.4(r)	✓
Average percent change in transit boardings per transit market (150 largest transit agencies)	0.7	0.7	1.9	2.1	2.5	4.3	2.2	1.9	✓
Percent of bus fleets compliant with the Americans with Disabilities Act (ADA)	93	96	96	97(r)	98	98	98	98	✓
Percent of key rail stations compliant with the ADA	82	82	91	92	93(r)	95 *	95*	94	✓
Percent of all flights arriving within 15 minutes of schedule at the 35 Operational Evolution Plan airports due to National Airspace System related delays	82.3	79.07	88.10	88.36	86.96	87.29	88.58*	88.00	✓

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

GLOBAL CONNECTIVITY PERFORMANCE SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Percent of days in the shipping season that the U.S. portion of the St. Lawrence Seaway system is available	98.9	99.1	99.7	99.0	99.4	98.8	99.4	99.0	✓
Number of freight corridors with an annual decrease in the average buffer index rating	N/A	N/A	N/A	3	5	21	19	13	✓
Number of National Highway System border crossings with a decrease in unexpected delay	N/A	N/A	N/A	N/A	4	3	3	5	✗
Number of potential air transportation consumers (in billions) in international markets traveling between the U.S. and countries with open skies and open trans-border aviation agreements	1.48	1.72	2.97	3.01	3.83	3.94	4.83	3.90	✓
Percent share of the total dollar value of DOT direct contracts that are awarded to women-owned businesses	4.2	3.8	6.6	8.4	10.4	7.0	9.0#	5.0(r)	✓
Percent share of the total dollar value of DOT direct contracts that are awarded to small disadvantaged businesses	15.8	15.6	12.7	16.2	18	16 *	15.5#	14.6	✓

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

Performance & Accountability Report FY2009

ENVIRONMENTAL STEWARDSHIP PERFORMANCE SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Number of areas in conformity lapse	6.0	6.3	5.8	1.3	0.0	0.0	0.0	6.0	✓
Number of hazardous liquid pipeline spills in high consequence areas	54(r)	49	55	47 (r)	51 (r)	68 (r)	57*	49	✗
Percent DOT facilities characterized as No Further Remedial Action Planned under the Superfund Amendments and Reauthorization Act	94	93	92	92	93	94	94	93	✓
Number of Exemplary Human Environmental Initiatives undertaken	N/A	N/A	N/A	N/A	N/A	11	16	15	✓
Median time in months to complete environmental impact statements for DOT funded infrastructure projects	N/A	N/A	56	57	67	63.5	79.3	54	✗

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

SECURITY PERFORMANCE SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Percentage of DoD-required shipping capacity complete with crews available within mobilization timelines	96	94	95	93	97	97	96*	94	✓
Percentage of DoD-designated commercial ports available for military use within DoD established readiness timelines	86	93	87	100	100	100	100*	93	✓
Percent of DOT personnel with emergency management responsibilities who are prepared to respond to disasters and emergencies	N/A	N/A	N/A	N/A	N/A	N/A	100	Baseline	N/A
Percent of DOT agencies meeting annual response requirements	N/A	N/A	N/A	N/A	N/A	N/A	96	Baseline	N/A

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

Performance & Accountability Report FY2009

ORGANIZATIONAL EXCELLENCE PERFORMANCE SUMMARY

Performance Measure	2003	2004	2005	2006	2007	2008	2009 Actual	2009 Target	Met/ Not Met
Percent of major federally funded transportation infrastructure projects with less than 2 percent annual growth in the project completion milestone as reported in the finance plan	N/A	73	89	89	89	79	78.37	90	✗
Percent of finance plan cost estimates for major federally funded transportation infrastructure projects with less than 2 percent annual growth in project completion cost	N/A	75	81	84	83	82	83.78	90	✗
For major DOT aviation systems, percentage of cost goals established in the acquisition project baselines that are met	88	100	97	100	100	96.08	100	90	✓
For major DOT aviation systems, percentage of scheduled milestones established in acquisition project baselines that are met	77	91.5	92	97.4	97	93.88	93.75	90	✓

(r) Revised; * Preliminary estimate # Projection from trends; ✓ Met; ✗ Not Met

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