



# PERFORMANCE SECTION

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## INTRODUCTION TO THE PERFORMANCE SECTION

In fiscal year (FY) 2010, the Department accomplished its mission through three strategic goals and an overarching management integration goal that articulate long-term goals, as well as performance outcomes and objectives that represent shorter-term outcomes and priorities. Performance outcomes include specific targets designed to achieve specific performance results within a given fiscal year.

The Performance Section of the report comprises subsections for each of the strategic goals and is organized in the following manner:

SUBSECTION	PURPOSE
Strategic Goal	Overall summary of the strategic goal.
Strategic Objective	Overall summary of outcomes, program obligations, and performance outcomes that fall under each objective. The information contained in the objective provides the performance outcomes and the activities associated with them.
Performance Outcome	Performance Outcome Description, Achievements, and selected Program Evaluations. The information contained in each performance outcome is designed to provide the reader with the overall achievements of the performance outcome.

Within each strategic goal section there are summary charts that provide the historical trend data for financial obligations and full-time equivalents (FTE) resources, and overall performance results. At the beginning of each strategic goal section and each objective section is a table summarizing the performance outcomes. In the description of each performance outcome is a performance table (with shaded status cells) that shows the status of the performance measures associated with that outcome: exceeded (more than 125 percent of target), met (100-124 percent), slightly below target (95-99 percent) and not met (below 95 percent of target). Status cells for exceeded measures are shaded blue; met, green; slightly below, yellow; and not met, red. In addition, a new category, "improved, but not met," was added in FY 2008. Status cells for this category are shaded orange, with this category applying to any year in which the actuals for the given year are better than the previous year, but the target still was not met. All dollar amounts shown are in millions, unless otherwise indicated.

Historical details on each performance result are located in Appendix A, which provides individual measurement results.

Note that the FY 2010 targets were developed prior to having the FY 2009 actuals. Often the FY 2010 targets were made based on prior year trends. Therefore, in some cases it may be that the FY 2009 actuals exceed the FY 2010 targets, especially if they exceeded the original FY 2009 targets.

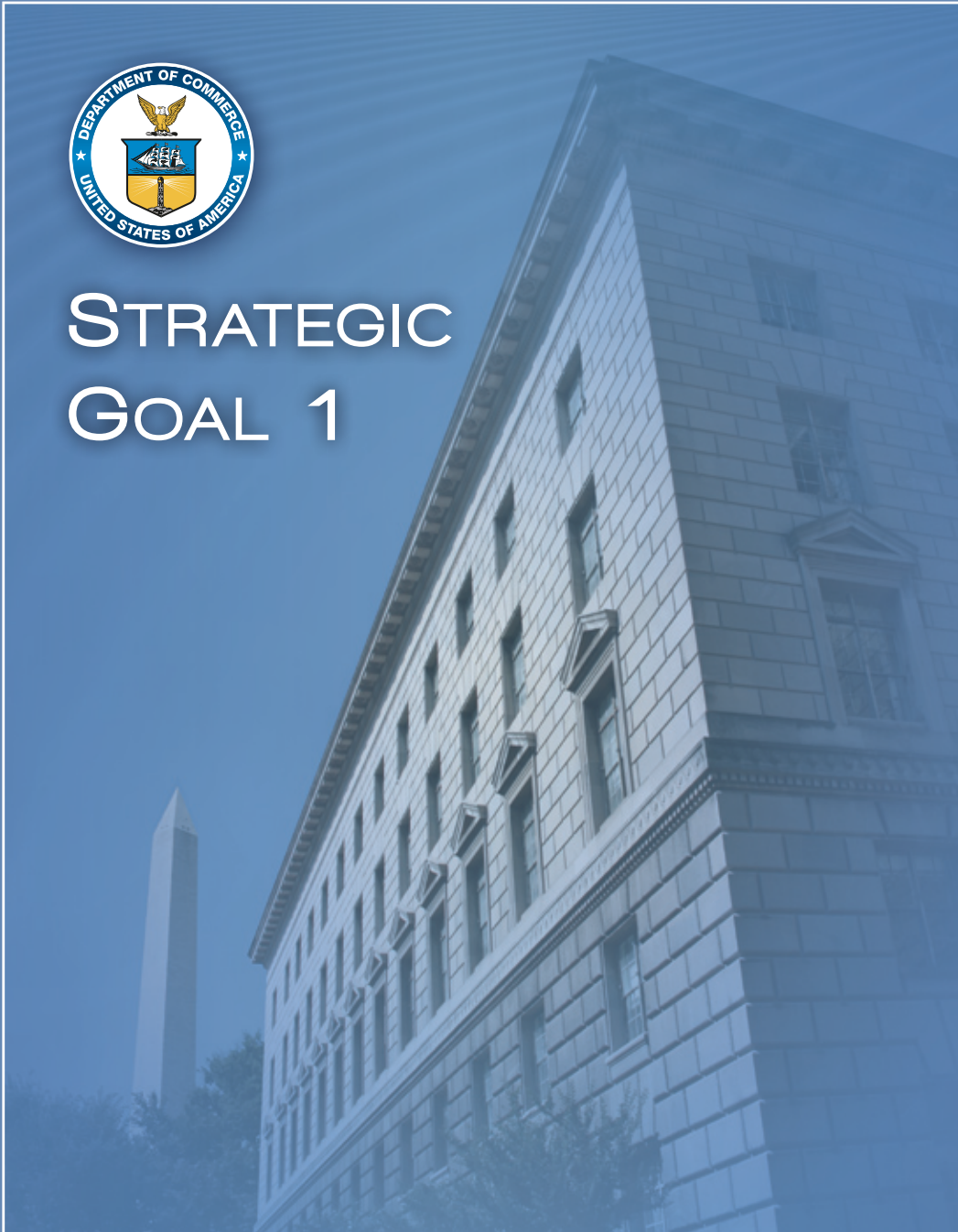
"Strategies, Plans, and Challenges for the Future" are no longer included in the Performance Section since they are more forward in nature as opposed to this Performance and Accountability Report (PAR) which reports on FY 2010 performance. Strategies, Plans, and Challenges for the Future are included in the Annual Performance Plans of the bureaus (part of the Budget Submission) and the Departmental Strategic Plan.



PERFORMANCE SECTION



STRATEGIC  
GOAL 1



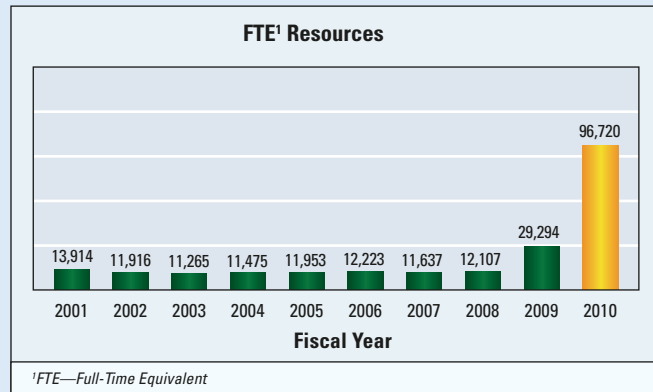
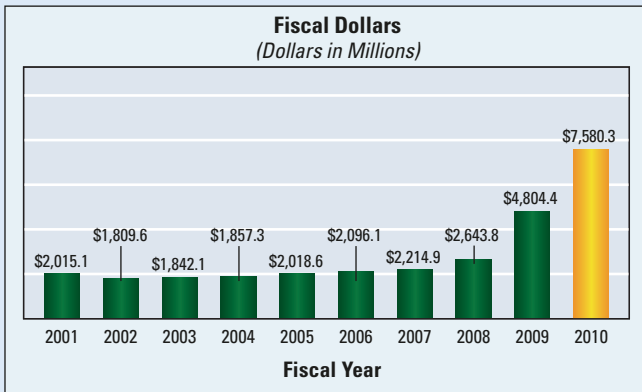
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote private investment and job creation in economically distressed communities (EDA)	5 of 6
Improve community capacity to achieve and sustain economic growth (EDA)	3 of 6
Increase access to the marketplace and financing for minority-owned businesses (MBDA)	5 of 5
Strengthen U.S. competitiveness in domestic and international markets (ITA)	4 of 4
Broaden and deepen U.S. exporter base (ITA)	2 of 6
Identify and resolve unfair trade practices (ITA)	5 of 5
Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	5 of 7
Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)	0 of 1
Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)	1 of 1
Provide benchmark measures of the U.S. population, economy, and governments (ESA/CENSUS)	2 of 3
Provide current measures of the U.S. population, economy, and governments (ESA/CENSUS)	2 of 2
Provide timely, relevant, and accurate economic statistics (ESA/BEA)	4 of 4
Increase the productivity, profitability, and competitiveness of manufacturers (NIST)	4 of 4



**STRATEGIC GOAL 1**

*Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers*

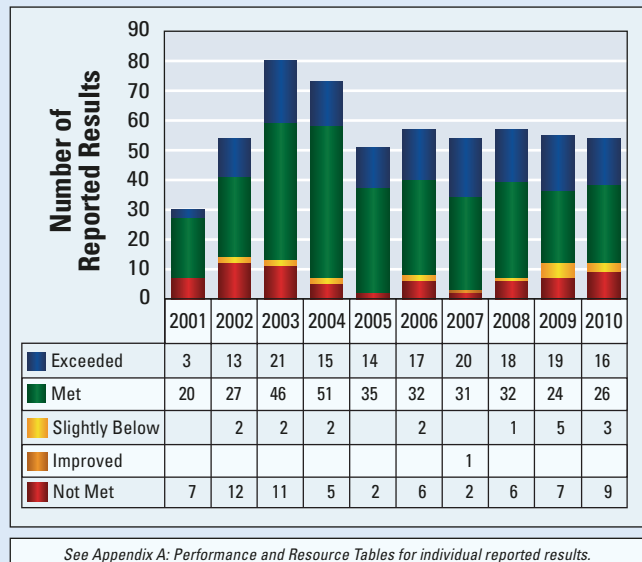
**STRATEGIC GOAL 1 TOTAL RESOURCES**



**PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE**

The Department is committed to opening and expanding foreign markets for U.S. goods and services and improving the Nation's export performance. The International Trade Administration (ITA) promotes U.S. export growth through the implementation of the Trade Promotion Coordinating Committee's (TPCC) National Export Strategy, ensuring that policies and priorities are consistent with national security and U.S. foreign policy objectives. The Department enhances cooperation with its partnership organizations so that U.S. businesses can benefit from global business through free market trade negotiations and through identified priority markets. The Department continues to focus on fostering a level playing field for U.S. firms through development of trade policy positions, advancement of negotiating positions, and through effective execution of U.S. trade laws intended to curb and combat predatory trading practices.

**STRATEGIC GOAL 1 PERFORMANCE RESULTS**



The Bureau of Industry and Security (BIS) ensures that export controls do not unduly disadvantage U.S. firms in world markets by eliminating outdated controls and streamlining the process for obtaining export licenses for products that remain under export controls. These continual improvements are being made while being mindful of the dual-use nature of some commercial technologies and the national security implications of those technologies.

The Economics and Statistics Administration (ESA), composed of the Census Bureau and the Bureau of Economic Analysis (BEA), provides decisionmakers with timely, relevant, and accurate economic and statistical information related to the U.S. economy and population with the Department at the forefront of national efforts to continually improve these statistics.

In support of disadvantaged individuals and communities, the Economic Development Administration (EDA) promotes private enterprise and job creation in economically distressed communities and regions by investing in projects that produce jobs and generate private capital investment. Likewise, the Minority Business Development Agency (MBDA) promotes private enterprise and investment within minority communities.

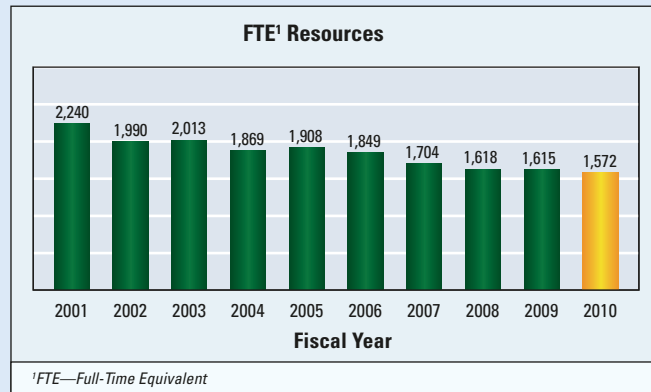
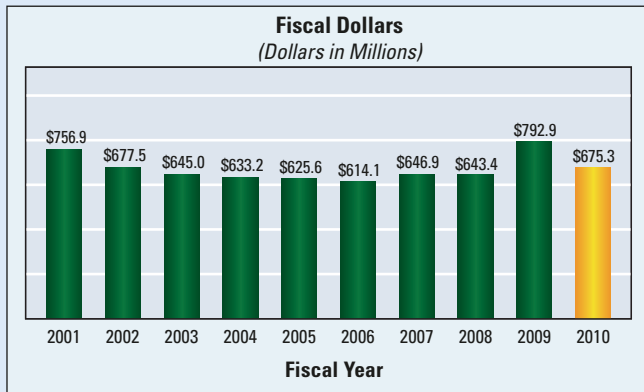
In support of manufacturing against a backdrop of coping with accelerating technological change and global competition, the National Institute of Standards and Technology (NIST), through the Hollings Manufacturing Extension Partnership (MEP) program's nationwide network of manufacturing centers, helps firms adopt new and advanced manufacturing and management technologies and innovative business practices to position them to compete in the global economy.

Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 84 percent of the time from FY 2001 to FY 2010. Performance slightly improved from FY 2001 to FY 2010 with 77 percent of targets met or exceeded in FY 2001 to 78 percent met or exceeded in FY 2010.

**STRATEGIC OBJECTIVE 1.1**

*Foster domestic economic development as well as export opportunities*

**STRATEGIC OBJECTIVE 1.1 TOTAL RESOURCES**



**PUBLIC BENEFITS**

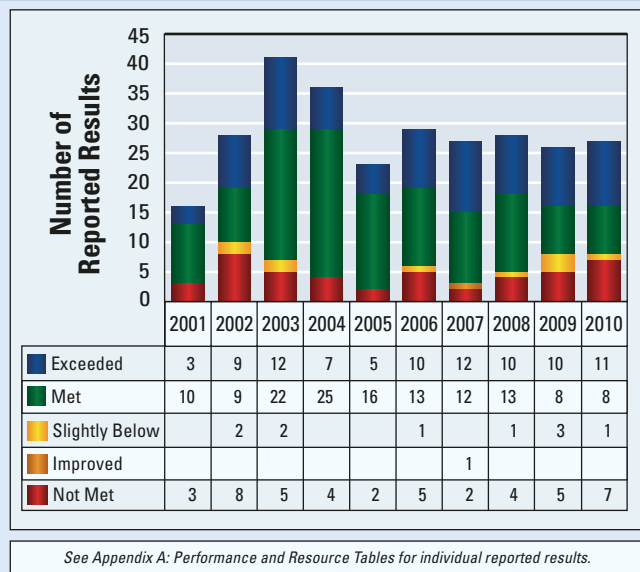
This objective focuses on increasing private enterprise, job creation, and financial opportunities, and increasing trade opportunities for U.S. companies.

In support of disadvantaged individuals and communities, the Economic Development Administration (EDA) promotes private enterprise and job creation in economically distressed communities and regions by investing in projects that produce jobs and generate private capital investment.

Through partnerships with local development officials: economic development districts (EDD); University Centers; faith-based and community-based organizations; and local, state, and federal agencies, EDA can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, and leverage outside resources to improve the local economy to sustain long-term economic growth.

The Minority Business Development Agency (MBDA) promotes the ability of minority business enterprises (MBE) to grow and to participate in the global economy through a range of activities that include funding a network of centers that provide MBEs a variety of business assistance services. MBDA, through its direct federal client services and its network of funded centers (1) fosters the expansion of opportunities for minority-owned business in the global marketplace, (2) identifies sources of financial capital for minority owned firms, (3) develops and upgrades electronic tools to provide access to growth markets through automated matching of MBEs to public and

**STRATEGIC OBJECTIVE 1.1 PERFORMANCE RESULTS**



private sector opportunities, (4) provides management and technical assistance to minority-owned businesses, and (5) advocates for the increased use of electronic commerce and new technologies by MBEs.

The International Trade Administration's (ITA) Manufacturing and Services (MAS) program provides the Administration, Congress, and U.S. businesses the data and analysis needed to make informed decisions on issues impinging on U.S. competitiveness and employment. The data program is especially valuable to policymakers who require trade information at sub-national (state and metropolitan) and small and medium exporter levels. In addition, to be competitive in today's global economy, U.S. companies need to be able to move products and services securely, quickly, and efficiently within U.S. borders and beyond. MAS launched a national dialogue to explore supply chain infrastructure issues that cut across the broad range of national priorities. MAS is framing the issues and prioritizing what needs to be done to improve U.S. competitiveness, especially through developing a national intermodal/freight policy. The goal is to achieve a faster, safer, more environmentally sound, more efficient national intermodal network that will meet the needs of the Nation in the 21st century.

The health of the U.S. economy depends on small and medium-sized enterprises (SME) since they account for 97 percent of all U.S. exporters. Many of these firms have also been successful in doing business in countries that have recently negotiated free trade agreements (FTA) with the United States. The Commercial Service program seeks to create a supporting environment in which all U.S. firms, including SMEs, can flourish by seeking to increase export opportunity awareness among U.S. companies through identifying potential exporters who need assistance; leveraging electronic and traditional media; enhancing relationships with customers; and developing alliances and partnerships with state, local, and private partners to deliver export assistance. The Commercial Service helps U.S. companies take advantage of world market conditions to find new buyers around the world. A growing list of FTAs provides price and market access benefits. ITA offers four ways to help U.S. firms grow their international sales by (1) providing world-class market research, (2) organizing trade events that promote products or services to qualified overseas buyers, (3) arranging introductions to qualified buyers and distributors, and (4) offering counseling through every step of the export process.

## ACHIEVEMENTS

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EDA tracks the amount of private investment generated and jobs created or retained as a result of EDA investments at three, six, and nine-year intervals. Preliminary data collected through the Government Performance and Results Act (GPRA) process for investments made in FY 2001, FY 2004, and FY 2007 indicate that these EDA investments have helped generate nearly \$6.6 billion in private sector investment and create and retain 102,381 jobs.

As a part of its Energy Regional Innovation Cluster (e-RIC) initiative, EDA partnered with a number of federal agencies to invest in a new Energy Innovation Hub located at Pennsylvania State University. This hub will bring together leading researchers from academia, two U.S. National Laboratories, and the private sector in an ambitious effort to develop energy-efficient building designs that will save energy, cut pollution, and position the United States as a leader in this industry. EDA expects that investments in such regional innovation clusters will provide for more robust job growth and allow communities to better strengthen their regional economies in the future.

In addition, EDA created the i6 Challenge to accelerate the commercialization of university and federal research to take ideas from the lab to the marketplace, producing the small businesses that are the engine of job creation in the United States. This competition seeks to identify and support the Nation's best ideas for technology commercialization and entrepreneurship in six different regions of the country. This year's winning projects, which will each receive \$1 million from EDA, include diverse efforts to drive innovative technologies in the medical and bioscience industries to market more quickly by bringing experts in science and academia together with public and private sector businesses and entrepreneurs.



Further, in FY 2010, EDA led efforts to assist regional economies that have been greatly impacted by transformations in major U.S. industries. EDA spearheaded the effort to implement President Obama's \$100 million, multi-agency initiative to better position communities across the United States to respond to changes in the National Aeronautics and Space Administration's (NASA) programs. As part of this effort, EDA led the development of a detailed economic diversification plan for the Task Force on Space Industry Workforce and Economic Development. EDA also collaborated with the White House Council on Auto Communities and Workers to promote innovative strategies that attract national and global investment to auto-impacted communities. Additionally, EDA participated in the White House Cities in Transition Initiative and led the creation of a Cities in Transition Challenge grant competition to support the development of economic recovery strategies for chronically distressed communities across the Nation.

Moreover, EDA has continued in its role in assisting communities develop sound economic strategies to revitalize their economies in the wake of devastating man-made and natural disasters. In the Gulf Coast region, EDA has played a pivotal role in federal efforts to advance recovery efforts following the BP oil spill, providing grant funding under its economic adjustment assistance program. These grants from EDA are part of the Obama administration's overall commitment to the Gulf Coast to help the region regain its economic footing. EDA officials have met with people in impacted communities throughout the region to discuss long-term economic and environmental restoration ideas and develop a framework to address those issues as a part of the President's Economic Solutions Team. This team is focused on the transition from "response" to "economic recovery" as a result of the BP Deepwater Horizon spill in order to strengthen the coastal economy and help restore a healthy ecosystem.

MBDA's year-end results exceeded its performance goals, achieving over \$1.5 billion in contract awards and over \$1.6 billion in financial awards. Through its direct federal client services and network of funded centers, MBDA's programs and services helped create over 4,900 new jobs despite the economic downturn and overall decline in the national job market. The cumulative impact of MBDA programs has been \$22.7 billion.

Throughout FY 2010, MBDA continued to assist MBEs in gaining access to American Recovery and Reinvestment Act (ARRA) of 2009 funding opportunities. MBDA continued to focus its resources to assist firms of size, scale, and capacity through its Strategic Growth Initiative (firms with \$500,000 or more in annual sales or with rapid growth potential). Based upon MBDA's Strategic Growth Initiative, many high growth minority firms have successfully competed for larger prime contracts and financial awards, and have had a significant economic impact within the minority community and overall economy.

