American University’s Leadership Forum
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DOT’s Budget & Performance Integration
“Lessons Learned”

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DOT’s Mission

The mission of the Department of Transportation is to “Serve the United States by ensuring a fast, safe, efficient, accessible and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future.

The Secretary’s vision is for safer, simpler, smarter transportation solutions. The Office of the Assistant Secretary for Budget and Programs/CFO facilitates this mission by handling issues relating to budget, resources, financial management, accounting and financial information systems.
Primary Strategic Goals and Objectives

- Safety: *The Secretary’s top priority* – To improve the safety of the Nation’s transportation system.

- Mobility: To expand system capabilities while alleviating congestion and maintaining accessibility.

- Global Connectivity: To liberalize aviation markets worldwide, expand freight transportation system, improve intermodal linkages, and ensure efficient trade movements at border crossings.
Primary Strategic Goals and Objectives (continued).

- Environmental Stewardship: To consolidate and streamline our programs and improve system performance by accelerating the review process within the requirements of environmental law.

- Security: Work with Department of Homeland Security (DHS) to design a world-class transportation security system that will prevent terrorists from ever again using transportation as a weapon against us.

- Organizational Excellence: We support the President’s Management Agenda and plan to implement it fully throughout the Department.
Our primary customers are the American people who benefit from the best possible transportation system for people, goods and services.

Our primary product is the services we provide to the American people with the safest, simplest, smartest transportation system in the world, as well as the services we provide through our strategic objectives set forth by the Secretary and the Administration.
Implementation of the DOT Strategic Plan

- The DOT Strategic Plan provides a comprehensive vision for improving the Nation’s complex and vital transportation system.

- Puts forth broad objectives, targets specific outcomes we want to achieve, and identifies key challenges.

- This leads us to the Performance-Based Budget, which operationalizes the Strategic Plan and provides strong links to the budget request by defining performance goals and measures used to manage progress toward our strategic objectives.
This graphic depicts how DOT plans, measures, manages, and reports on performance. Each level of performance planning builds upon the one below it, effectively bringing the entire organization into a synchronized strategic process.
Performance Measures

- Tailored to how we get our work done for each performance goal.

- Focus on core transportation missions.

- Reflect the Secretary’s transportation priorities of safety, mobility, global connectivity, environmental stewardship, security, and organizational excellence.

- Give valuable insights into the performance of DOT programs to broadly illustrate how DOT adds value to the Nation.
Integrating Budget and Performance

- Beginning with the FY 2004 budget cycle, DOT organized its OMB and Congressional budget submissions in such a way that the linkages between additional resources and improved performance would be more apparent.

- The linkages were further strengthened during the FY 2005 budget submissions.

- For FY 2006, DOT is taking performance budgeting to the next level by estimating the marginal cost of performance for some programs—what results can be achieved at different levels of funding for selected programs. *(For instance, DOT will be able to estimate the reduction in rail-related accidents and incidents it expects to achieve with the increase in funds it requests).*
The budget formulation process is now fully incorporating the use of OMB’s Program Assessment Rating Tool (PART), which provides a consistent and standardized tool to consider performance information when making management and funding decisions.

Prior to PART, there was not a standardized mechanism to evaluate the effectiveness of these programs.

We can now show results in the performance budget. That elements strengthens the link between program results and helps demonstrate to Congress and the American public the results that are being achieved.
Lessons Learned

Based on the PART review, the Federal Highway Administration has changed the way it manages major highway projects. They began to focus on hiring more financial managers and program administration managers as project specialists.

Also, to ensure efficient and effective projects, FHWA also added additional financial and management requirements on projects over $1 billion dollars.
Balancing Financial and Performance Information

This flow diagram helps program managers to better understand the interrelationship between financial and performance information and better utilize the information to enhance current and future management decisions.
DOT’s progress in Budget and Performance Integration has strengthened our efforts to achieve improvements in other management initiatives:

- Links CIO requests to acquire or enhance information systems technology
- Enables compliance with E-Gov goals and initiatives
- Links human resource needs to budget needs
- Reflects employee contributions in meeting agency performance goals
- Links competitive sourcing initiatives by clearly identifying goals and providing best value to accomplish
- Ensures senior decision makers data to decide where to use their resources.
- Improves cost accounting models and accountability tools for reliable data in order to better monitor performance
Delphi

- Department-wide system based on commercial off-the-shelf software without customizations
  - Refine and streamline – centralize input to capture economies of scale and expertise
  - Push data and information to managers and non-financial decision makers

Financial Performance

- Use metrics to drive change in financial and accounting performance
- Major changes underway in staffing and training – especially the highway trust fund agencies