To expand the number of contract and financial awards and to create new job opportunities, MBDA initiated several new programs in FY 2010. MBDA initiated a series of Business-to-Business Forums to encourage MBEs to partner with other firms, form joint ventures, and sign Mentor-Protégé Agreements. These forums encouraged enterprises with increased capacity and competitiveness to sustain development within the minority community. MBDA created a National Advisory Council on Minority Business Enterprise in FY 2010, which will advise the Secretary of Commerce on key issues pertaining to the growth and competitiveness of the Nation's MBEs. The advisory committee will provide advice and recommendations on a broad range of policy issues that affect minority businesses and their ability to successfully access the domestic and global marketplace.

In July 2010, MBDA and the National Urban League joined forces to expand opportunities for minority entrepreneurs. MBDA and the National Urban League will pool their collective resources to support the growth of minority-owned firms located in Atlanta, Chicago, Cleveland, Cincinnati, Jacksonville, Kansas City, Los Angeles, New Orleans, and Philadelphia. "MBDA looks forward to working with the National Urban League to increase our reach to minority entrepreneurs and help them grow to size and capacity," said MBDA National Director David A. Hinson. "Our 46 centers around the Nation are working diligently to provide avenues for minority businesses to grow and compete. The league's Entrepreneurship Center Program will help us reach minority-owned firms in areas where we currently don't have a presence and service more minority entrepreneurs in communities where we do."

In August 2010, former Department of Commerce Deputy Secretary Dennis Hightower, MBDA, ITA, the Tutor Perini Corporation, and the University of Southern California's School of Policy, Planning and Development announced the Nation's first program, the Global Construction Program, created to globalize the U.S. minority-owned construction industry by providing education, mentoring, and procurement opportunities to minority-owned firms. The Global Construction Program will include a training program for 150 minority-owned construction firms and will also offer MBEs the opportunity to participate in an Overseas Private Investment Corporation Enterprise Development Network. Firms that complete the program will have the opportunity to compete for a minimum of \$1 billion in Tutor Perini contracts, primarily international contracts, over a four-year period.

The MAS program expanded its key initiative on sustainable manufacturing to include sustainable supply chains. Sustainable manufacturing practices and supply chains, including energy sources, transportation, and components, have become increasingly important as companies look for ways to reduce operational costs while limiting greenhouse gas emissions and changing behaviors that negatively impact the environment. As the trend toward sustainable practices grows, so does its implications for U.S. global competitiveness and firm profitability. In order to provide effective support to U.S. companies in their sustainable manufacturing and supply chain efforts, MAS expanded a Sustainable Manufacturing Initiative and Public-Private Dialogue that coordinates public and private sector efforts to address these challenges and provides tools for U.S. companies to identify and adopt sustainable and competitive practices. MAS is focused on identifying domestic and export opportunities in the clean energy technology sector (smart grid, renewable, nuclear, clean coal). New, more sustainable, and efficient technologies will have a significant impact on the 100-year-old system by which energy is produced, transmitted, and consumed in the United States. Also, there will be increasing export opportunities for U.S. technologies as other countries shift to greater reliance on clean energy. MAS is also examining the impact of various climate change policy options on energy-intensive, export-exposed industries. MAS has created the Sustainable Business Clearinghouse to provide U.S. companies with a central portal for information on programs and resources that can assist them in enhancing their competitiveness and profitability in environmentally sustainable ways. The portal includes information on federal and state-level government programs and resources in a searchable clearinghouse. MAS is uniquely positioned to act as a clearinghouse for U.S. industry input into climate change policy and international negotiations.

The U.S. and Foreign Commercial Service (US&FCS) continued to help U.S. businesses maximize their export potential, enabling them to diversify their customer base, remain globally competitive, and maintain jobs for Americans. In 2010, US&FCS assisted over 18,000 U.S. companies by providing in-depth export counseling, market entry plans, business-to-business matchmaking services, market research and due diligence reports, and other customized export development and market entry services. US&FCS also led trade missions around the globe, brought foreign buyer delegations to U.S. trade shows, represented U.S. companies at international trade events, and organized product launches and technical seminars overseas. In addition, US&FCS continued to provide front-line diplomatic support to U.S. companies for commercial issues overseas and advocated for U.S. companies bidding on foreign government procurements. As a result of these efforts, US&FCS facilitated more than \$30 billion in exports for nearly 5,500 U.S. companies in 2010. Over 85 percent of these companies were small and medium-sized enterprises that exported for the first time, entered a new market, or increased their market share in an existing market.

In February 2010, Secretary of Commerce Gary Locke unveiled the details of how the Department will support President Obama's National Export Initiative (NEI) designed to reach the President's goal of doubling exports over the next five years to support two million jobs in the United States. The NEI represents the first time the United States will have a government-wide export promotion strategy with focused attention from the President and his Cabinet.

The NEI is focused on three key areas: (1) a more robust effort by this administration to expand its trade advocacy in all its forms, especially for SMEs, (2) improving access to credit with a focus on small and medium-sized businesses that want to export, and (3) continuing the rigorous enforcement of international trade laws to help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets.

In addition to improving efforts in those areas, the NEI creates an Export Promotion Cabinet reporting to the President that will consist of top leaders from agencies that can contribute to this effort. The President increased the ITA FY 2011 budget by 20 percent to help meet the goals of the NEI. Those new resources will allow ITA to:

- Assist more than 23,000 clients to begin or grow their export sales in 2011;
- Increase their presence in emerging high-growth markets like China, India, and Brazil; and
- Develop a comprehensive strategy to identify market opportunities in fast-growing sectors like environmental goods and services, renewable energy, healthcare, and biotechnology.

In July 2010, Secretary Locke visited the UPS Global Operations Center in Louisville, KY, to highlight opportunities for local Kentucky businesses to sell their goods and services abroad and support job creation in their community. Locke discussed with local business owners how the Department can help them grow their businesses and create jobs. Since the President announced the NEI, the Department's Advocacy Center has assisted U.S. companies competing for export opportunities, supporting \$11.4 billion in exports and an estimated 70,000 jobs. With offices and staff around the globe and throughout the United States, the Department's Commercial Services has helped more than 5,000 companies generate \$9.8 billion worth of exports. To date, the Department has coordinated 18 trade missions with over 160 companies to 24 countries.

Also in July 2010, Secretary Locke and U.S. Postmaster General John Potter announced the launch of a new initiative between the Department and the U.S. Postal Service that will help boost U.S. exports. The New Market Exporter Initiative will identify current U.S. Postal Service customers who are exporting their goods and services abroad, and help expand their reach to additional international markets. The announcement expands a strategic partnership formed in 2008 between the two entities. The combined strength of customized consulting from the Department's Commercial Service officers and the value-based logistics expertise and business solutions from the U.S. Postal Service provide a simplified roadmap for companies to successfully enter new markets. Through its network of 32,000 post offices and partner posts in 191 countries, the U.S. Postal Service will identify small and medium-sized businesses that already export; and alert these customers to government sources that can help them find new overseas markets. The Department, with its network of trade specialists posted in 109 U.S. cities and U.S. embassies and consulates in 77 countries, will serve as a resource to the companies, connecting them with potential international buyers. The Department and U.S. Postal Service will work with these businesses to identify key markets, build market entry strategies, and provide the guidance needed to take high-quality products and services from the United States to markets worldwide—building their businesses, increasing U.S. exports, and supporting new jobs at home.

Small and medium-sized companies interested in expanding into new markets will have access to the free resources and tools available through a nationwide network of international trade experts and global shipping specialists. Activities to build awareness will include outreach at trade shows, direct mail campaigns, and online registration for resource support.

In May 2010, Secretary Locke and China's National Development and Reform Commission Chairman Zhang Ping explored avenues to expand U.S.-China Clean Energy Ties. Locke and Zhang discussed ways to continue to build a constructive and cooperative relationship that increases economic growth, trade, and jobs in the United States and China, and explored avenues to expand U.S.-China ties in clean energy development. After their meeting, the two leaders were joined by a business delegation of 24 U.S. clean energy companies for a discussion about ways to improve U.S.-China collaboration in areas such as energy efficiency and electric energy storage, transmission, and distribution. Locke also introduced the business delegation to Vice Chairman Zhang Guobao, the National Energy Administration Administrator, Vice Minister Ma Xiuhong of the Ministry of Commerce, and Vice Premier Li Keqiang. In his meetings with the Chinese leaders, the Secretary of Commerce advocated on behalf of U.S. companies that have pending commercial clean energy deals that would support U.S. exports. One project already underway in Shanghai with the help of a U.S. company is the 128-story, glass-and-steel "green" Shanghai Tower. Designed by Gensler, a San Francisco architecture firm that specializes in green buildings, the Tower is on course to be registered for a high level of building certification from the U.S. Green Building Council and the China Green Building Committee.

SUMMARY OF PERFORMANCE

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Promote private investment and job creation in economically distressed communities (EDA)
2. Improve community capacity to achieve and sustain economic growth (EDA)
3. Increase access to the marketplace and financing for minority-owned businesses (MBDA)
4. Strengthen U.S. competitiveness in domestic and international markets (ITA)
5. Broaden and deepen U.S. exporter base (ITA)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Private investment leveraged – 9 year totals (in millions)	\$2,410	\$2,758	Met
1	Private investment leveraged – 6 year totals (in millions)	\$818	\$2,281	Exceeded
1	Private investment leveraged – 3 year totals (in millions)	\$259	\$1,544	Exceeded
1	Jobs created/retained – 9 year totals	72,000	66,527	Not Met
1	Jobs created/retained – 6 year totals	22,427	26,695	Met
1	Jobs created/retained – 3 year totals	6,628	9,159	Exceeded
2	Percentage of economic development districts (EDD) and Indian tribes implementing economic development projects from the comprehensive economic development strategy (CEDs) that lead to private investment and jobs	95%	89%	Not Met
2	Percentage of sub-state jurisdiction members actively participating in the economic development district (EDD) program	89-93%	87%	Slightly Below
2	Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	75%	76%	Met
2	Percentage of those actions taken by University Center clients that achieved the expected results	80%	90%	Met
2	Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs	90%	82%	Not Met
2	Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	95%	100%	Met
3	Dollar value of contract awards obtained (billions)	\$1.00	\$1.50	Exceeded
3	Dollar value of financial awards obtained (billions)	\$0.60	\$1.80	Exceeded
3	Number of new job opportunities created	4,000	5,845	Exceeded
3	Percent increase in client gross receipts	6.0%	6.0%	Met
3	Satisfaction rating for the American Customer Satisfaction Index (ACSI)	N/A	N/A <sup>1</sup>	N/A

(continued)



OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
3	Cumulative economic impact	\$16B	\$22.7B	Exceeded
4	Annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations contained in MAS studies and analysis	\$350M	\$647M	Exceeded
4	Percent of industry-specific trade barriers addressed that were removed or prevented	30%	35%	Met
4	Percent of industry-specific trade barrier milestones completed	55%	75%	Exceeded
4	Percent of agreement milestones completed	100%	100%	Met
5	Export success firms/active clients (CS overall effectiveness)	11.0%	29.1%	Exceeded
5	US&FCS small and medium-sized enterprises (SME) new-to-export (NTE)/total change in SME exporters (CS SME NTE effectiveness)	12.74%	2.28%	Not Met
5	Number of SME new-to-market (NTM) firms/number of SME firms exporting to two to nine markets (NTM effectiveness)	3.92%	3.11%	Not Met
5	Commercial diplomacy success (cases) (annual)	166	112	Not Met
5	Increase in the percent of small and medium-sized firms that export	2.80%	6.42%	Exceeded
5	Percentage of advocacy bids won	17%	9%	Not Met

<sup>1</sup> The ACSI only occurs in odd years, so data does not appear in FY 2010.

## FY 2010 STATUS

EDA met eight of 12 targets in FY 2010. EDA did not meet targets for the following four measures:

- Jobs created/retained – 9 year totals
- Percentage of economic development districts (EDD) and Indian tribes implementing economic development projects from the comprehensive economic development strategy (CEDS) that lead to private investment and jobs
- Percentage of sub-state jurisdiction members actively participating in the economic development district (EDD) program
- Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs

MBDA met all five of its targets—exceeding three.

ITA met or exceeded the targets for six of 10 measures within this objective. ITA did not meet the targets for the following four measures:

- US&FCS SME new-to-export (NTE)/total change in SME exporters (CS SME NTE effectiveness)
- Number of SME new-to-market (NTM) firms/number of SME firms exporting to two to nine markets (NTM effectiveness)
- Commercial diplomacy success (cases) (annual)
- Percentage of advocacy bids won

**FY 2010 MISSED TARGETS**

<b>MEASURE</b>	<b>JOBS CREATED/RETAINED – 9 YEAR TOTALS (EDA)</b>
<b>Explanation</b>	The low jobs created/retained figure appears to be an anomaly for this year. EDA met the 3-year and 6-year targets for investments in addition to meeting this year’s private investment target thus indicating that this may be outside EDA’s control.
<b>Action</b>	EDA will conduct a review of investments and apply any lessons learned to its review and approval of future investments.
<b>MEASURE</b>	<b>PERCENTAGE OF ECONOMIC DEVELOPMENT DISTRICTS (EDD) AND INDIAN TRIBES IMPLEMENTING ECONOMIC DEVELOPMENT PROJECTS FROM THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY (CEDs) THAT LEADS TO PRIVATE INVESTMENT AND JOBS (EDA)</b>
<b>Explanation</b>	This year’s results were significantly impacted by six EDDs, each with more than 100 eligible sub-state jurisdictions, that reported unusually low numbers of participants this year.
<b>Action</b>	EDA will work with these EDDs to ensure that they are actively recruiting regional support in future years.
<b>MEASURE</b>	<b>PERCENTAGE OF TRADE ADJUSTMENT ASSISTANCE CENTER (TAAC) CLIENTS TAKING ACTION AS A RESULT OF THE ASSISTANCE FACILITATED BY THE TAACS (EDA)</b>
<b>Explanation</b>	This measure reports GPRA data from TAAC awards granted in FY 2008. The data reported is based on a two-year look back (e.g., FY 2010 results are based on FY 2008 funding expenditures). The FY 2010 actual may have been impacted by higher levels of requests for assistance this year, reducing the TAAC’s ability to assist all clients; however, EDA is very pleased with their ability to satisfactorily complete those projects that were initiated.
<b>Action</b>	No additional action taken.
<b>MEASURE</b>	<b>PERCENTAGE OF SUB-STATE JURISDICTION MEMBERS ACTIVELY PARTICIPATING IN THE ECONOMIC DEVELOPMENT DISTRICT (EDD) PROGRAM (EDA)</b>
<b>Explanation</b>	The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
<b>Action</b>	No further action taken.
<b>MEASURE</b>	<b>US&amp;FCS SME NEW-TO-EXPORT (NTE)/TOTAL CHANGE IN SME EXPORTERS (CS SME NTE EFFECTIVENESS) (ITA)</b>
<b>Explanation</b>	US&FCS did not achieve the target for this measure due to a shift in focus from assisting NTE SMEs to new-to-market firms in support of the President’s NEI goals of doubling U.S. exports and supporting two million jobs.
<b>Action</b>	New exporters remain a priority of the U.S. government and US&FCS has been referring these clients to the Small Business Administration and other partners so US&FCS can focus its efforts where it can best contribute to the NEI goals.

*(continued)*

MEASURE	NUMBER OF SME NEW-TO-MARKET (NTM) FIRMS/NUMBER OF SME FIRMS EXPORTING TO TWO TO NINE MARKETS (NTM EFFECTIVENESS) (ITA)
Explanation	US&FCS did not achieve the target for this measure; however, US&FCS did increase results for the numerator (US&FCS SME NTM Firms) by over five percent from 2009 to 2010. This reflects US&FCS's shift in focus in early 2010 to support the NEI by helping SME exporters increase their exports and enter new markets. In addition, it should also be noted that the denominator in this metric (Total SME firms exporting to two to nine markets) is from 2007 unrevised census data and is not an accurate comparison to US&FCS results.
Action	US&FCS will continue to focus in 2011 on helping more SME exporters increase their exports and enter new markets. The President's 2011 budget request calls for increased staffing and resources so that US&FCS can help more companies, particularly SMEs, find customers in new markets around the globe to support and create U.S. jobs. This effort is ongoing and results are expected to steadily increase as US&FCS supports the NEI.
MEASURE	COMMERCIAL DIPLOMACY SUCCESS (CASES) (ANNUAL) (ITA)
Explanation	US&FCS did not achieve the target for this metric; however, the U.S. export dollar value of commercial diplomacy successes increased by 79 percent from \$974 million in FY 2009 to \$4.56 billion in FY 2010. It should also be noted that ITA cannot control the number of cases companies bring to them and must persuade a sovereign foreign government to take an action that benefits a U.S. company or the U.S. national interest in order to declare a success.
Action	To support the NEI goals of doubling exports and supporting two million jobs, US&FCS will continue to vigorously promote and protect U.S. business interests abroad. The President's 2011 budget requests calls for increased staffing and resources so that US&FCS can increase its diplomatic presence overseas.
MEASURE	PERCENTAGE OF ADVOCACY BIDS WON (ITA)
Explanation	Since the President's announcement of the NEI, the Advocacy Center has shifted its focus to increasing the U.S. export dollar value of advocacy bids won. As a result, the dollar value has increased by 208 percent from \$6.4 billion in FY 2009 to \$19.7 billion in FY 2010. It should also be noted that this metric does not adequately measure the Advocacy Center's performance since it is beneficial for the Advocacy Center to not only increase the number of bids won (numerator), but also the number of advocacy cases it handles for companies seeking assistance (denominator). In fact, US&FCS achieved 92 percent more advocacy bids won in FY 2010 (50) than in FY 2009 (26) and worked on 418 advocacy cases in FY 2010 or two percent more than FY 2009.
Action	Continue to focus on increasing the dollar value of advocacy bids won in order to contribute to the President's NEI. US&FCS will increase its advocacy outreach, leveraging programs and units across ITA (e.g., Trade Missions, domestic and international offices) and systematically targeting sectors that currently under-utilize the Advocacy Center's services.

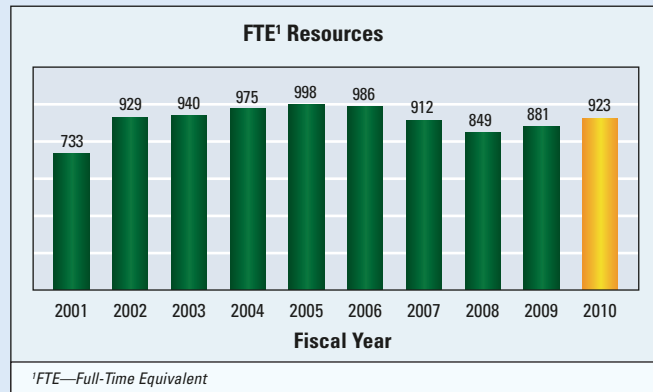
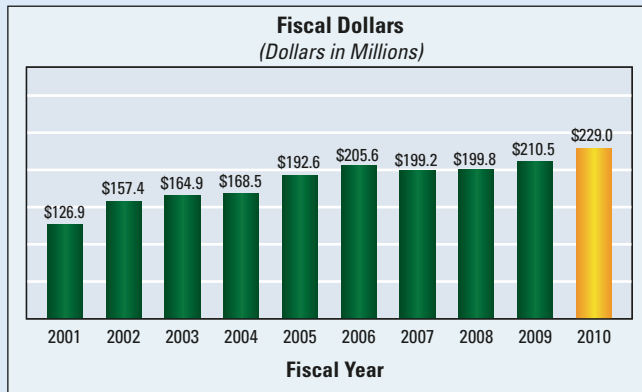
## HISTORICAL TRENDS

EDA has consistently met or exceeded its targets for jobs created/retained and private investment generated over a nine year period. As a general rule they have also consistently met their targets for their improve community capacity goal. Likewise, MBDA has consistently met their targets over the past 10 years with their targets being stable or rising slightly over the past 10 years.

**STRATEGIC OBJECTIVE 1.2**

*Advance responsible economic growth and trade while protecting American security*

**STRATEGIC OBJECTIVE 1.2 TOTAL RESOURCES**

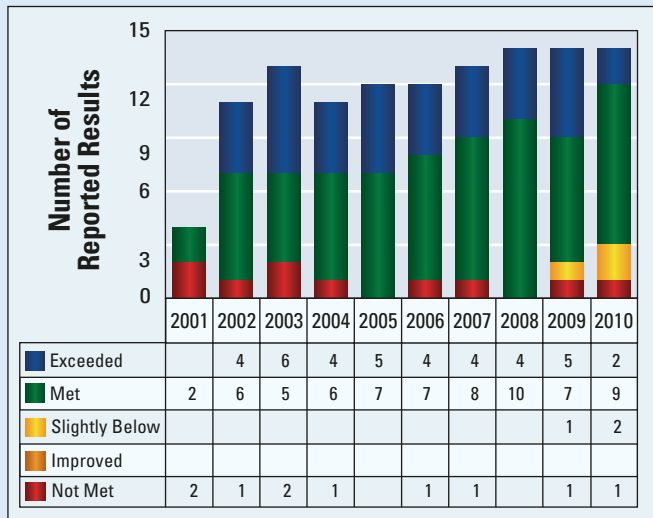


**PUBLIC BENEFITS**

Supported by ITA and the Bureau of Industry and Security (BIS), this objective focuses on ensuring fair competition in international trade, preventing illegal exports, and advancing U.S. national security and economic interests by enhancing the efficiency of the export control system.

U.S. industries are entitled to the benefits of trade agreements negotiated by the United States. They are also entitled to the aggressive investigation of unfair trade practices that undercut those agreements. Two program units in ITA, Market Access and Compliance (MAC) and Import Administration (IA), work to ensure that U.S. firms receive those benefits and obtain prompt relief from unfair trade practices. Trade compliance with negotiated trade agreements and access to foreign markets are existing problems faced by U.S. businesses that choose to sell their products overseas.

**STRATEGIC OBJECTIVE 1.2 PERFORMANCE RESULTS**



*See Appendix A: Performance and Resource Tables for individual reported results.*

IA is committed to the vigorous enforcement of U.S. trade laws. IA promotes free and fair trade by administering the U.S. antidumping (AD) and countervailing duty (CVD) laws in a transparent and impartial manner and by ensuring compliance by foreign governments and exporters with U.S. statutes and trade agreements dealing with trade remedies and unfair trade practices. AD/CVD laws provide domestic industries the opportunity to obtain relief from injury caused by imports of foreign products that are sold at less than fair value or that benefit from foreign government subsidies, giving U.S. businesses and workers the opportunity to compete on a level playing field.

MAC seeks to obtain market access for U.S. firms and workers and to achieve full compliance by foreign nations with trade agreements they sign with the United States. MAC ensures market access for U.S. businesses; advances the rule of law internationally; and creates a



fair, open, and predictable trading environment. MAC also conducts critical trade policy analysis and negotiation support for the Office of the U.S. Trade Representative and represents the Department in trade-related dealings with other U.S. government agencies. Based on customer needs, MAC has a sizable caseload from U.S. firms that have encountered a trade barrier.

President Obama's NEI directs the government to continue its efforts to remove barriers that prevent U.S. companies from getting open and fair access to foreign markets—including combating unfair tariff and non-tariff barriers and addressing practices that blatantly harm U.S. companies. Trade starts with the understanding that it only works in a system of rules where all parties live up to their obligations. The United States is committed to a rules-based trading system where the American people—and the Congress—can feel confident that when the Department signs an agreement that gives foreign countries the privilege of free and fair access to the U.S. domestic market, U.S. businesses are going to be treated the same in their country. The Trade Promotion Coordinating Committee (TPCC) leads the administration's trade promotion efforts and will help operationalize the NEI. This interagency group is chaired by the Secretary of Commerce to establish trade promotion priorities to expand trade and create jobs for Americans. The TPCC provides a platform for the Secretary of Commerce to advance a government-wide agenda on trade promotion and to directly engage the heads of other TPCC agencies. The Export Promotion Cabinet will coordinate with the TPCC. ITA helps U.S. companies export their products and services around the world, utilizing some 1,500 U.S. Commercial Service staff stationed in 77 countries across the globe.

To prevent illegal exports, the Department administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of weapons of mass destruction (WMD), combat terrorism, and pursue other national security policy goals. The Department processes export license applications for controlled commodities of U.S. companies engaged in international trade in accordance with Export Administration Regulations (EAR). The Department engages in activities to prevent violations before they occur and to investigate and prosecute violators to dismantle illicit proliferation networks. Preventive activities include screening license applications for enforcement concerns; conducting end-use checks abroad to confirm the *bona fides* of parties to export transactions, confirm compliance with license conditions, and uncover diversions to unauthorized end-users/uses; and reviewing Shippers Export Declarations and foreign visitors' visa applications to identify potential export control issues. Outreach activities include educating U.S. businesses on export control requirements and identifying suspicious transactions leading to successful preventative and investigative actions. Investigation and prosecution activities involve Department Special Agents conducting cases focused on significant proliferation, terrorism, and military end-use export violations, and the vigorous pursuit of criminal and administrative sanctions.

The Department also works to strengthen the export control systems of other countries, assess the viability of key sectors of the defense industrial base, and assure the timely availability of industrial resources to meet national defense and emergency preparedness requirements. Further information on these tasks is available on [www.bis.doc.gov/news/index.htm#annual](http://www.bis.doc.gov/news/index.htm#annual). Finally, the Department also serves as the lead agency for ensuring U.S. industry compliance with Chemical Weapons Convention (CWC).

## ACHIEVEMENTS

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MAC continued to work toward the prevention and elimination of non-tariff barriers in foreign markets. The long-term goal for the MAC unit is to "ensure fair competition in international trade." This goal is reflected in the ITA strategic plan and supports the Department's objective to "advance responsible economic growth and trade while protecting American security." In order to gauge the impact of these strategic goals, MAC utilizes two primary performance measures, market access and trade compliance cases initiated and cases resolved. In FY 2009, MAC surpassed both targets which resulted in overcoming billions of dollars of trade barriers for U.S. firms and workers. U.S. firms from every industry and service sector face myriad barriers to trade and investment such as discriminatory regulatory treatment, unfair customs or tax treatment, rigged or nontransparent procurement procedures, and violations of trade agreements signed by other countries.

In addition to casework, MAC works to create a global economic environment for U.S. firms to compete. For example, through MAC's efforts in the 20th U.S.-China Joint Commission on Commerce and Trade, China agreed to reopen its market to U.S. pork and live swine, remove local content requirements for foreign participation in China's wind farm market, and clamp down on Internet piracy. The U.S. and Chinese governments signed nine agreements, including a Memorandum of Understanding establishing the U.S.-China Energy Cooperation Program, and witnessed two commercial signings. The two governments also agreed to cooperate on initiatives in the areas of the environment, transparency, global distribution services, and standards.

MAC played an important role in the achievement of deliverables for Prime Minister Singh's state visit in November 2009. In particular, MAC facilitated technical exchanges in the biotechnology/life sciences sector under the High Technology Cooperation Group and led the discussions with the Indian government and private sector to sign a Memorandum of Intent to facilitate investment in the two countries. Finally, MAC initiated the recruitment and vetting process for U.S. members of the public-private CEO Forum.

MAC hosted the U.S.-Iraq Business and Investment Conference in partnership with the Departments of Defense and State, and the Iraq Embassy. With over 1,100 participants, the conference was recognized as a significant deliverable for the U.S.-Iraq Strategic Framework Agreement, and Deputy Secretary Hightower spoke at it. Over 215 business-to-business meetings occurred, with 295 participants attending government-to-business sessions during the conference. The event evaluations indicated that 78 percent of respondents (an even mix of U.S. and Iraqi/other firms) expected at least one business deal to take place as a result of the conference.

Enforcement efforts in FY 2010 include the initiation of seven CVD and 10 AD investigations covering a variety of products, including aluminum extrusions, polyvinyl alcohol, seamless pipe, copper pipe, drill pipe, and coated paper. Among these 17 cases were six CVD and seven AD investigations involving China. In FY 2010, IA issued 290 preliminary or final AD and CVD determinations in both initial investigations as well as administrative reviews of existing AD and CVD orders, including the very first CVD determination involving Vietnam. Partnering with the U.S. Customs and Border Protection (CBP), IA deployed the AD/CVD module within CBP's Automated Commercial Environment (ACE). This was a major step toward more efficient and effective AD/CVD duty collection. With the goal of automating the collection of AD/CVD duties, ACE serves as a repository for AD/CVD case information, provides a platform to better communicate and implement IA case decisions, and enables stronger enforcement of the AD/CVD programs by CBP. IA's AD and CVD Enforcement Teams remained diligent in identifying efforts by foreign companies to provide misleading information or evade the payment of duties. For example, in several recent trade investigations, documents submitted to IA by foreign exporters proved to be inconsistent with documents purported to be the same that had been provided to CBP. As a result, IA employed its statutory authority to assign AD and CVD rates based on adverse inferences. Finally, IA continues to work with other U.S. government agencies including CBP, Immigration and Customs Enforcement, and the Department of Justice to ensure compliance with, and advance the enforcement of, the U.S. trade remedy laws.

IA actively assisted U.S. companies facing potential unfair trade problems arising from other countries' use of trade remedies and unfair trade practices. IA's Petition Counseling and Analysis Unit provides U.S. companies detailed information regarding the legal requirements for seeking relief under the U.S. trade remedy laws. For example, in FY 2010, the Petition Counseling unit has conducted 31 new counseling sessions with U.S. companies. In addition, IA staff assists U.S. companies whose exports are involved in foreign AD and CVD investigations. IA staff have worked closely with U.S. companies involved in AD and CVD investigations on U.S. exports of certain steel products, chicken, and autos during this fiscal year. Submission of the Canadian Softwood Lumber Agreement Report to Congress highlighted Canadian lumber industries' subsidies. IA also coordinated the Department's efforts in the Interagency Working Group on Import Safety and worked closely with the U.S. Food and Drug Administration and CBP on risk assessment and trade trend analysis to respond to melamine-tainted dairy products from China.

IA was successful in resolving 100 percent of market access and trade compliance issues experienced by U.S. textile and apparel exporters in FY 2010. IA continues to administer the highly praised Steel Import Monitoring and Analysis program, providing the industry, government,

and public with early and accurate data on steel imports in this trade-sensitive sector and allowing U.S. steel industry participants the ability to make proactive and timely decisions. This program is one of the most heavily trafficked Web sites within ITA, receiving, on average, 100,000 hits per week. Foreign-Trade Zones Board staff processed 54 applications. The U.S. Foreign-Trade Zones Program provides certain customs benefits, which can help improve U.S. facilities' international competitiveness.

In FY 2010, the Department successfully promulgated regulations that adapted export controls to the evolving national security and economic situation. Noteworthy is a revision to its rules regarding the export of most mass market electronic products that contain encryption functions and other encryption products.

This revised rule enhances U.S. national security and cuts red tape by eliminating the review of readily available encryption items, like cell phones and household appliances, and allows the government to focus its resources on more sensitive encryption items. This new rule ends the U.S. government's 30-day technical review requirement to export most "mass market" and other types of encryption products. Mass market electronic products containing encryption include cell phones, laptops, and disk drives. Exporters and manufacturers of the encryption products may now self-classify the products and then export them without a license if they register online with BIS. BIS also requires that they submit an annual self-classification report. This rule is expected to decrease technical reviews by approximately 70 percent and semi-annual reporting by up to 85 percent.

The rule also extends the scope of License Exception Encryption authorizations to most encryption technology exports, following a technical review. In addition, it adds a decontrol note for items that perform "ancillary" cryptography, which covers items such as games, robotics, business process automation, and other products that contain encryption capabilities but do not have communication, computing, networking, or information security as a primary function.

This rule is the first step in the President's effort to fundamentally reform U.S. encryption export controls and the Administration will continue to review the encryption rules to further enhance national security and ensure the continued competitiveness of U.S. encryption products.

The Department works with other countries to encourage and support their development of effective export control systems consistent with obligations under United Nations Security Council Resolution 1540. The Department assists in implementing its international activities by coordinating and managing BIS participation in the U.S. government's Export Control and Related Border Security Assistance (EXBS) program, which provides technical assistance to strengthen the export and transit control systems of nations lacking effective export control systems. The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of the multilateral export control regimes and cooperates with other countries to help them establish effective export control programs.

The Department helps improve the effectiveness of the multilateral export control regimes (Australia Group for chemical and biological weapons items; Missile Control Regime, Nuclear Suppliers Group, and Wassenaar Arrangement for dual-use technologies and conventional weapons) by participating in U.S. efforts to update and adapt their control lists to the threats facing the United States.

## SUMMARY OF PERFORMANCE

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Identify and resolve unfair trade practices (ITA)
2. Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)
3. Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)

4. Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Percent reduction in trade distorting foreign subsidy programs	>1.5%	1.7%	Met
1	Percent of AD/CVD determinations issued within statutory and/or regulatory deadlines	90%	94%	Met
1	Percent of ministerial errors in IA's dumping and subsidy calculations	< 10%	7.9%	Exceeded
1	Percentage of market access and compliance cases resolved successfully	50%	58%	Met
1	Value of market access and compliance cases resolved successfully	\$2.5B	\$21.4B	Exceeded
2	Percent of licenses requiring interagency referral referred within 9 days	95%	90%	Slightly Below
2	Median processing time for new regime regulations (months)	3.0	3.0	Met
2	Percent of attendees rating seminars highly	85%	94%	Met
2	Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time so the United States can meet its treaty obligations	100%	100%	Met
2	Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge	850	806	Slightly Below
2	Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR)	95%	98%	Met
2	Percentage of post-shipment verifications completed and categorized above the "unfavorable" classification	260 PSVs/ 85%	256 PSVs/ 93%	Met
3	Number of end-use checks completed	850	708	Not Met
4	Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls	100%	100%	Met

**FY 2010 STATUS**

ITA met all of its targets for this objective. BIS met six of nine targets for FY 2010. For two of the targets that BIS missed, the actual was only slightly below the original target.



**FY 2010 MISSED TARGETS**

<b>MEASURE</b>	<b>NUMBER OF END-USE CHECKS COMPLETED (BIS)</b>
<b>Explanation</b>	The FY 2010 target was not met due to personnel shortages due to the previous hiring freeze.
<b>Action</b>	BIS is now hiring analysts and export control officers.
<b>MEASURE</b>	<b>NUMBER OF ACTIONS THAT RESULT IN A DETERRENCE OR PREVENTION OF A VIOLATION AND CASES WHICH RESULT IN A CRIMINAL AND/OR ADMINISTRATIVE CHARGE (BIS)</b>
<b>Explanation</b>	The target for FY 2010 was not met due to the continued increase in the number of complex international investigations. These investigations require full-time dedicated manpower and resources. Additionally, during two quarters of the fiscal year, 50 percent of the Office of Export Enforcement field offices were understaffed. For the Office of Antiboycott Compliance, the lower volume of exports to the Middle East generated fewer boycott-related requests to U.S. businesses. As a result, there was a reduced possibility for violations during the quarter.
<b>Action</b>	No additional action taken at this time.
<b>MEASURE</b>	<b>PERCENT OF LICENSES REQUIRING INTERAGENCY REFERRAL REFERRED WITHIN 9 DAYS (BIS)</b>
<b>Explanation</b>	The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
<b>Action</b>	No additional action taken at this time.

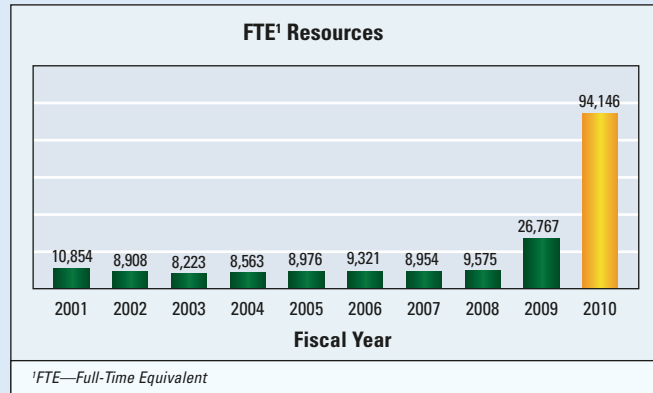
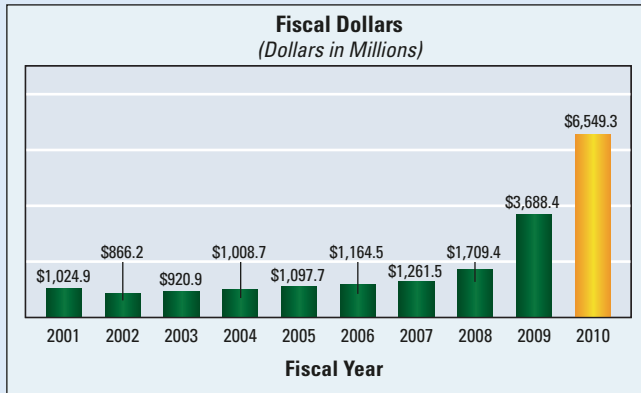
**HISTORICAL TRENDS**

BIS has historically met or exceeded nearly all of its targets every year. Targets have remained stable over the 10 year period with the exception of that for the "Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge," the target for which has risen each year since FY 2001.

**STRATEGIC OBJECTIVE 1.3**

*Advance key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public*

**STRATEGIC OBJECTIVE 1.3 TOTAL RESOURCES**

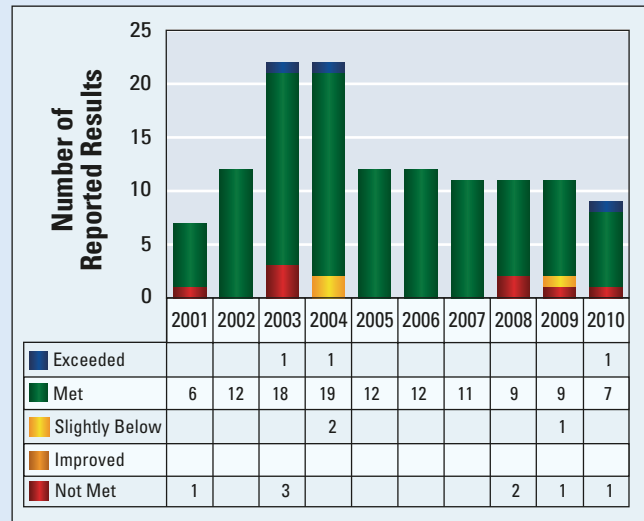


**PUBLIC BENEFITS**

The Economics and Statistics Administration (ESA), composed of the Census Bureau and the Bureau of Economic Analysis (BEA), provides decisionmakers with timely, relevant, and accurate economic and statistical information related to the U.S. economy and population.

Current and benchmark measures of the U.S. population, economy, and governments play a vital role in the Nation's economic well being. The Census Bureau uses the decennial census to provide the official population counts for determining the allocation to states of seats in the U.S. House of Representatives and for determining how the districts are defined for those seats. The Census Bureau provides to each state the data necessary to determine Congressional, state, and local legislative boundaries. The decennial census provides comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. The program also provides data for small geographic areas and population groups that federal agencies need to implement legally mandated programs. Approximately \$400 billion a year is distributed to state and local governments using formulas that are based on data such as state population and personal income.

**STRATEGIC OBJECTIVE 1.3 PERFORMANCE RESULTS**



*See Appendix A: Performance and Resource Tables for individual reported results.*

The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy ranging from the national to the local level. The Economic Census covers nearly 29 million business locations and 84 percent of the Nation's economic activity. The Census of Governments is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. The Census of Governments covers about 90,000 local governments, 12 percent of the gross domestic product

(GDP) and nearly 14 percent of the U.S. workforce. The Demographic Surveys Sample Redesign (DSSR) program designs and selects samples for the major national household surveys. The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships.

BEA invests in the improvement of the accuracy and relevance of GDP, international trade in goods and services, industry economic measures, and regional and metropolitan statistics, thereby supplying the economic statistics essential to sound business forecasting and monetary policy. In these ways, the Department seeks to understand the strength and direction of the economy as well as the determinants of growth as the Nation shifts to more knowledge-based and skill-based industries.

## ACHIEVEMENTS

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In FY 2010, the Census Bureau completed activities related to updates to street features in the Topologically Integrated Geographic Encoding and Referencing System (TIGER) database for eligible counties in the United States, Puerto Rico, and the Island Areas.

The 2010 Census program completed the following:

- Completed the opening of the remaining local census offices;
- Successfully completed the Group Quarters Validation and Group Quarters Advanced Visit operations;
- Conducted the 2010 Census (including the Mailout/Mailback, Update Enumerate, Update Leave, Group Quarters Enumeration, Military Enumeration, Remote Alaska, Service Based Enumeration, and Enumeration at Transitory Locations operations);
- Conducted follow-up operations such as Nonresponse Follow-up, Coverage Follow-up, Vacant Delete Check, and Field Verification;
- Conducted census operations in Puerto Rico and the Island Areas;
- Completed data capture of the previously mentioned operations; and
- Began Coverage Measurement field operations.

Key accomplishments of the economic census during FY 2010 included the continued delivery of some 1,600 data releases through the Web-based American FactFinder dissemination system. The 2007 Economic Census Industry Series was released in November 2009, and the 2007 Economic Census Geographic Area Series was released in August 2010. The flow of 2007 Economic Census data products will continue through FY 2011.

During FY 2010, principal activities of the Census of Governments program included the release of the final census of governments component on local government finance; conducting a comprehensive evaluation of program components and content with data users and providers; preparing a detailed project plan for all phases of the 2012 Census of Governments; and continuing modernization and re-engineering efforts of the business processes and corresponding software processing systems used for data entry, collection, processing, review, and analysis.

The DSSR program released documentation on the results of the final evaluation of the full National Evaluation Sample. Additionally, documentation on the final recommendation and decision on the acceptability of the Master Address File as the sampling frame was completed by the end of the fiscal year. This is one of the most crucial decisions for sample redesign as it will move the Census Bureau to a new universe and away from the four-part universe used since the 1960s.

The DSSR program continued to make progress on moving toward using the Master Address File as the sampling frame for the surveys by devising a frame improvement strategy. This strategy, to continue address listing in limited situations, will meet the survey's diverse requirements related to coverage, cost, and flexibility.

The Intercensal Demographic Estimates program met the schedule for the release of the official set of July 2009 population estimates for the Nation, states, counties, cities, and townships. Also in FY 2010, work continued on improving the estimates of net international migration. This work was included in the production of the July 2009 estimates series. The Census Bureau continues to work on the plans for evaluating the postcensal estimates relative to the 2010 Census results. To that end, the Census Bureau has awarded eight contracts to external experts for work on this evaluation.

In FY 2010, the Census Bureau released nearly 400 economic reports, including 118 principal economic indicators. Responses to censuses and surveys provide information on retail and wholesale trade and selected service industries, construction activity, quantity and value of industrial output, capital expenditure, e-commerce sales, foreign trade, and state and local government activities. All targeted current surveys programs achieved their response rate targets for FY 2010.

During FY 2010, the Census Bureau began the process of expanding the annual and quarterly surveys of service industries. Prior to the 2009 services expansion, the Service Annual Survey (SAS) coverage accounted for 30 percent of GDP and the Quarterly Services Survey (QSS) coverage comprised 17 percent of GDP. The SAS and the QSS, as fully expanded, will each achieve matching coverage with the services portion of the economic census (55 percent of GDP) by FY 2011. In FY 2010, the Census Bureau increased the quarterly services coverage of GDP from 17 percent to 36 percent while, at the same time, the Census Bureau will completely eliminate the annual data coverage gap with this year's collection and next year's publication of the 2009 SAS.

Also in FY 2010, the Quarterly Financial Report program expanded coverage to include the information and professional, scientific, and technical services (excluding legal services) sector. This is the first expansion to the program in nearly 25 years.

In January 2010, the Census Bureau began releasing the U.S. State Import Data Series. These data will provide states and businesses an opportunity to track and analyze specific commodities and industries by ultimate destination. With this additional information, better economic forecasting and improved monitoring of goods imported into the United States will be possible.

For the Survey of Income and Program Participation (SIPP), the Census Bureau achieved a 75 percent response rate, which met the target level. The Current Population Survey (CPS) also met its target level response rate of at least 90 percent in FY 2010. The CPS also met all of its data release targets, disseminating 12 data products and five supplement data products during the fiscal year.

The Census Bureau met its targets to achieve at least 90 percent of the planned response rates and dissemination targets for Census Bureau surveys. Response rates are a measure of the quality of survey data. Dissemination targets are a measure of timeliness of the data. By meeting these targets, the Census Bureau is providing its users with the high quality and timely data they need to make important policy decisions that help improve the Nation's social and economic conditions.

The American Community Survey (ACS), which collects and tabulates long-form data every year throughout the decade, achieved a 97.5 percent weighted response rate, using three modes of data collection (mailout, telephone, and personal interview), exceeding its target of 92 percent. Core ACS tables were released in the fourth quarter of the fiscal year, thus achieving the target release date of September 30, 2010. In addition, in the first quarter 2010, ACS data were also released for all places with a population of 20,000 and larger.

The Boundary and Annexation Survey (BAS) program achieved a 51 percent response rate. The BAS is used to update information about the legal boundaries and names of all governmental units in the United States.

During FY 2010, BEA embarked upon a number of important data improvement and availability projects, including:

- Continued improvement of satellite accounts for health care and for innovation, including continued research into the accuracy of price indexes for medical care and the price indexes underlying the innovation accounts;
- Work to develop new statistics for quarterly GDP by industry, state, personal consumption expenditures, and industry-level production accounts;
- Work to restore and improve important county-level statistics that had been previously discontinued in response to resource constraints;
- Work to develop new estimation models for critical service sector statistics that will allow a quicker and more adaptable response to current and future changes in the economy;
- Continued focus on IT reliability and security and the continued modernization of BEA's processing systems to build in efficiencies that will save time that can be used for increased statistical analysis;
- Developed new Congressional, media, and research Web pages to make BEA's data products more accessible and easier to understand; and
- Significantly improved the Frequently Asked Questions section of the Web site, providing a better look and feel and more powerful search capabilities.

### SUMMARY OF PERFORMANCE

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Provide benchmark measures of the U.S. population, economy, and governments (ESA/CENSUS)
2. Provide current measures of the U.S. population, economy, and governments (ESA/CENSUS)
3. Provide timely, relevant, and accurate economic statistics (ESA/BEA)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Correct street features in the TIGER (geographic) database (number of counties completed) to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President's Management Agenda	Increase TIGER update submissions electronically by 10%	Increased TIGER update submissions electronically by 51%	Exceeded
1	Complete key activities for cyclical census programs on time to support effective decision-making by policymakers, businesses, and the public and meet constitutional and legislative mandates	At least 90% of key prep activities completed on time	At least 90% of key prep activities completed on time	Met

(continued)



OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI) <i>(This measure applies to the second performance outcome in this objective as well)</i>	Meet or exceed overall federal score	Score was lower in 2 of 4 quarters	Not Met
2	Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability	Met percentages	Met
2	Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public	1) 100% of Economic Indicators released on time 2) At least 90% of other key census and survey data released on time	1) 100% of Economic Indicators released on time 2) At least 90% of other key census and survey data released on time	Met
3	Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time)	55	61	Met
3	Relevance: Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	> 4.0	4.4	Met
3	Accuracy: Percent of GDP estimates correct	> 85%	88%	Met
3	Improving GDP and the economic accounts	Completion of strategic plan milestones	All strategic plan milestones completed	Met

**FY 2010 STATUS**

The Census Bureau met or exceeded four of its five targets in FY 2010. It did not meet the target for "Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI)." BEA met all the targets for its four measures.

**FY 2010 MISSED TARGETS**

MEASURE	MEET OR EXCEED THE OVERALL FEDERAL SCORE OF CUSTOMER SATISFACTION ON THE E-GOVERNMENT AMERICAN CUSTOMER SATISFACTION INDEX (ACSI) (CENSUS)
<b>Explanation</b>	Components of the ACSI score includes navigation of site, content, transparency, and future participation. The low score from navigation of 60 percent is having a negative impact on the overall ACSI score, which is driven by a high rate of first time users. Future participation, which includes trust in information provided by the Census Bureau, recommended use of the Internet site to others, and reoccurring use of the site, realized an average score of 83 percent.
<b>Action</b>	Efforts are underway to improve the navigation and functionality components of the system.

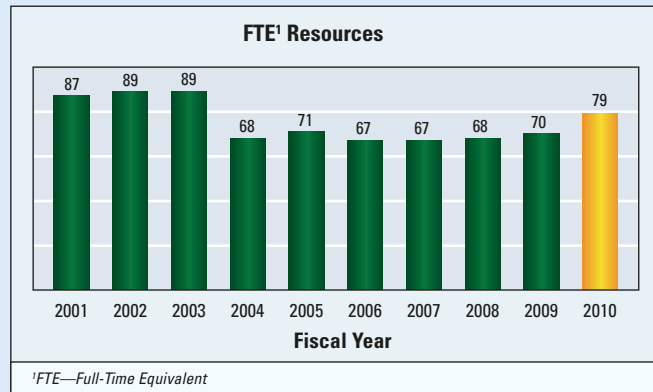
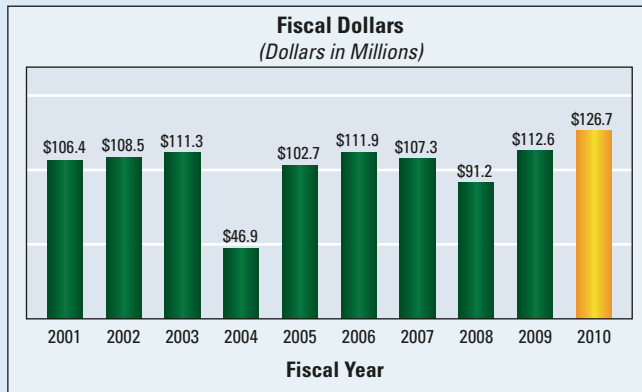
**HISTORICAL TRENDS**

With the exception of meeting the ACSI score, the Census Bureau has consistently met its targets over the past 10 years. Likewise, with the exception of one occurrence in FY 2009 when BEA was slightly below the target for a measure, BEA met all of its targets for its four measures since FY 2001 (a total of 36 targets).

**STRATEGIC OBJECTIVE 1.4**

*Position manufacturers to compete in a global economy*

**STRATEGIC OBJECTIVE 1.4 TOTAL RESOURCES**



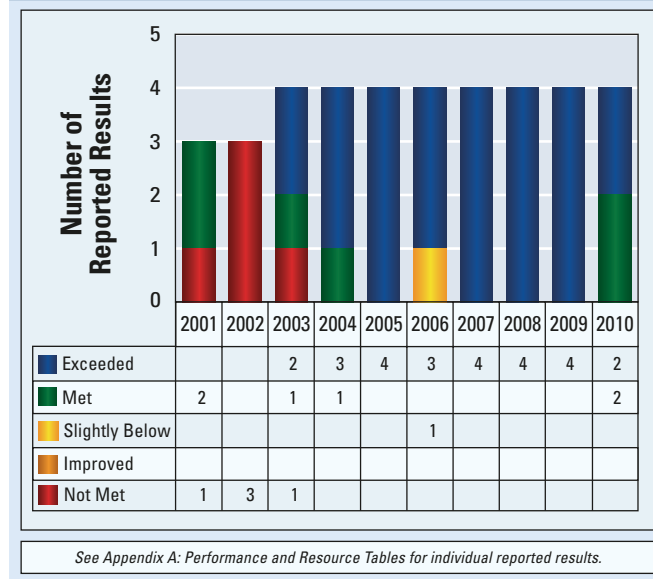
**PUBLIC BENEFITS**

The Nation's approximately 330,000 manufacturers employ more than 11 million people in high-paying jobs. U.S. manufacturers represent roughly two-thirds of total U.S. research and development (R&D) expenditures and account for almost 60 percent of all U.S. exports. A strong manufacturing base is critical to the economic strength and stability of the United States. Increased manufacturing productivity and competitiveness are essential for the survival of this crucial industrial base. Manufacturers must focus on improving efficiency, lowering costs, and implementing a culture of innovation that leads to new product ideas and opportunities.

Manufacturers, particularly small and mid-sized firms, are facing new and significant challenges. While efficient shop floor operations are necessary to survive in today's economy, this alone is not enough to succeed in the global marketplace. Technology and globalization have fundamentally changed many manufacturing companies and products. The changes have resulted in an era of increased cost pressures, shortened product life cycles, rapidly diffusing technology, and production chains that involve a network of suppliers.

Success in today's manufacturing environment requires not only an efficient production system but also developing business strategies that highlight the unique capabilities of a firm. Manufacturers must master innovative product design, understand the benefits of adopting environmentally sustainable processes, invest in human and physical capital, leverage a range of financing options, realize international trade opportunities, and forecast future customer demands.

**STRATEGIC OBJECTIVE 1.4 PERFORMANCE RESULTS**



Through the National Institute of Standards and Technology (NIST) Hollings Manufacturing Extension Partnership (MEP) program, manufacturers have access to a nationwide network of manufacturing experts available to assist in the adoption of new technologies, developing innovative products, and implementing process innovations to improve their productivity, profitability, and competitiveness. MEP, in collaboration with partners in all levels of the government, university, community college, and the private sector, is working to accelerate manufacturing's ongoing transformation into a more efficient and powerful engine of innovation that drives economic growth and job creation.

Each year MEP transforms thousands of U. S. manufacturers by working one-on-one to implement the best combination of process improvements and growth services for each individual company. MEP is focused on providing the services that reduce manufacturer's bottom-line expenses, increase efficiencies, and build capacity. While process and quality improvements offer reduced expenses, growth services provide the tools to improve top-line sales by adopting new technologies and creating new sales, new markets, and new products. MEP centers serve as trusted advisors to their manufacturing clients offering a suite of services to keep manufacturers competing and thriving in today's global marketplace.

Through an annual client survey, the program obtains quantifiable impacts of MEP services on its clients' bottom line. MEP demonstrates the impact of its services on increased sales, increased capital investment, and cost savings attributed to MEP assistance.

## ACHIEVEMENTS

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**Growing Sustainability Companies and Communities.** MEP is partnering in the Economy, Energy, and Environment (E3) Initiative, a collaborative effort among federal agencies, local utilities, governments, and small and medium-sized manufacturers to support sustainability and competitiveness in local and regional economies while spurring job growth and innovation. Successful E3 pilot projects were recently completed in Columbus, OH, and San Antonio, TX, with additional E3 pilot projects underway in Alabama, Michigan, and West Virginia. Leveraging the resources of MEP, the Small Business Administration, Department of Labor, Department of Energy, and Environmental Protection Agency, the E3 Initiative provides direct customized assistance to strengthen manufacturers. The process begins with a comprehensive assessment of a process or facility, focusing on lean manufacturing, energy use, and environmental practices to identify opportunities for improvement and reduction. With a focus on continuous improvement, the team then works with the company to identify resources, available financing options, training, and capacity building to support the implementation strategy. A number of the companies that have participated in the project have implemented 50 percent of the energy saving recommendations and 10 percent of the recommendations intended to make their operations more efficient and sustainable.

**New Product Development.** Cookshack, Inc., an Oklahoma manufacturer of commercial and residential smoker ovens, was experiencing international competition and began looking for avenues for cutting costs and increasing profits. Efforts in lean manufacturing streamlined its plant, but the company struggled with taking new product ideas to fruition. The company contacted their local MEP, the Oklahoma Manufacturing Alliance (the Alliance), for assistance. The Alliance worked with Cookshack on an ideation process designed to generate new, marketable ideas. From the session, 50 new ideas were generated and four emerged worthy of further research. The first idea was a mobile kitchen. Whereas the company's traditional products were permanently installed, the mobile kitchen would give cooks a portable smoker. After seven quick months of production, it was launched and Cookshack anticipates a 20 percent increase in revenue and a 30 percent increase in profits. The company is working on implementation of several other ideas generated from their work with their local MEP.

SUMMARY OF PERFORMANCE

The following outcome applies to this objective with the measures below it providing an indication of how well the Department is doing in achieving that outcome.

- 1. Increase the productivity, profitability, and competitiveness of manufacturers (NIST)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Number of clients served by MEP centers receiving federal funding	25,500 from FY 2009 funding	32,926 from FY 2009 funding	Exceeded
1	Increased sales attributed to MEP centers receiving federal funding	\$2,000M from FY 2009 funding	\$2,085M from FY 2009 funding <sup>1</sup>	Met
1	Capital investment attributed to MEP centers receiving federal funding	\$1,000M from FY 2009 funding	\$1,565M from FY 2009 funding <sup>1</sup>	Exceeded
1	Cost savings attributed to MEP centers receiving federal funding	\$1,000M from FY 2009 funding	\$1,149M from FY 2009 funding <sup>1</sup>	Met

NOTE: Performance actuals for this outcome lagged at least six months. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which NIST reports actuals one year later. This date lag, coupled with the time line for producing the PAR, precludes the reporting of actual FY 2010 data. With the exception of the number of clients, the data reported in the current year PAR are an estimate based on three-quarters of actual client reported impacts and one-quarter estimated client impacts.

<sup>1</sup> Estimate.

FY 2010 STATUS

NIST met or exceeded all of its targets for this objective.

HISTORICAL TRENDS

MEP has consistently exceeded its targets. Performance projections are based in part on past programmatic results but also on the current operating realities of the MEP centers and their manufacturing clients. The projections reflect a realization that any sort of forecast must be based on current economic and market conditions and also other contributing factors such as state funding uncertainties. Simply projecting past results into the future in a linear fashion does not take into account these other considerations. Data from the Federal Reserve Board, the Institute for Supply Management, BLS, and BEA are monitored and assessed on a regular basis to inform MEP's performance targets.



## STRATEGIC GOAL 1 PROGRAM EVALUATIONS

The following program evaluations were conducted on programs related to this strategic goal in FY 2010.

BUREAU	REVIEWER	NAME	DATE	WEB SITE
EDA	OIG	<i>Trade Task Group: Trade Adjustment Assistance for Firms (TAAF) Cooperative Agreement</i>	8/18/2010	<a href="http://www.oig.doc.gov/oig/reports/2010/STL-19882.pdf">http://www.oig.doc.gov/oig/reports/2010/STL-19882.pdf</a>
CENSUS	OIG	<i>Review of Leases of Maryland Local Census Offices</i>	7/27/2010	<a href="http://www.oig.doc.gov/oig/reports/correspondence/2010.07.27_IG_to_MD_Delegation.pdf">http://www.oig.doc.gov/oig/reports/correspondence/2010.07.27_IG_to_MD_Delegation.pdf</a>
CENSUS	OIG	<i>Early Observations Indicate that Some Nonresponse Follow-up Procedures are Not Being Followed and Others are Lacking</i>	6/11/2010	<a href="http://www.oig.doc.gov/oig/reports/2010/OAE-19893-01.pdf">http://www.oig.doc.gov/oig/reports/2010/OAE-19893-01.pdf</a>
CENSUS	OIG	<i>FY 2009 FISMA Assessment of the Field Data Collection Automation System</i>	11/20/2009	<a href="http://www.oig.doc.gov/oig/reports/2009/OAE-19728.pdf">http://www.oig.doc.gov/oig/reports/2009/OAE-19728.pdf</a>
CENSUS	GAO	<i>Census Bureau Continues to Make Progress in Mitigating Risks to a Successful Enumeration, but Still Faces Various Challenges</i>	10/21/2009	<a href="http://gao.gov/products/GAO-10-140T">http://gao.gov/products/GAO-10-140T</a>
CENSUS	GAO	<i>Poverty Determination in U.S. Insular Areas</i>	11/10/2009	<a href="http://gao.gov/products/GAO-10-240R">http://gao.gov/products/GAO-10-240R</a>
CENSUS	GAO	<i>Census Bureau has Made Progress on Schedule and Operational Control Tools, but Needs to Prioritize Remaining System Requirements</i>	11/13/2009	<a href="http://gao.gov/products/GAO-10-59">http://gao.gov/products/GAO-10-59</a>
CENSUS	GAO	<i>Operational Changes Made for 2010 Position the U.S. Census Bureau to More Accurately Classify and Identify Group Quarters</i>	2/22/2010	<a href="http://gao.gov/products/GAO-10-452T">http://gao.gov/products/GAO-10-452T</a>
CENSUS	GAO	<i>Key Enumeration Activities are Moving Forward, but Information Technology Systems Remain a Concern</i>	2/23/2010	<a href="http://gao.gov/products/GAO-10-430T">http://gao.gov/products/GAO-10-430T</a>
CENSUS	GAO	<i>Data Collection is Under Way, but Reliability of Key Information Technology Systems Remains a Risk</i>	3/25/2010	<a href="http://gao.gov/products/GAO-10-567T">http://gao.gov/products/GAO-10-567T</a>
CENSUS	GAO	<i>Plans for Census Coverage Measurement are on Track, but Additional Steps will Improve Its Usefulness</i>	4/2010	<a href="http://gao.gov/products/GAO-10-324">http://gao.gov/products/GAO-10-324</a>
CENSUS	GAO	<i>Cooperation with Enumerators is Critical to a Successful Headcount</i>	4/30/2010	<a href="http://gao.gov/products/GAO-10-665T">http://gao.gov/products/GAO-10-665T</a>

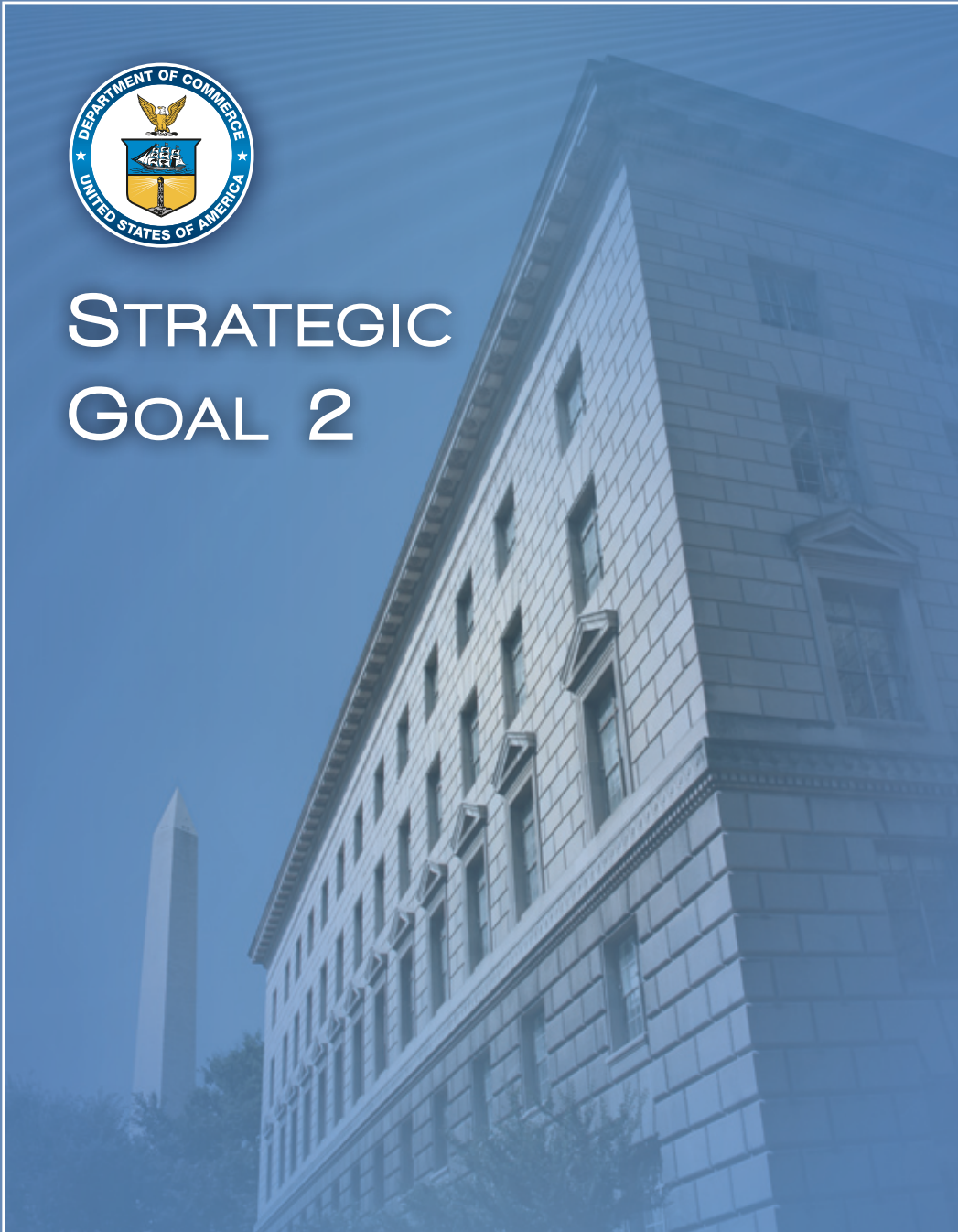
In addition, NIST conducted a study of the MEP program, a summary of the results of which follows.

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
<b>Program</b>	Hollings Manufacturing Extension Partnership (MEP)
<b>Strategic Objective</b>	Position manufacturers to compete in a global economy
<b>Name</b>	MEP Non-Experimental Net Impact Evaluation
<b>Findings</b>	<p>In the fall of 2008, NIST MEP undertook a study to examine the impact of manufacturing extension services on business establishment productivity. It built on earlier evaluations that matched the Census Bureau data with MEP client datasets to generate treatment and comparison groups for analysis. Underlying differences between clients and non-clients make it difficult to estimate the impact of MEP on client performance. Different methods of correcting for this selection bias produce a different estimate of the impact of MEP on client labor productivity. The statistically significant estimates of the impact of MEP services range from negative six percent to two percent.</p>
<b>Actions as a Result of Evaluation</b>	<p>The results in this report point to the need to conduct further analyses that could provide better estimates of the impact of MEP services. First, examining selected subgroups in more detail could reduce the bias of estimates of MEP impact. Second, this report looked only at the impact of MEP services on labor productivity (and sales and employment but those are secondary outcomes). Examining the impact of MEP services on other measures of productivity and on the establishment survival will improve how and in what ways MEP services make a difference. MEP plans to conduct another study based on these preliminary findings and to use more recent data.</p>

PERFORMANCE SECTION



STRATEGIC  
GOAL 2



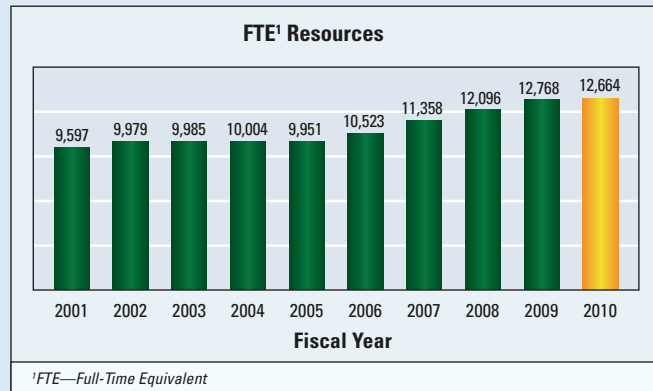
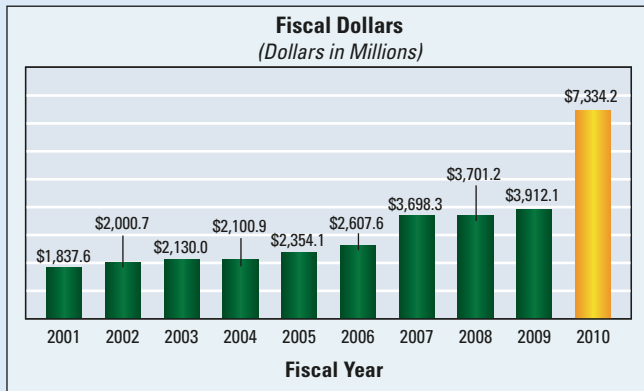
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)	5 of 6
Promote U.S. competitiveness by directing federal investment and R&D into areas of critical national need that support, promote, and accelerate high-risk, high-reward research and innovation in the United States (NIST)	1 of 1
Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)	3 of 3
Optimize patent quality and timeliness (USPTO)	2 of 5
Optimize trademark quality and timeliness (USPTO)	4 of 5
Provide domestic and global leadership to improve intellectual property policy, protection, and enforcement worldwide (USPTO)	1 of 1
Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)	5 of 5
Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)	2 of 2



**STRATEGIC GOAL 2**

*Promote U.S. innovation and industrial competitiveness*

**STRATEGIC GOAL 2 TOTAL RESOURCES**

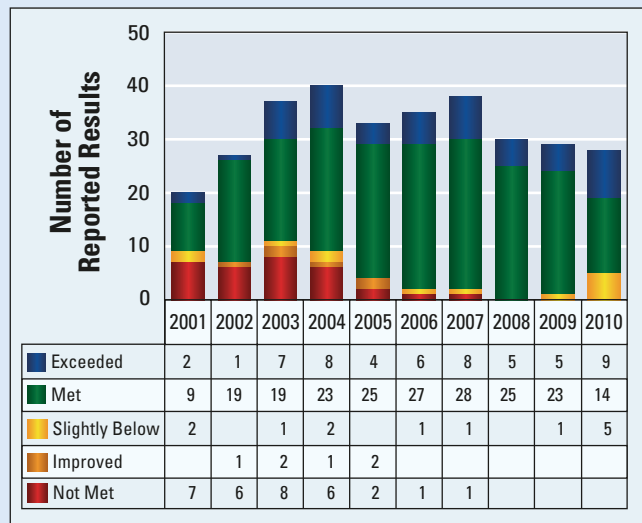


**PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE**

The Department seeks to promote U.S. innovation and industrial competitiveness through three primary areas: (1) the continued development of advanced measurement science and encouragement of high-risk, high-reward research; (2) the further advancement of intellectual property through the issuance of patents and trademarks; and (3) the continued advancement of telecommunications standards and technology.

Through the measurement science research at the National Institute of Standards and Technology (NIST), the Department provides the infrastructure that supports a modern technology-based economy, from the automotive to the biotechnology sector, and from basic materials and manufacturing to information technology. NIST provides the critical tools for these efforts through the sale of

**STRATEGIC GOAL 2 PERFORMANCE RESULTS**



See Appendix A: Performance and Resource Tables for individual reported results.



more than 30,000 units of Standard Reference Materials (SRM) and 6,000 units of Standard Reference Databases annually, as well as the conduct of over 15,000 calibration tests each year.

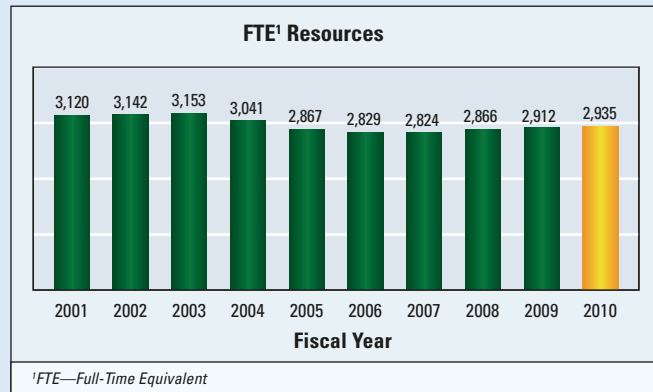
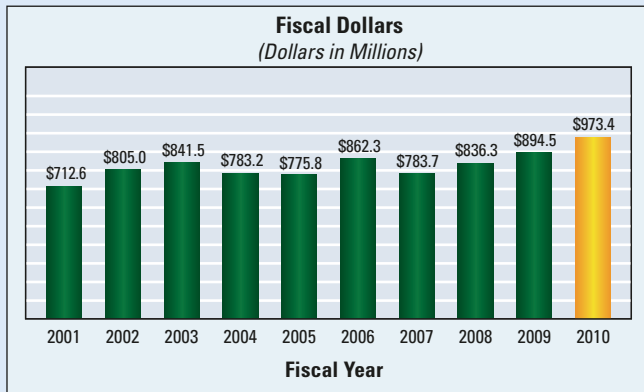
Intellectual property (IP) is a potent force in, and a fundamental component of, the global economy. The Department strives to preserve the Nation's competitive edge by protecting IP and encouraging technological innovation. In market-driven economic systems, innovation provides a catalyst for economic prosperity through the accumulation of scientific knowledge; introduction of new products and services; and improvements in the productivity levels of land, labor, and capital resources.

The Department through the National Telecommunications and Information Administration (NTIA): (1) serves as the principal adviser to the President on domestic and international communications and information policy-making; (2) promotes access to telecommunications services for all Americans and competition in domestic and international markets; (3) manages all federal use of the electromagnetic spectrum and generally promotes efficient use of spectrum; and (4) conducts telecommunications technology research, including standards-setting in partnership with business and other federal agencies. Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 87 percent of the time from FY 2001 to FY 2010. Performance improved from FY 2001 to FY 2010 with 55 percent of targets met or exceeded in FY 2001 to 82 percent met or exceeded in FY 2010.

**STRATEGIC OBJECTIVE 2.1**

*Advance measurement science and standards that drive technological change*

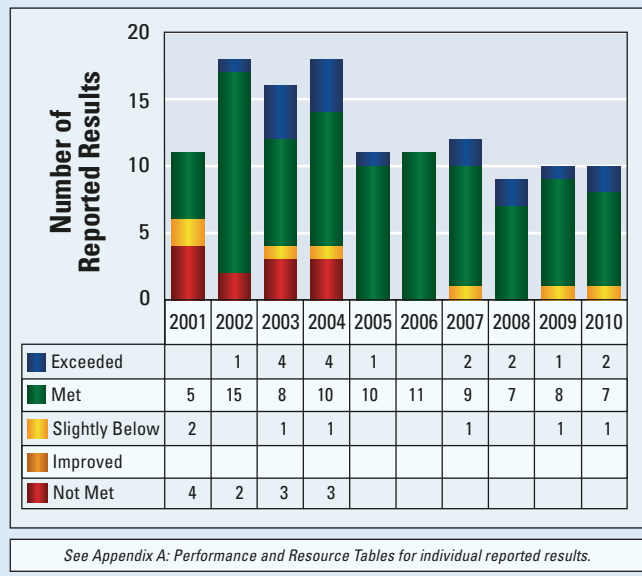
**STRATEGIC OBJECTIVE 2.1 TOTAL RESOURCES**



**PUBLIC BENEFITS**

The Nation's ability to innovate and compete in a global economy depends on a robust scientific and technical infrastructure, including research, measurement tools, standards, data, and models. The National Institute of Standards and Technology (NIST) works with U.S. industry and other stakeholders to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve quality of life. NIST leadership in measurement science research ensures that U.S. industry and universities will have the tools they need to remain at the leading edge of innovation and to secure "first-mover advantage" in bringing new technologies to market. NIST laboratories develop and disseminate measurement techniques, reference data, test methods, standards, and other infrastructural technologies and services required by U.S. industry to compete in the 21st century.

**STRATEGIC OBJECTIVE 2.1 PERFORMANCE RESULTS**



Over 400 NIST staff members participate in more than 105 standards development organizations each year to facilitate the development and adoption of documentary standards which promote efficient transactions in the domestic and global marketplace. In particular, NIST is leading the effort to develop standards for the Smart Grid and for the development of the Healthcare Information Technology infrastructure. Through the measurement science research at NIST, the Department provides the infrastructure that supports a modern technology-based economy, from the automotive to the biotechnology sector, and from basic materials and manufacturing to information technology (IT). NIST provides the critical tools for these efforts through the sale of more than 30,000 units of Standard Reference Materials (SRM) and 6,000 units of Standard Reference Databases annually, as well as the conduct of over 15,000 calibration tests each year.

NIST also invests in high-risk, innovative projects with the potential to produce transformational results in areas of critical national need. As established by the America COMPETES Act of 2007, the Technology Innovation Program (TIP) supports, promotes, and accelerates innovation in the United States by making cost-shared awards for high-risk, high-reward research in areas of critical national need. These areas need government attention because the magnitude of the problem is large and societal challenges are not being sufficiently addressed. TIP complements and leverages—but does not duplicate—existing research and development (R&D) efforts by making targeted investments that are within NIST's areas of technical competence, but that are not possible by other government agencies or programs. TIP supports rich teaming through making awards to individual small or medium-sized companies or to joint ventures that may additionally include universities, non-profit research organizations, national laboratories (other than NIST), or other organizations that are engaged in high-risk, high-reward R&D. TIP funds projects that have strong potential for advancing the state of the art and contributing significantly to the U.S. science and technology knowledge base, and that may result in the creation of intellectual property (IP) vested in a U.S. entity. Awards of up to \$3 million total to individual small or medium-sized companies may be made over three years or less, and awards of up to \$9 million total to joint ventures over five years or less.

The long-term nature of TIP-funded projects will result in a three to five-year lag from initial project funding to the generation of four additional measureable outputs and outcomes. These additional measures will cover the number of publications, patent applications, projects generating continued R&D, and projects with technologies under adoption. These measures, along with other programmatic accomplishments, will be used to evaluate TIP's progress toward its long-term goal of supporting, promoting, and accelerating innovation in the United States in areas of critical national need.

Likewise, the National Technical Information Service (NTIS) seeks to advance measurement science by bringing scientific and technical information to U.S. business and industry. NTIS promotes innovation and economic growth for U.S. business by (1) collecting, classifying, coordinating, integrating, recording, and cataloging scientific and technical information from a variety of sources, foreign and domestic; (2) disseminating this information to the public; and (3) providing information management services to other federal agencies that help them interact with and better serve the information needs of their own constituents, and to accomplish this without appropriated funds.

## ACHIEVEMENTS

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### ***NIST Releases Successor to Venerable Handbook of Math Functions***

NIST released the Web-based Digital Library of Mathematical Functions and its printed companion, the NIST *Handbook of Mathematical Functions*, the much-anticipated successors to the Agency's most widely cited publication of all time. The two works comprise a complete update and expansion of the 1964 *Handbook of Mathematical Functions*. NIST created them in response to advances in mathematics and to take advantage of new capabilities made possible by the Internet. NIST designed the new 36-chapter tome to be the definitive reference work on "special functions," which are the most important and widely employed tools in applied mathematics. Special functions appear whenever natural phenomena are studied, engineering problems are formulated, and computer simulations are performed. With more than 8,000 equations and nearly 500 figures, the Digital Library of Mathematical Functions has about twice the amount of technical material as the 1964 publication.

### ***Joint Quantum Institute Researchers Create Entangled Photons from Quantum Dots***

Physicists at the Joint Quantum Institute, a collaborative organization of NIST and the University of Maryland, developed a promising new source of entangled photons. Entanglement is the distance-defying link that can form between objects such as atoms even when they are completely shielded from one another—and is key to exploiting the quantum world to the fullest.

The entangled photons come from nanometer-scale bits of semiconductor, called quantum dots, that have been tweaked with a laser. The institute's technique may someday enable more compact and convenient sources of entangled photon pairs than presently available for quantum information applications, such as the distribution of "quantum keys" for encrypting sensitive messages. Quantum dots could offer advantages as entanglement sources over their conventional crystal counterparts as they are less bulky and can conveniently produce one pair of entangled photons at a time, instead of in bunches.

### ***New NIST Database on Gas Hydrates to Aid Energy and Climate Research***

NIST developed a free, online collection of data on the properties of gas hydrates, naturally occurring crystalline materials that are a potential energy resource and also may affect Earth's climate. Vast stores of hydrates exist in subsurface sediments of permafrost and deep oceans and are considered a major potential energy resource. The U.S. Geological Survey estimates that the total amount of carbon captured in methane hydrate, worldwide, is at least twice the total amount held in fossil fuels. The flux of hydrates in the environment may play a role in the global carbon cycle and long-term climate patterns. The new database is meant for use by climate modelers, researchers studying the potential recovery of hydrates for practical applications and the petroleum industry, which has long been interested in preventing unprocessed hydrates from infiltrating natural gas pipelines. NIST developed the database in association with CODATA (the international Committee on Data for Science and Technology). Funding was provided by the National Energy Technology Laboratory of the U.S. Department of Energy.

### ***NIST Demonstrates Universal Programmable Quantum Processor***

Physicists at NIST have demonstrated the first universal programmable quantum information processor able to run any program allowed by quantum mechanics—the rules governing the submicroscopic world—using two quantum bits (qubits) of information. The processor could be a module in a future quantum computer, which, if they can be built, have many possible applications such as breaking today's most widely used encryption codes, including those that protect electronic financial transactions. The NIST demonstration marks the first time any research group has moved beyond demonstrating individual tasks for a quantum processor—as done previously at NIST and elsewhere—to perform programmable processing, combining enough inputs and continuous steps to run any possible two-qubit program. The Defense Advanced Research Projects Agency, National Security Agency, and Intelligence Advanced Research Projects Activity, in part, supported the research.

### ***Performance Indicators for Measurement Services and Publications***

NIST measurement services, including calibration services, are critical for ensuring product performance and quality, improving production processes, making marketplace transactions fair and efficient, and leveling the playing field for international trade. NIST offers more than 500 different types of physical calibrations in areas as diverse as radiance temperature, surface finish characterization, and electrical impedance. SRMs are the definitive source of measurement traceability in the United States and are certified in the NIST laboratories for their specific chemical and material properties. Customers use SRMs to achieve measurement quality and conformance to process requirements that address both national and international needs for commerce and trade and public safety and health. NIST's technical publications serve as a major knowledge and technology mechanism to transfer the results of its research to support the Nation's technical infrastructure and provide measurements and standards to those in industry, academia, and other government agencies. Each year, NIST's technical staff produces an average of 2,000 publications with approximately 50 to 60 percent appearing in prestigious scientific peer-reviewed journals. Citation impact of NIST-authored publications demonstrates that NIST consistently produces relevant scientific and technical publications. Citation analysis provides an independent and objective validation of peer review findings as research has shown that high citation rates—the cumulative number of citations per publication—correlate with peer review judgment in terms of scientific quality and relevance. NIST also provides online access to over 80 critically evaluated scientific and technical databases to academia, industry,

other government agencies, and the general public. An additional hundreds of millions of annual downloads are associated with NIST Web-based, time-related services.

### ***Infrastructure Monitoring/Repair and Advanced Materials in Manufacturing***

In December 2009, NIST announced TIP's 20 new projects selected for cost-shared awards in the critical national need areas of civil infrastructure and manufacturing. Twelve of these awards addressed accelerating advanced materials into manufacturing processes, and eight of the awards fund efforts to develop advanced sensing technologies to improve the monitoring and repair of the Nation's infrastructure. If successful, these 20 awards will generate \$146 million in new research during the active life of the projects (three to five years), \$71 million of which would be funded by TIP.

Awarded projects from this competition continue to demonstrate TIP's commitment to multi-disciplinary approaches and to encouraging broad teaming arrangements. Thirty-eight recipient organizations are involved in the 20 projects, ranging from unmanned, hovering aircraft for inspecting bridges to a high-speed sorting system for recycling aerospace metals to nanomaterials for advanced batteries. These collaborative efforts help the projects toward achieving a transformational impact for infrastructure monitoring and inspection and advanced manufacturing. Additional details on all TIP competitions are available at [http://www.nist.gov/tip/prev\\_competitions.cfm](http://www.nist.gov/tip/prev_competitions.cfm).

### ***Landmark Study Shows How Size of Fire Crew Influences Saving Lives and Property***

A study coordinated by NIST is the first to quantify the effects of crew sizes and arrival times on lifesaving and firefighting operations for residential fires, which account for the vast majority of fatal fires. NIST researchers and collaborators from the scientific, firefighting and public-safety communities conducted more than 60 controlled fire experiments to determine the relative effects of crew size, the arrival time of the first fire crews, and the "stagger," or spacing, between the arrivals of successive waves of fire-fighting apparatus. The research team found that four-person firefighting crews were able to complete 22 essential firefighting and rescue tasks in a typical residential structure 30 percent faster than two-person crews and 25 percent faster than three-person crews. The report was funded by the Department of Homeland Security Federal Emergency Management Agency's Assistance to Firefighters Grant Program.

### ***NIST Releases Report on Windstorm Damage to Dallas Cowboys Practice Facility***

NIST released its final report on the May 2, 2009, collapse during a severe thunderstorm of the fabric-covered, steel frame practice facility owned by the National Football League's Dallas Cowboys. The study team found that assumptions and approaches used in the design of the building resulted in significant differences between the original calculated wind load demands and structural capacities compared to those derived by NIST. Maximum wind speed gusts at the time of collapse were estimated to be in the range of 55 to 65 miles per hour—well below the design wind speed of 90 miles per hour as specified in the national standard for wind loads. NIST recommends that other fabric-covered frame structures be evaluated to ensure adequate performance under design wind loads. NIST worked with the National Oceanic and Atmospheric Administration's (NOAA) National Severe Storms Laboratory to estimate the wind conditions at the time of collapse. NIST is working with various public and private groups toward implementing changes to practice, standards, and building codes based on the findings from this study.

### ***Promote Increased Access to Federal Science, Technology, and Engineering Information (STEI)***

NTIS deployed the National Technical Reports Library (NTRL) in April 2009, a subscription product with direct access to full metadata and full text documents that can be viewed, printed, and downloaded. In FY 2010, NTRL substantially increased perpetual access



to federally funded STEI by increasing access to full text documents three-fold due to increased subscriber usage. In FY 2011, NTIS plans to launch an improved open access version of NTRL that will substantially increase discovery of prior research, yet maintain the subscription requirement to the full text documents in order to sustain the NTRL service.

In FY 2010, support of preservation and archival practices for NTRL is currently being improved with a new initiative with the National Archives and Records Administration (NARA). NTIS and NARA formally agreed to perpetually archive and preserve electronic STEI content found in NTIS content. For the first time, this agreement established a process that links NTIS technical document acquisitions to document submissions for NARA, therefore eliminating duplicate processing for Agency customers.

NTIS plans to implement user-driven customer improvements in NTRL release 2.0 during FY 2011. NTIS recently deployed its next generation 2.0 Web site and is experimenting with the use of social media technology as part of its outreach and education activities to further the dissemination of STEI. NTIS programs will increase worldwide access to STEI through continuing efforts to acquire and capture scientific content. NTIS recently initiated new public-private partnerships in order to explore innovative STEI products and services that will enhance new media offerings. The new public-private partnerships will position NTIS as a significant participant in federal STEI development.

### ***Facilitate the Dissemination of Federal Science and Information***

NTIS facilitates the dissemination of federal science and information by providing information management services to other federal agencies to help them disseminate federal information to their constituents. In FY 2010, NTIS continued its long association with the U.S. Department of Agriculture (USDA) team nutrition and supplemental nutrition assistance programs by distributing over 10 million free brochures, pamphlets, and kits in both English and Spanish to citizens and state agencies. In FY 2010, NTIS also initiated new information dissemination projects with the Department of Education and the Social Security Administration (SSA).

In August 2009, senior leadership at the Department of Education turned to NTIS to improve and enhance its education publications dissemination program through the effective implementation of cost-effective technologies that would enable broader outreach to constituent groups without cost increases, and preferably with cost savings. NTIS fulfilled these requirements and since November 2009, provided contact center, Web hosting, and publication fulfillment and distribution services for the Department of Education publications and federal student assistance programs. In FY 2010, NTIS processed over 77,000 orders and shipped 21.1 million items in support of these programs.

In November, 2009, SSA requested that NTIS support a new initiative to provide alternative modes of communication in its special notices and other communications to the blind and visually impaired. Prior to working with NTIS, visually impaired claimants could only receive printed SSA notices by mail with the option to call SSA to have the document read to the claimant. Desiring to distribute the notices on compact disk (CD) media for computer screen reading and in Braille print for the visually impaired, SSA, NTIS, and two joint business partners developed the Special Notice Option program. Since April 2010, NTIS shipped nearly 10,000 CDs and Braille documents to sight impaired SSA recipients. In FY 2011, SSA and NTIS will develop new media formats for the delivery of audio and large print.

Since 2004, NTIS and its e-Learning partners have been working with federal agencies to assist them in implementing and maintaining their learning management and knowledge management systems and applications. NTIS supports the following departments: Commerce, Agriculture, Education, Health and Human Services, Justice, Interior, Treasury, and the U.S. Air Force.

**Provide Web Services Support for Federal Agencies**

NTIS continued to host two major Web sites and applications in support of the American Recovery and Reinvestment Act (ARRA) of 2009. NTIS provided hosting services for the Department's recovery.commerce.gov Web site that provides public visibility to the ARRA projects supported by Department ARRA funding. Further, NTIS developed and deployed with a joint venture partner the Broadband USA round I and II grants application Web site and applications platform at www.broadbandusa.gov. Through the NTIS grants application platform, USDA's Rural Utilities Service (RUS) and the National Telecommunications and Information Administration (NTIA) received and processed applications that resulted in the issuance of \$7.2 billion in grants to expand broadband access to unserved and underserved communities across the United States, increase jobs, spur investments in technology and infrastructure, and provide long-term economic growth.

**SUMMARY OF PERFORMANCE**

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)
2. Promote U.S. competitiveness by directing federal investment and R&D into areas of critical national need that support, promote, and accelerate high-risk, high-reward research and innovation in the United States (NIST)
3. Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Qualitative assessment and review of technical quality and merit using peer review	Complete annual peer review	Completed	Met
1	Citation impact of NIST-authored publications	>1.1	>1.1 <sup>1</sup>	Met
1	Peer-reviewed technical publications produced	1,300	1,243	Slightly Below
1	Standard Reference Materials (SRM) sold	31,000	31,667	Met
1	NIST-maintained datasets downloaded	24,500,000	24,956,000	Met
1	Number of calibration tests performed	15,000	17,697	Met
2	Cumulative number of TIP projects funded	25	29	Met
3	Number of updated items available (annual)	765,000	969,473	Exceeded
3	Number of information products disseminated (annual)	33,000,000	50,333,206	Exceeded
3	Customer satisfaction	95-98%	98%	Met

<sup>1</sup> Actual for this measure lags nine months. The actual shown here is based on FY 2009 data.

## **FY 2010 STATUS**

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NIST met all but one of its targets in FY 2010, the lone exception being, "Peer-reviewed technical publications produced." For that measure, the actual was only slightly below the target, with the program's performance not being affected by this result. NTIS met or exceeded all three of its targets.

## **HISTORICAL TRENDS**

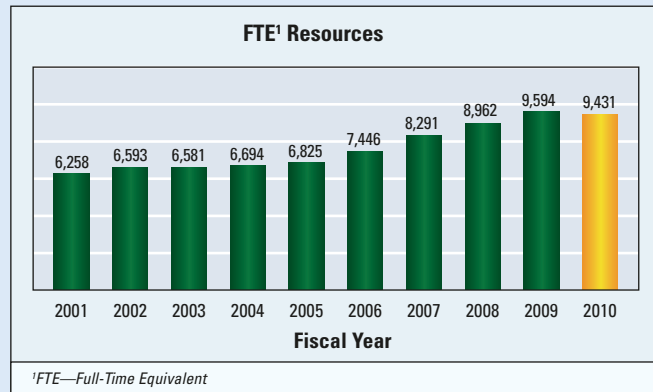
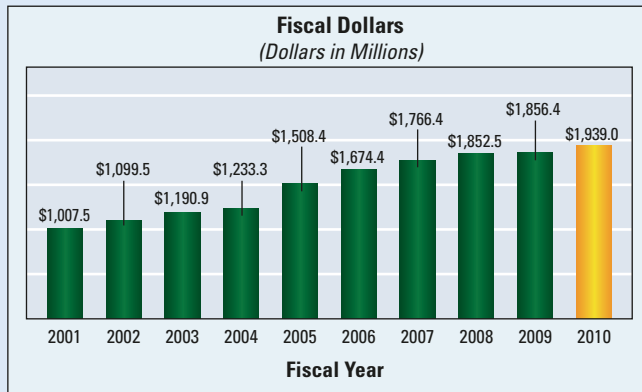
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Both NIST and NTIS have consistently met their targets for this objective.

**STRATEGIC OBJECTIVE 2.2**

**Protect intellectual property and improve the patent and trademark system**

**STRATEGIC OBJECTIVE 2.2 TOTAL RESOURCES**



**PUBLIC BENEFITS**

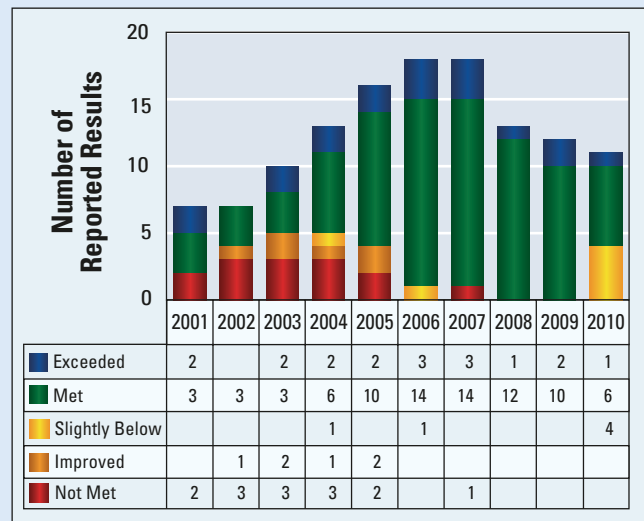
**I**P contributes to a strong global economy by encouraging investment in innovation and fostering entrepreneurial spirit. People worldwide benefit from innovations, both directly on a personal level, and indirectly through economic growth fueled by innovation. Continual development of a vigorous, flexible, and efficient IP system thereby achieving this objective protects individual rights, encourages investment in innovation, and fosters entrepreneurial spirit.

The Department promotes the IP system through the protection of inventions or creations via patent, trademark, trade secret, and copyright laws. Under this system of protection, industry in the United States has flourished, creating employment opportunities for millions of Americans.

The issuance of patents provides incentives to invent and invest in new technology by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and trademark information, the Department promotes a global understanding of IP protection and facilitates the development and sharing of new technologies worldwide.

It is a legal requirement for patentability to determine whether an invention is new, useful, and non-obvious to someone knowledgeable in that subject matter. To that end, not only is it important that a patent or trademark be issued in a timely manner, but that it is of high quality. Patent examinations are subjected to both end-product allowance and in-process reviews that evaluate the quality of the substantive basis for examiner decisions, applicability of publications found by the examiner, or the quality reviewer; evidence; and clarity of communications with applicants. Findings produced by these reviews are shared individually with examiners, are collected in a database for ongoing analysis, serve as the basis for the development of training programs, and are used to strengthen the review process.

**STRATEGIC OBJECTIVE 2.2 PERFORMANCE RESULTS**



See Appendix A: Performance and Resource Tables for individual reported results.

In an era of a global economy it is also important that the property rights of inventors be protected not only in the United States, but internationally as well. The U.S. Patent and Trademark Office (USPTO) plays a leadership role in promoting effective domestic and international protection and enforcement of intellectual property rights (IPR) by advocating U.S. government IPR policy, working to develop unified standards for international IPR, providing policy guidance on domestic IPR issues, and fostering innovation. USPTO advises the President and federal agencies on national and international IPR policy matters and trade-related aspects of IPR, and conducts technical assistance and capacity-building programs for foreign governments seeking to develop or improve their IPR regulatory and enforcement mechanisms.

## ACHIEVEMENTS

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Despite the continued affects of the economic downturn, the Patent organization successfully launched new and innovative projects to meet its strategic goals. Many routine programs, such as replacing attritions and funding workload-related contracts, were suspended due to funding constraints. Yet the Patent organization's commitment to performance excellence continued by focusing on ways to become more efficient and effective in its processes, human capital management, policy, and workload balancing.

The Patent organization identified and implemented procedures and policies that supported patent quality and timeliness. Improvements were made by redesigning systems and procedures so that redundant processes were removed. It has created a streamlined examination process that improves patent quality and timeliness. It made significant progress toward reducing the backlog and patent pendency, despite continued funding and hiring challenges. The improvements are reflected in its performance metrics.

Patent quality translates into more certainty and economic value for patent holders. It also means less risk from infringement and claims challenges. The Patent organization's goal to improve the quality of patents includes defining quality and the quality metrics. A joint Quality Task Force between USPTO and the Patent Public Advisory Committee was initiated to enhance the overall patent quality. Two roundtables were held in May 2010, to gather input on how to improve patent quality and how to define metrics to measure progress. That patent quality improvements focus, *inter alia*, on improving the process for examination of the application, including uncovering the best prior art.

USPTO tracks its quality with two measures; final rejection/allowance compliance rate and the non-final in-process compliance rate. The patent final rejection/allowance compliance rate gives the percentage of utility, plant, reissue, and design (UPRD) allowances and final rejections reviewed that were found to be compliant, without error, with applicable rules and laws regarding final patentability determination. They are based on a random sample of allowances and final rejections reviewed during the reporting period. An error is defined as at least one claim within a randomly selected allowed application that would be held invalid in a court of law if the application were to issue without the required correction. An error in an allowance is defined as at least one claim allowed that would be held invalid by a court of law if the application were to issue without the required correction. An error in a final rejection is defined as the unreasonable rejection of at least one claim. In FY 2010, efforts to improve quality resulted in an allowance compliance rate of 94.9 percent, slightly better than the target of 94.5 percent. The non-final in-process examination compliance rate is the percentage of UPRD office actions (prior to allowance or final rejection) that were found to be free of any unreasonable rejections, objections, or requirements. They are based on a sample of actions reviewed during the reporting period. At 96.3 percent non-final in-process examination compliance, USPTO met its goal of 94.0 percent.

The pendency time to process a patent application, is measured in two ways: (1) first action pendency—the average time in months from filing until an examiner's initial determination is made of the patentability of an invention, and (2) total pendency—the average time in months from filing until the application issues as a patent, or is abandoned by the applicant. Patents ended the year at 25.7 months for first action pendency and 35.3 months for total pendency.

Over the last five years, the Trademark organization has met nearly all its performance targets as it continues to reap the benefits of its significant investments in human capital and in automation and process re-engineering. The examination quality of office actions in the Trademark organization has met and exceeded goals, ranging above 95 percent accuracy in recent years. About 97 percent of all first actions and final decisions (approvals and rejections) met statutory and compliance rates for quality of decision-making and writing. To sustain these high quality levels, the Trademark organization continues to emphasize and improve training, promote electronic filing and processing, and make greater use of online tools and enhanced processes.

Trademark pendency has improved as electronic processing and filing have become the primary means of conducting business within the Trademark organization. Increased use of electronic forms, particularly Trademark Electronic Application System (TEAS) Plus filings, which represent more than 33 percent of new application filings and more than 31 percent of first action approvals, has improved the efficiency and timeliness of examination.

The two primary measures used to determine trademark application processing time are: (1) first action pendency, which measures the average time, in months, from the filing date to when the examiner's first action is taken; and (2) average total pendency, which is based on the average time, in months, from the filing date until the notice of abandonment, notice of allowance, or registration for applications based on use excluding cases that were previously suspended or were involved in inter partes proceedings at the Trademark Trial and Appeal Board. USPTO met its FY 2010 target of 2.5-3.5 by achieving a first action pendency of 3.0 months. Trademark average total pendency results were 10.5 months. USPTO met its FY 2010 target of 13.0 months.

To maintain first action pendency at 2.5 to 3.5 months and final pendency at 13 months, the Trademark organization managed to dynamically align examination capacity with incoming workloads by maintaining appropriate staffing levels, sustaining high productivity, and judiciously adjusting production incentives and overtime usage to boost production when needed.

By law, the USPTO Director serves as policy advisor to the President (via the Secretary of Commerce) on IP matters. Given the demonstrated importance of high-quality IP to innovation and competitiveness, USPTO is a key component of the Administration's strategy to encourage U.S. innovation and global competitiveness.

The Administration's "Strategy for American Innovation" whitepaper, published in September 2009, demonstrated a strong commitment to retaining U.S. innovation leadership. This whitepaper noted that the importance of high-quality, timely patents to innovation created an urgent need for full funding of USPTO. The paper did not, however, elaborate fully on the critical role of IP in fostering innovation. As this strategy for U.S. innovation continues to evolve, USPTO will lead in ensuring that the Administration's innovation strategy (and related projects) encompasses a comprehensive national IP strategy. The national IP strategy will ensure that policy developments and implementation take place in a coordinated manner within a national framework in order to allow all national stakeholders to work together to create, own, and exploit research results, innovations, new technologies, and works of creativity.

To effectively develop this strategy, USPTO established the Office of the Chief Economist in March 2010. The Chief Economist is responsible for advising the Under Secretary and the Administrator for External Affairs on the economic implications of policies and programs affecting the U.S. IP system. He initiates and oversees groundbreaking economic analysis in the field on the topics of IP protection and enforcement. The Chief Economist will lead the development of the national IP strategy, which will reflect the growing body of research demonstrating the importance of high-quality IP to innovation.

Throughout FY 2010, USPTO continued to seek enhanced cooperation and improved protection for IP multilaterally in several fora including the World Intellectual Property Organization (WIPO), the World Trade Organization (WTO) and several additional intergovernmental organizations



USPTO consistently promoted the adoption of improvements to the WIPO filing and registration systems in 2010 for patents (Patent Cooperation Treaty system), trademarks (Madrid system), and designs (Hague system), which continue to provide critical benefits and services to U.S. businesses that rely on the international protection of their IP. In addition, the United States supported continued implementation of WIPO's "development agenda," a set of recommendations and concrete projects aimed at enhancing WIPO's focus on development goals. In the trilateral context, USPTO played a leadership role in promoting adoption of mechanisms for reducing inefficiency in global search and examination, such as the Common Citation Document and the Common Application Format.

USPTO also actively participated with the Office of the U.S. Trade Representative (USTR) in ongoing IP discussions in the WTO, with the objective of maintaining the integrity of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). USPTO worked closely with USTR during the WTO accession process of several countries during FY 2010.

### SUMMARY OF PERFORMANCE

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Optimize patent quality and timeliness (USPTO)
2. Optimize trademark quality and timeliness (USPTO)
3. Provide domestic and global leadership to improve intellectual property policy, protection, and enforcement worldwide (USPTO)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Final rejection/allowance compliance rate	94.5%	96.3%	Met
1	Non-final in-process examination compliance rate	94.0%	94.9%	Met
1	Patent average first action pendency (months)	25.4	25.7	Slightly Below
1	Patent average total pendency (months)	34.8	35.3	Slightly Below
1	Patent applications filed electronically	90.0%	89.5%	Slightly Below
2	Trademark first action compliance rate	95.5%	96.6%	Met
2	Trademark final compliance rate	97.0%	96.8%	Slightly Below
2	Trademark first action pendency (months)	2.5-3.5	3.0	Met
2	Trademark average total pendency excluding suspended and inter partes proceedings (months)	13.0	10.5	Met
2	Trademark applications processed electronically	65.0%	68.1%	Met
3	Percentage of prioritized countries that have implemented at least 75% of action steps in the country-specific action plans toward progress along following dimensions: 1. Institutional improvements of IP office administration for advancing IPR 2. Institutional improvements of IP enforcement entities 3. Improvements in IP laws and regulations 4. Establishment of government-to-government cooperative mechanisms	50%	75%	Exceeded

**FY 2010 STATUS**

USPTO met seven of its 11 targets in FY 2010. USPTO was slightly below the targets for the following three patent measures and one trademark measure, though the performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance. USPTO continues to work to improve patent and trademark pendency.

- Patent average first action pendency
- Patent average total pendency
- Patent applications filed electronically
- Trademark final compliance rate

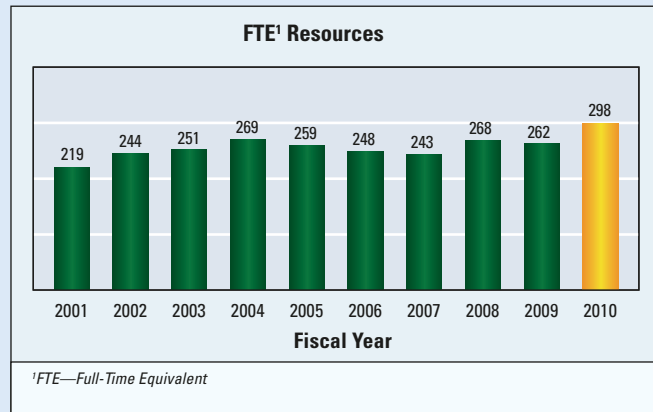
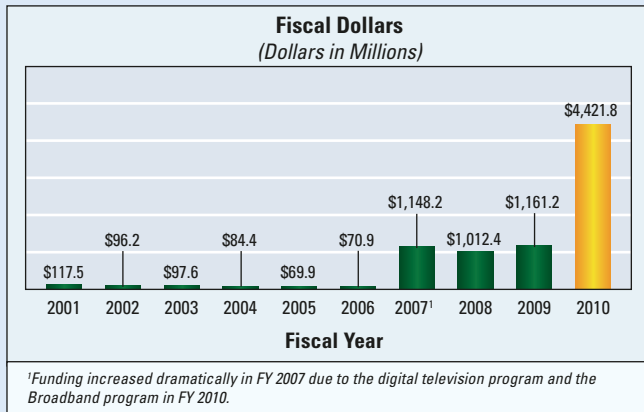
**FY 2010 MISSED TARGETS**

<b>MEASURES</b>	<ul style="list-style-type: none"> <li>• PATENT AVERAGE FIRST ACTION PENDENCY</li> <li>• PATENT AVERAGE TOTAL PENDENCY</li> <li>• PATENT APPLICATIONS FILED ELECTRONICALLY</li> </ul>
<b>Explanation</b>	The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.
<b>Action</b>	No additional action taken at this time.
<b>MEASURE</b>	<b>TRADEMARK FINAL COMPLIANCE RATE</b>
<b>Explanation</b>	First Action quality was 96.6 percent meeting the target of 95.5 percent. The quality of final decisions (approvals and rejections) was 96.8 percent as measured by statutory and compliance rates for quality of decision-making and writing, within the target range of 97 percent considering the margin of error (+/- 0.6%).
<b>Action</b>	To sustain these high quality levels, the trademark organization continues to emphasize and improve training, to promote electronic filing and processing, and to make greater use of online tools and enhanced processes.

**STRATEGIC OBJECTIVE 2.3**

*Advance global e-commerce as well as telecommunications and information services*

**STRATEGIC OBJECTIVE 2.3 TOTAL RESOURCES**

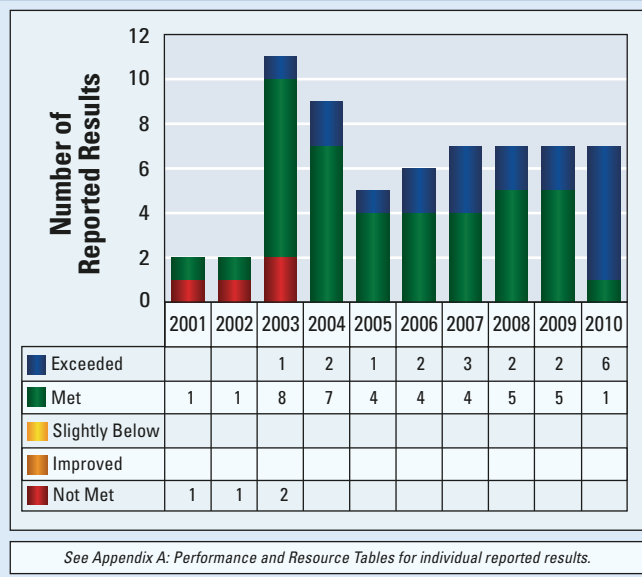


**PUBLIC BENEFITS**

In this era of technological expansion two areas where the Department provides significant benefits to the American public involve the radio frequency spectrum and broadband technology. The National Telecommunications and Information Administration (NTIA) plays a major role in radio frequency spectrum management and telecommunications standards, and as an advisor to the President on communications policy matters; Internet domain names, wireless telecommunications standards, and technology; and high-speed Internet services. NTIA continues to further the technological advances for wireless communication, Internet services, domain name management issues, and other advances in technology, particularly through the following areas:

- Serving as the principal adviser to the President on domestic and international communications and information policy-making;
- Promoting access to telecommunications services for all Americans and competition in domestic and international markets;
- Managing all federal use of the electromagnetic spectrum and generally promoting efficient use of spectrum; and
- Conducting telecommunications technology research, including standards-setting in partnership with business and other federal agencies.

**STRATEGIC OBJECTIVE 2.3 PERFORMANCE RESULTS**



The Agency's expertise encompasses every aspect of telecommunications, including domestic policy, international policy, spectrum management, and technical telecommunications research and engineering.

NTIA's responsibilities have increased considerably in this expansion of technology with the enactment of the American Recovery and Reinvestment Act (ARRA) of 2009. NTIA and the U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS) are administering a \$7 billion initiative to expand broadband access and adoption. Specifically, NTIA is utilizing approximately \$4 billion of that funding for grants through the Broadband Technology Opportunities Program (BTOP). BTOP projects will extend broadband access to unserved and underserved areas of the country and to vulnerable populations, including minorities, low income residents, the aged, the unemployed, and people with disabilities.

Specifically, these projects will deploy broadband infrastructure, enhance capacity at public computing centers, and support projects to encourage non-users to subscribe to broadband services. The objectives of BTOP include:

- Broadband access in unserved and underserved areas;
- Broadband education, awareness, training, access, equipment, and support;
- Broadband access and use by public safety agencies; and
- Stimulate broadband demand, economic growth, and job creation.

NTIA also leads Department activities in the areas of next-generation Internet Protocols, ultrawideband technology, wireless broadband applications, wireless sensor technologies, and Internet technical functions. Congress also directed NTIA to use ARRA funding to develop a national broadband map. This unprecedented national broadband map will be available to the public no later than February 2011. It will educate consumers and businesses about broadband availability, enable broadband providers and investors to make better-informed decisions regarding the use of their private capital, and allow federal, state, and local policymakers to make more data-driven decisions on behalf of their constituents.

## ACHIEVEMENTS

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NTIA utilized approximately \$4 billion of ARRA funding for BTOP, which provides grants to support the deployment of broadband infrastructure, enhance and expand public computer centers, and encourage sustainable adoption of broadband service. The 233 BTOP projects will:

- Fund the installation or upgrade of approximately 120,000 miles of broadband networks, including fiber optics, wireless, microwave, and other technologies. Of this amount, approximately 70,000 miles involve construction of new broadband facilities.
- Provide broadband access to approximately 24,000 community anchor institutions, including schools, libraries, government offices, health care facilities, and public safety entities.
- Deploy middle mile infrastructure in areas with nearly 40 million households and four million businesses, many of which will benefit from new or improved broadband service provided by last-mile providers that are able to utilize the new, open infrastructure to extend or upgrade their service for consumer and business customers.
- Invest in more than 3,500 new or upgraded public computer centers in libraries, schools, community centers, and other public locations.

- Invest in more than 35,000 new or upgraded public computer workstations.
- Make public computer center workstations and training available to more than one million new users.

These anticipated benefits will be realized over the life of each project, which must be substantially complete within two years and fully complete within three years.

NTIA's State Broadband Data and Development grant program implements the joint purposes of ARRA and the Broadband Data Improvement Act (BDIA), which envisioned a comprehensive program to integrate broadband and information technology into state and local economies. ARRA provided up to \$350 million for implementation of the BDIA and to develop and maintain the national broadband map. NTIA has awarded a total of \$293 million in grants among all 56 eligible entities.

As part of BTOP-related initiatives, NTIA and USDA's RUS launched BroadbandMatch, a new online tool to facilitate partnerships among prospective applicants to the agencies' broadband grant and loan programs. BroadbandMatch allows potential applicants to find partners for broadband projects, helping them to combine expertise and create stronger proposals.

A primary focus of NTIA's activities is on spectrum reform. Specifically, NTIA examined spectrum sharing approaches to identify the techniques that can provide the most efficient and effective sharing of the radio spectrum through the use of intelligent radios. This research will aid NTIA, the Federal Communications Commission (FCC), the telecommunications industry, and other government agencies in the design of dynamic spectrum access schemes for cognitive radio under different communication requirements. In addition, NTIA supported the Administration's efforts to foster new wireless broadband technologies by making new spectrum available. NTIA is collaborating with FCC to develop a plan to make available 500 MHz of spectrum suitable for both mobile and fixed wireless broadband use over the next 10 years. The plan focuses on making spectrum available for exclusive use by commercial broadband providers or technologies, or for dynamic, shared access by commercial and government users.

NTIA oversees federal departments and agencies in their work to relocate systems from the 1710-1755 MHz band under the mechanism established through the Commercial Spectrum Enhancement Act. This mechanism provides a means to accommodate the next generation of wireless services. NTIA has facilitated the transition through promoting dialog between the federal agencies and the commercial license winners. The relocation effort is moving forward rapidly and commercial users have been able to enter many markets earlier than expected. NTIA will continue to explore opportunities for efficiencies and sharing that will enable spectrum to meet future demand. NTIA will also continue to pursue foreign policies that allow U.S. companies to supply broadband services and equipment in competitive markets around the world. Finally, NTIA will continue to partner with industry in cooperative research and development agreements and other fora to combine talents for the advancement of new technologies.

NTIA also coordinated the activities of the Department's Spectrum Management Advisory Committee, which met three times in FY 2010. This committee is comprised of a broad range of stakeholders, including representatives from state, regional, and local sectors; industry; academia; and consumer groups.

NTIA hosted the 11th annual International Symposium on Advanced Radio Technologies from July 27-30, 2010 in Boulder, CO. The focus of this year's conference was spectrum sharing technologies, including state-of-the-art technology developments and a dialogue on the policy implications of spectrum sharing. The conference is presented by the Institute for Telecommunication Sciences (ITS), the research and engineering laboratory of NTIA. ITS also released a collection of online training and educational videos for public viewing. These videos cover telecommunications topics ranging from an easily understandable review of the fundamentals of radio spectrum (e.g., defining decibels using common logarithms) to in-depth explanations of complex engineering issues like resolving signal-interference problems.

The FCC Chairman and NTIA Administrator met to discuss their agencies' complementary roles with respect to commercial and federal spectrum. Federal law directs the agency heads to meet biannually to conduct joint spectrum planning.

Secretary Locke announced the formation of an Internet policy task force to identify leading public policy and operational challenges in the Internet environment. NTIA is actively involved in the task force, along with participants from the Secretary's office and other Departmental bureaus, including the International Trade Administration (ITA), the National Institute of Standards and Technology (NIST), the U.S. Patent and Trademark Office (USPTO), and the Bureau of Industry and Security (BIS). The task force is conducting a comprehensive review of the nexus between privacy policy, copyright, global free flow of information, cybersecurity, and innovation in the Internet economy. The task force held three public symposiums and has published four Notices of Inquiry seeking public comment on these various aspects of Internet policy.

NTIA and NIST announced completion of an initiative with the Internet Corporation for Assigned Names and Numbers (ICANN) and VeriSign to fully deploy Domain Name System Security Extensions (DNSSEC) at the Internet's authoritative root zone, which will help protect Internet users against cache poisoning and other related cyber attacks.

NTIA also conducted an Internet Protocol Version Six (IPv6) workshop on the impact of the adoption and deployment of IPv6 addresses for industry, the U.S. government, and the Internet economy.

NTIA released a new report, "DIGITAL NATION: 21st Century America's Progress Towards Universal Broadband Internet Access," taking a first look at data collected through the Internet Usage Survey of more than 50,000 households, commissioned by NTIA and conducted by the Census Bureau in October 2009. Since 2007, the data show that while virtually all demographic groups have experienced rising broadband Internet access adoption at home, historic disparities among particular demographic groups overall continue to persist.

NTIA coordinated the activities of the Online Safety and Technology Working Group (OSTWG) pursuant to Section 214 of the Protecting Children in the 21st Century Act. OSTWG was composed of representatives of relevant sectors of the business community, public interest groups, and other appropriate groups and federal agencies. The members were selected for their expertise and experience in online safety issues, as well as their ability to represent the views of the various industry stakeholders. OSTWG published its report, "Youth Safety on a Living Internet" after a series of public meetings.

NTIA awarded \$20.45 million in funding via 126 grants from the Public Telecommunications Facilities Program to assist public radio, public television and nonbroadcast (distance learning) projects across the country. NTIA awarded \$10 million (of the \$20.45 million) to 72 grantees to replace urgently needed equipment at public radio and television stations. Thirty-one projects will provide first public radio service to over 500,000 people and provide additional service to almost 1.7 million people. NTIA also awarded \$4.1 million to assist in the digital conversion of 16 public television and three public radio stations. Among the 126 awards, NTIA gave one grant to the University of Hawaii for \$499,916 for the PEACESAT (Pan-Pacific Educational and Cultural Experiments by Satellite) Program.

NTIA has improved the timeliness of processing frequency assignment requests from a target of 12 business days to nine days or fewer. This has been accomplished through business process re-engineering and IT improvements. These frequency assignments satisfy the near-term and future spectrum requirements of the 63 federal agencies to operate radiocommunications that provide the public with national and homeland security, law enforcement, transportation control, natural resource management, and other public safety services during peacetime and emergencies.



**SUMMARY OF PERFORMANCE**

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)
2. Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Frequency assignment processing time (days)	9 or fewer	9	Met
1	Certification request processing time (months)	2 or fewer	.9	Exceeded
1	Space system coordination request processing time	90% in 14 days or fewer	100%	Exceeded
1	Spectrum plans and policies processing time	Comments in 15 days or fewer	11.6 days	Exceeded
1	Milestones completed from the implementation plan of the President's Spectrum Policy Initiative	11 milestones	16 milestones	Exceeded
2	Support new telecom and information technology by advocating Administration views in number of FCC docket filings, and Congressional and other proceedings	5 dockets and proceedings	17 dockets and proceedings	Exceeded
2	Number of Web site views for research publications	240,000/quarter	928,000/quarter	Exceeded

**FY 2010 STATUS**

In FY 2010, NTIA exceeded six of its seven targets and met the remaining target. NTIA has consistently met or exceeded its targets dating back to FY 2006 (for several measures, data was unavailable prior to FY 2006).

## STRATEGIC GOAL 2 PROGRAM EVALUATIONS

The following program evaluations were conducted on programs related to this strategic goal in FY 2010.

BUREAU	REVIEWER	NAME	DATE	WEB SITE
NTIA	GAO	<i>Current Broadband Measures have Limitations, and New Measures are Promising but Need Improvement</i>	10/9/2009	<a href="http://gao.gov/products/GAO-10-49">http://gao.gov/products/GAO-10-49</a>
NTIA	GAO	<i>Preliminary Observations on the Implementation of Broadband Programs</i>	10/27/2009	<a href="http://gao.gov/products/GAO-10-192T">http://gao.gov/products/GAO-10-192T</a>
NTIA	GAO	<i>Agencies are Addressing Broadband Program Challenges, but Actions are Needed to Improve Implementation</i>	11/16/2009	<a href="http://gao.gov/products/GAO-10-80">http://gao.gov/products/GAO-10-80</a>
NTIA	GAO	<i>Further Opportunities Exist to Strengthen Oversight of Broadband Stimulus Programs</i>	8/4/2010	<a href="http://gao.gov/products/GAO-10-423">http://gao.gov/products/GAO-10-423</a>
NTIA	OIG	<i>NTIA Must Continue to Improve its Program Management and Pre-Award Process for its Broadband Grants Program: ARR-19842-1</i>	4/2010	<a href="http://www.oig.doc.gov/oig/reports/2010/ARR-19842-1.pdf">http://www.oig.doc.gov/oig/reports/2010/ARR-19842-1.pdf</a>

In addition, in FY 2010, the National Research Council (NRC) conducted its annual assessments of selected NIST laboratories, a summary of the results of which follows.

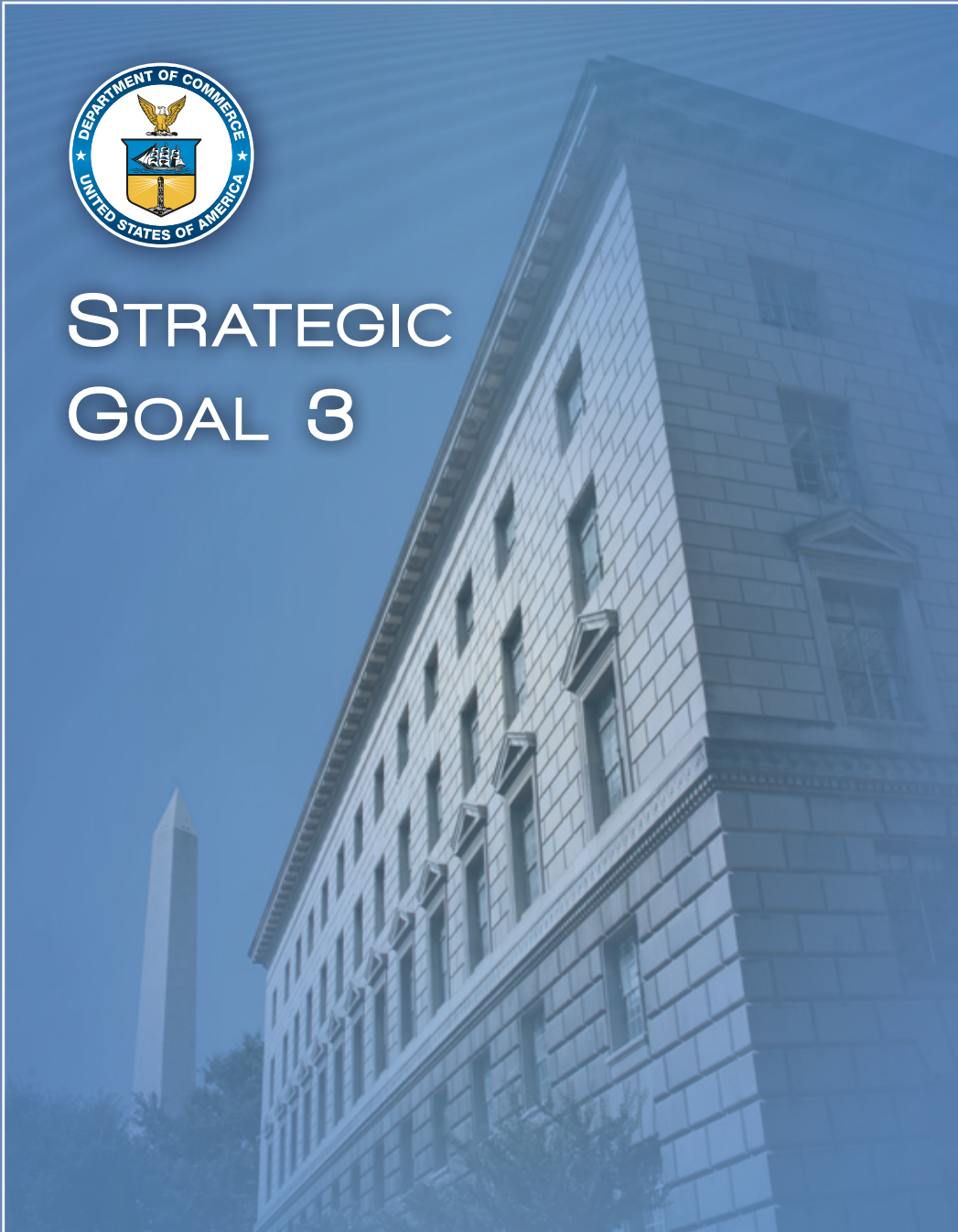
BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
Program	National Measurement and Standards Laboratories
Strategic Objective	Advance measurement science and standards that drive technological change
Name	National Research Council (NRC) FY 2010 Assessments
Findings	<p>Overall, the 2010 NRC assessments continue to attest to NIST's high quality programs, relevance of work to the measurement and standards needs, and impressive technical merit, as illustrated by the following quotes:</p> <ul style="list-style-type: none"> <li>● Building and Fire Research Laboratory (BFRL) – “Overall, the technical merit of the programs within the BFRL is excellent and at the state of the art, although progress is sometimes hampered by factors beyond NIST control ... The BFRL is conducting groundbreaking research in critical areas.”</li> <li>● Manufacturing Engineering Laboratory (MEL) – “MEL continues to excel in measurement science, measurement services, and technical contributions to standards. ... Research by MEL staff is on the forefront of measurement sciences, enabling industry to develop and deliver products of ever-higher quality and complexity to world markets and enabling future innovative manufacturing industries and processes.”</li> <li>● Materials Science and Engineering Laboratory (MSEL) – “... for the selected portion of the MSEL programs reviewed, the projects are outstanding. They are clearly focused on the mission of the MSEL and have produced results that have garnered recognition through awards and frequent citations in the literature as well as from strong support by industry and the worldwide research community for standard reference materials (SRMs) and standard reference data.”</li> <li>● NIST Center for Neutron Research (NCNR) – “Through its suite of instruments—among the best in the world—for neutron scattering and fundamental neutron science, coupled with a strong staff of scientists and technicians who lead their own research programs and support those of hundreds of users both within and outside of NIST each year, the NCNR has a firm place in advancing the NIST mission. ... On the national neutron landscape of today and in the near future, the NCNR is the leading U.S. facility.”</li> <li>● Physics Laboratory (PL) – “The Physics Laboratory has had two decades or more of outstanding research accomplishments because of a group of dedicated, exceptional scientists and technical staff responding to the needs of NIST, the Nation, and the world, along with an administration that fostered a collegial and intellectual climate conducive to such productivity. During this same period, the laboratory has maintained its exceptional leadership role in metrology and standards, in part because of the dedication of its staff in these areas and because of the staff's groundbreaking research.”</li> </ul> <p>The FY 2010 NRC Assessment Reports are available at <a href="http://www.nist.gov/director/nrc/">http://www.nist.gov/director/nrc/</a>.</p>
Actions as a Result of Evaluation	The findings and comments by the NRC assessment panels are critical components of the NIST performance evaluation system. NIST values this input and works to assure that any identified issues are addressed.



PERFORMANCE SECTION



STRATEGIC  
GOAL 3



STRATEGIC OBJECTIVE	TARGETS MET OR EXCEEDED
Protect, restore, and manage the use of coastal and ocean resources (NOAA)	6 of 8
Advance understanding of climate variability and change (NOAA)	3 of 5
Provide accurate and timely weather and water information (NOAA)	9 of 11
Support safe, efficient, and environmentally sound commercial navigation (NOAA)	5 of 6

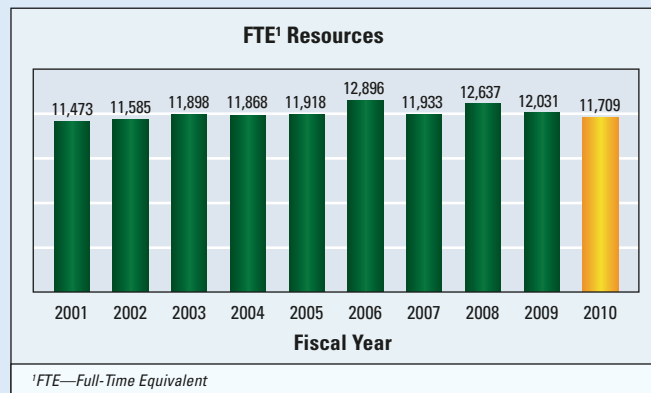
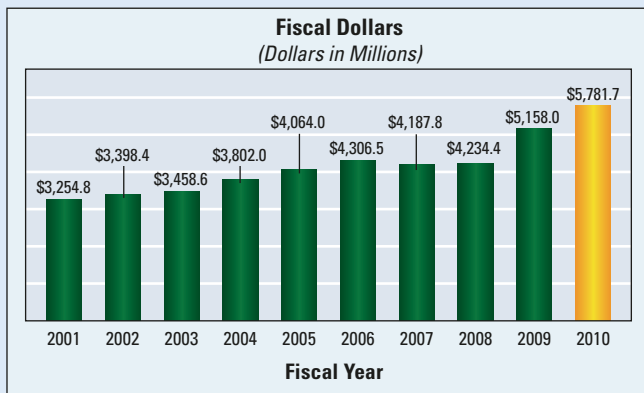




**STRATEGIC GOAL 3**

*Promote environmental stewardship*

**STRATEGIC GOAL 3 TOTAL RESOURCES**

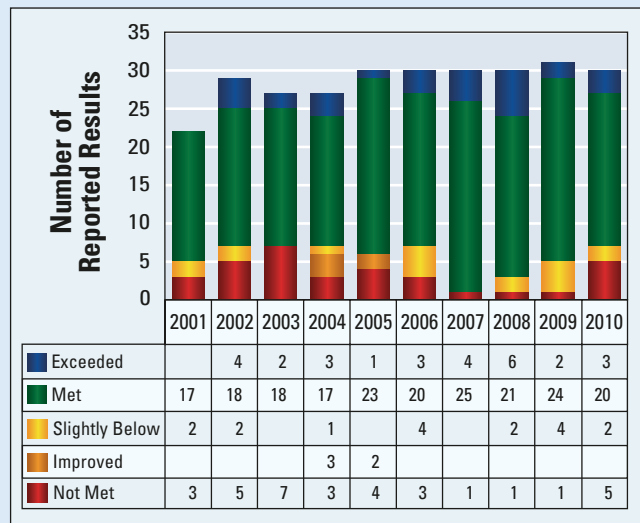


**PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE**

The Department has responsibilities for the environment, ecosystems, safety, and commerce of the Nation that span oceanic, coastal, and atmospheric domains. Understanding the oceans and atmosphere is essential to sustaining U.S. environmental and economic health. The Department provides products and services that are a critical component of the daily decisions made across the United States. From hurricane tracking to El Niño and harmful algal bloom predictions, navigational charts to fish stock assessments, severe weather forecasts to coastal zone management—the Department’s future-oriented science, service, and stewardship missions touch the life of every citizen in the United States and in much of the world every day.

Together the Department and its partners provide weather and climate services; conduct atmospheric, climate, and ecosystems research; manage and protect fisheries and sensitive marine

**STRATEGIC GOAL 3 PERFORMANCE RESULTS**



*See Appendix A: Performance and Resource Tables for individual reported results.*

ecosystems; promote efficient and environmentally safe commerce and transportation; and provide emergency response and vital information in support of homeland security. The breadth and scope of these services require the Department to be responsive to both short and long-term societal needs.

Strategic Goal 3 encompasses only one bureau—the National Oceanic and Atmospheric Administration (NOAA). Within this strategic goal there are four programmatic objectives and one mission support objective. The following table shows each objective, its primary focus, its primary line office, secondary line offices (in order of percentage of the objective), the approximate objective percentage of the NOAA budget, and the objective percentage of the NOAA budget excluding the Mission Support Objective.

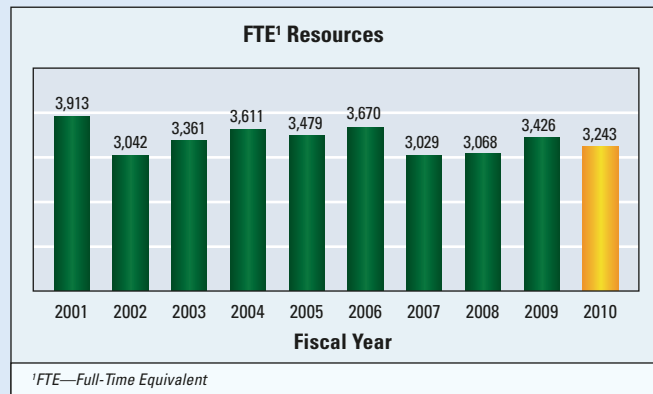
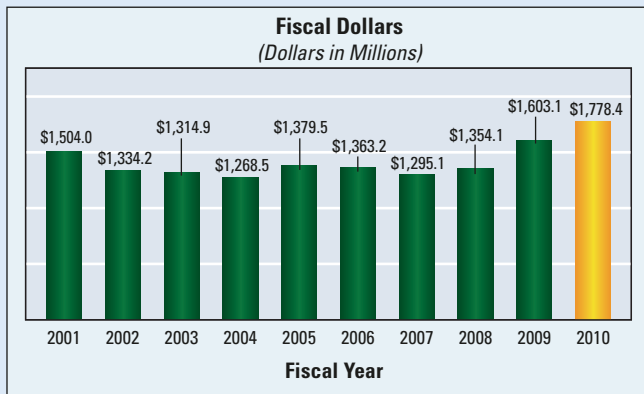
STRATEGIC GOAL 3 SUMMARY BY OBJECTIVE					
Objective	Focus	Primary Line Office	Other Line Offices (in order of percentage)	% of Total Budget	% of Total Budget (excluding mission support)
3.1	Ecosystems	NMFS	NOS, OAR, NESDIS	31%	49%
3.2	Climate	OAR	NESDIS, NWS, NMFS	6%	10%
3.3	Weather/Water	NWS	OAR, NOS, NESDIS	21%	34%
3.4	Transportation	NOS	NWS, NESDIS	4%	7%
Mission Support	N/A	NESDIS	PS, OMAO, NWS, OAR, NOS, NMFS	38%	N/A

Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 81 percent per year from FY 2001 to FY 2010. Performance remained fairly level from FY 2001 to FY 2010 having met 77 percent of targets in FY 2001 and in FY 2010, with a high of 97 percent of targets in FY 2007 and a low of 74 percent of targets in FY 2003 and FY 2004.

**STRATEGIC OBJECTIVE 3.1**

*Protect, restore, and manage the use of coastal and ocean resources*

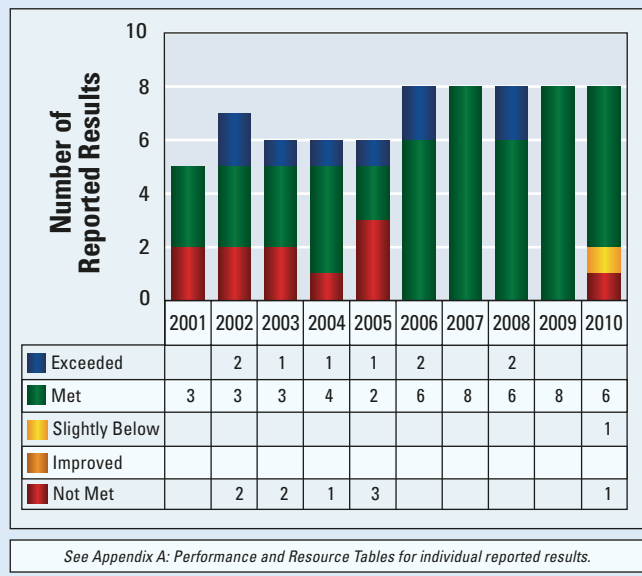
**STRATEGIC OBJECTIVE 3.1 TOTAL RESOURCES**



**PUBLIC BENEFITS**

Coastal areas are among the most developed in the Nation, with over half the population living on less than one-fifth of the land in the contiguous United States. At over 230 persons per square mile, the population density of the near shore is three times that of the Nation as a whole. That portion of the U.S. economy that depends directly on the ocean is also large, with 2.2 million people employed and over \$197 billion in value added to the national economy in 2000. Approximately 89 million people vacation and recreate along U.S. coasts every year. The amount added annually to the national economy by the commercial and recreational fishing industry alone is over \$43 billion with an additional \$1 billion of marine and freshwater aquaculture sales. With its Exclusive Economic Zone of 3.4 million square miles, the United States manages the largest marine territory of any nation in the world. Within this context, the National Oceanic and Atmospheric Administration (NOAA) works with its partners to achieve a balance between the use and protection of these resources to ensure their sustainability, health, and vitality for the benefit of this and future generations and their optimal contribution to the Nation's economy and society.

**STRATEGIC OBJECTIVE 3.1 PERFORMANCE RESULTS**



## ACHIEVEMENTS

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### ***Implemented a Catch Share Program in the New England Groundfish Fishery***

To help rebuild fisheries and sustain fishermen, communities, vibrant working waterfronts, and culturally important fishing traditions, NOAA also released a national catch share policy to encourage the consideration and use of catch shares. Catch share programs, which include limited access privilege programs and individual fishing quotas, dedicate a secure share of fish to individual fishermen, cooperatives or fishing communities. Catch shares are used in 14 fisheries managed by six fishery management councils from Alaska to Florida and are being developed in additional fisheries. Both here and in other countries, catch shares are helping eliminate overfishing and achieve annual catch limits, improve fishermen's safety and profits, and reduce the negative biological and economic effects of the race for fish that develops with some traditional fishery management.

### ***Rebuilt Four Fish Stocks to Optimal Levels***

During FY 2010, NOAA rebuilt the following four fish stocks, important to commercial and recreational fisheries, to optimal population levels: North Atlantic swordfish, Georges Bank haddock, Atlantic coast spiny dogfish, and St. Matthews Island blue king crab. These stocks had been under rebuilding plans due to low population levels caused by overfishing and other factors. This accomplishment ties the record set in FY 2009 for the greatest number of fish stocks rebuilt in a single year.

### ***Ended Overfishing of Red Snapper from Coast to Coast***

NOAA worked with the Gulf of Mexico and South Atlantic Fishery Management Councils to design difficult but necessary measures to end overfishing of red snapper in the Gulf of Mexico and South Atlantic. While the South Atlantic measures are undergoing final review and approval, a recent stock assessment indicates the Gulf measures have successfully ended decades of overfishing. In response, fishery managers could increase the Gulf red snapper total allowable catch quota from 5.0 to 6.95 million pounds in 2010. Although that stock has not yet fully recovered, Gulf fishermen report encountering more and larger red snapper than they have seen in years, and catching red snapper in areas where they have not been encountered in many years.

### ***Protected Marine Mammals and Sea Turtles from the Deepwater Horizon Oil Spill in the Gulf of Mexico***

Following the Deepwater Horizon oil spill, NOAA staffed the Wildlife Operations Branch which was established to minimize the effects of the spill on marine mammals and sea turtles. NOAA conducted tracking and recovery of stranded sea turtles and marine mammals, including sea turtle rescue flights to locate sea turtles for rescue by personnel on surface vessels, conducted aerial surveys of sea turtles and marine mammal populations, coordinated stranding networks; mounted rescue operations, and ensured that spill clean-up activities are performed in such a way as to minimize impacts to protected species.

### ***Protected the Public and Ensured Consumer Confidence in the Safety of Seafood in the Gulf of Mexico following the Deepwater Horizon Oil Spill***

NOAA took an active role in the response to the Deepwater Horizon oil spill to ensure continued safe supply of seafood, consumer confidence, and economic opportunity for the fisherman and seafood industry. NOAA provided service on a number of fronts including: monitoring of oil plumes, seafood sampling, effect on fish and shellfish, pre-emptive fishery closure and reopening, and outreach to the public. Seafood inspection program inspectors played an integral part of the comprehensive, coordinated, multi-agency program to ensure the safety of seafood from the Gulf of Mexico. This helped consumers know their food is safe to eat, and fishermen and seafood

processors who needed to be able to sell their products with confidence. Within a week of the spill, NOAA vessels were collecting seafood samples in the Gulf of Mexico. With a long history of responding to oil spills, NOAA sent staff to Pascagoula, MS to assist in seafood sample processing, and rapidly equipped chemistry labs to analyze samples for polycyclic aromatic hydrocarbons, the main human health concern with oil-contaminated seafood.

Under the Magnuson-Stevens Act, NOAA closed federal waters impacted by oil, developed a protocol for reopening the waters to fishing, and implemented a comprehensive testing protocol (chemical and sensory) to ensure fish and shellfish were not contaminated before reopening closed areas to fishing activity. The federal fishery closure, at its peak, covered 88,522 square miles (37 percent of Gulf federal waters) and served as the primary tool to ensure that contaminated seafood did not reach consumers. The chemistry labs analyzed hundreds of Gulf seafood samples for seafood safety. This work helped provide the science to inform the Agency's decisions to reopen federal waters for fishing as soon as they were safe. On July 22, using the NOAA protocol, NOAA reopened 26,388 square miles to fishing.

### ***NOAA Fleet Assists the Deepwater Horizon Oil Spill Response***

As NOAA responds to the Deepwater Horizon oil spill, the Office of Marine and Aviation Operations continues to provide operational expertise. Between May and September of FY 2010, seven NOAA aircraft have provided aerial support for incident response. The Twin Otter N56 conducted surveys of whales, dolphins, endangered sea turtles and other marine life in the spill; the Twin Otters N46 and N48 measured oil spill thickness and density; and, the Twin Otter N57 conducted marine surveys. The King Air N68 conducted coastal surveys in the region with its state-of-the-art mapping sensors. The WP-3D Orion N2 collected data on the Gulf of Mexico Loop Current while the WP-3D Orion N3 provided air quality surveys to collect samples through the marine boundary level, along the shore and coast. NOAA ships actively participated in the Deepwater Horizon oil spill response between May and August of FY 2010. The THOMAS JEFFERSON completed three legs of operations taking water samples and testing advanced methods for detecting submerged oil while gathering oceanographic data in the area's coastal waters. During an oil detection mission in the vicinity of the BP Deepwater Horizon well head, the GORDON GUNTER collected water samples, conducted plankton tows, and employed echo sounders, autonomous underwater vehicles, and other technologies to collect subsurface data. The PISCES performed a cruise to assess impacts of oil on Gulf of Mexico reef fish population. The PISCES used echo-sounders to monitor for oil and gas releases in the immediate vicinity of the well head. The DELAWARE II performed Pelagic Longline survey and water sampling around the periphery of the closure area and collected plankton samples at the surface and at discrete depths. The OREGON II assessed the impacts of the oil spill on summer shrimp/groundfish while the NANCY FOSTER assessed the impact of oil spill on corals in the vicinity of the well head and characterized the impact of persist oil spill to provide early warnings of oil entrainment. Finally, the BIGELOW performed well head monitoring and oil detection.

### ***NOAA Stimulates the Economy and Restores Habitat through the Implementation of the American Recovery and Reinvestment Act Habitat Restoration Projects***

In FY 2010, NOAA implemented all 50 of its habitat restoration American Recovery and Reinvestment Act (ARRA) of 2009 projects. These ARRA projects have, so far, supported 694 full-time equivalents (FTE)/quarter in the first half of FY 2010, with the potential for supporting thousands more by the end for 2010. These projects have restored 1824 acres of habitat and removed obsolete and unsafe dams that opened 329 stream miles where fish migrate and spawn. Nearly all of these projects directly benefit a wide variety of threatened and endangered fish and wildlife species, including salmon, migratory birds, and turtles.

### ***NOAA Advances Coral Reef Protection in FY 2010 with Science, Service, and Stewardship***

In FY 2010, the NOAA Coral Reef Conservation Program (CRCP) delivered the *Implementation of the National Coral Reef Action Strategy: Report on NOAA Coral Reef Conservation Program Activities from 2007 to 2009* to Congress. CRCP's recent reorganization focused its efforts to understand and address the three major threats to reefs: fishing, impacts from climate change, and land-based sources of

pollution. To advance this realignment process, in FY 2010, CRCP worked with coral reef resource managers in each of the seven U.S. coral reef jurisdictions to articulate strategic reef management priorities in each place. Looking forward, CRCP will direct its efforts and resources on these priority needs.

NOAA, other U.S. government agencies, and a consortium of nongovernmental organizations implemented the U.S. Coral Triangle Initiative Support Program—a \$40 million, five-year U.S. Agency for International Development (USAID)-funded program launched in 2010 to protect the region. A global center of marine biological diversity, the Coral Triangle is a vast ocean and coastal area in Southeast Asia and the Western Pacific. As part of this program, in FY 2010, NOAA teams led several trainings and supported the development of a manual for climate change vulnerability assessments which will assist the six nations of the Coral Triangle in early action planning to address this global threat to reefs. The Coral Triangle Initiative projects include technical support and capacity building in marine-protected areas, climate change adaptation, and ecosystem approaches to fisheries management.

### ***Marine Debris Progress Advances Detection of Derelict Fishing Gear and “Fishing for Energy” Awarded***

In conjunction with several NOAA line offices, other federal agencies, the state and University of Hawaii, and the private sector, the NOAA Marine Debris Program, increased the capacity to detect derelict fishing gear in the open ocean. NOAA Hawaii offices worked with the National Aeronautics and Space Administration (NASA), NOAA's Unmanned Aerial Systems Program, the Coastal Storms Program, and the Office of Marine and Aviation Operations to develop and test sensor-and-platform systems to detect and ultimately remove derelict fishing gear before it enters sensitive nearshore environments. In FY 2010, the Fishing for Energy partnership was awarded the Coastal America Partnership Award that cited innovative efforts to provide fishermen with a no-cost disposal option for old or derelict fishing gear to reduce its likelihood of entering the marine environment, and to convert it into clean, renewable energy. The partnership collected over 350 tons of old fishing gear between February 2008 and May 2010, and included ports in Maine, Massachusetts, New York, Rhode Island, New Jersey, Virginia and Oregon (with three ports added to the partnership in FY 2010 and more expected). In 2010, the partnership expanded to include grant programs that directly support efforts to remove derelict fishing gear from U.S. coastal waters, and it will continue to partner with new ports to promote the collection of retired or derelict fishing gear through community education and outreach. For more information on the partnership visit [www.nfwf.org/fishingforenergy](http://www.nfwf.org/fishingforenergy).

### ***NOAA Expands Digital Coast Datasets and Users***

The Digital Coast Web site now includes access to 24 national-level datasets, 35 geospatial tools, 12 training courses, and over 50 case studies. Over the past year more than 69,000 users accessed the Digital Coast site, an increase of almost 300 percent over the previous year. Over the next 10 years, NOAA expects the use of the Digital Coast to result in \$26.5 million of benefits to over 450,000 users. Digital Coast now has a Coastal Inundation Toolkit with resources from inundation and risk assessment basics to detailed technical guidance on inundation mapping methods, as well as Coastal County Snapshots which provide easy-to-understand hazard information and social science data for local officials.

### ***NOAA Launches State of the Coast Web site***

The National Ocean Service launched NOAA's State of the Coast Web site in June 2010. It is a source for quick facts and more detailed statistics offered through interactive indicator visualizations that provide highlights of information about coastal communities, coastal ecosystems, the coastal economy, and how climate change might impact the coast, together in one simple Web destination. The State of the Coast Web site launched with 15 national level topics, telling a broad suite of stories ranging from the gross domestic product (GDP) generated in coastal counties, the population in the 100-year coastal flood zone, and the overall health of the Nation's coastal waters.



### Harmful Algal Bloom Forecasts in North Atlantic and Gulf of Mexico Help Communities Prevent Shellfish Poisonings

The Gulf of Maine Toxicity project issued an advisory for an unusually large bloom of toxic alga *Alexandrium* to recreational shellfish harvesters via NOAA weather radio warnings. These toxins can cause paralytic shellfish poisoning in people. In 2008, bed closures from Maine to Martha’s Vineyard caused an estimated \$50 million in losses to the Massachusetts shellfish industry alone. Effective monitoring by state agencies succeeded in no illnesses from legally harvested shellfish in recent years. In the Western Gulf of Mexico, bloom of *Dinophysis* (a toxic algal species) caused the Texas Department of State Health Services to temporarily close areas to shellfish harvesting to prevent severe gastric distress in people who eat affected shellfish based on the National Centers for Coastal Ocean Science harmful algal bloom forecast. The harmful algal bloom forecast also provides advance warnings for *Karenia brevis*, a more common toxic species in the Gulf known for its distinctive red blooms that have plagued Texas for many years.

#### SUMMARY OF PERFORMANCE

The measures below provide an indication of how well the Department is doing in achieving this NOAA objective.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Fish stock sustainability index (FSSI)	580	582.5	Met
Percentage of living marine resources with adequate population assessments and forecasts	34.3%	34.7%	Met
Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels	25	29	Met
Number of habitat acres restored (annual/cumulative)	8,875/67,849	6,907/65,881	Not Met
Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs	50	48	Slightly Below
Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management	42	42	Met
Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management	86%	88%	Met
Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection	2,000	2,000 <sup>1</sup>	Met

<sup>1</sup> Estimate.

#### FY 2010 STATUS

NOAA met six of its eight targets in FY 2010. It did not meet the target for the "Number of habitat acres restored," and was slightly below the target for "Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs."

**FY 2010 MISSED TARGETS**

MEASURE	NUMBER OF HABITAT ACRES RESTORED
<b>Explanation</b>	The acres break down as follows: 5,083 from the base program and 1,824 with ARRA funds. The targets were 7,000 from the base program and 1,875 with ARRA funds, so both targets were missed.
<b>Action</b>	No additional action taken.
MEASURE	ANNUAL NUMBER OF COASTAL, MARINE, AND GREAT LAKES ECOLOGICAL CHARACTERIZATIONS THAT MEET MANAGEMENT NEEDS
<b>Explanation</b>	Due to shipboard problems (replacement of Z-drive on NOAA Ship RONALD H. BROWN), NOAA moved the Gulf of Mexico Lophelia project to the first quarter of FY 2011.
<b>Action</b>	NOAA anticipates that it will complete the characterizations not done in FY 2010 in FY 2011.

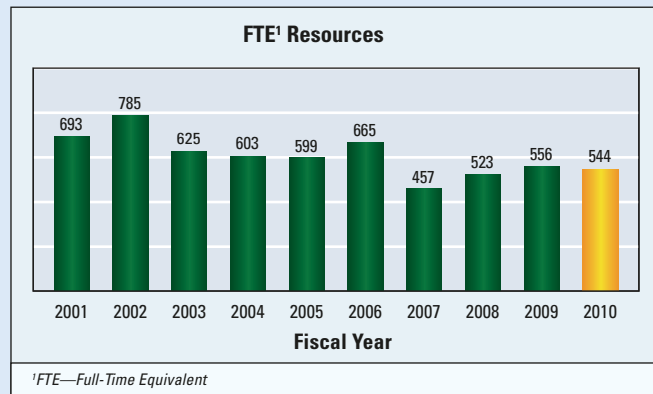
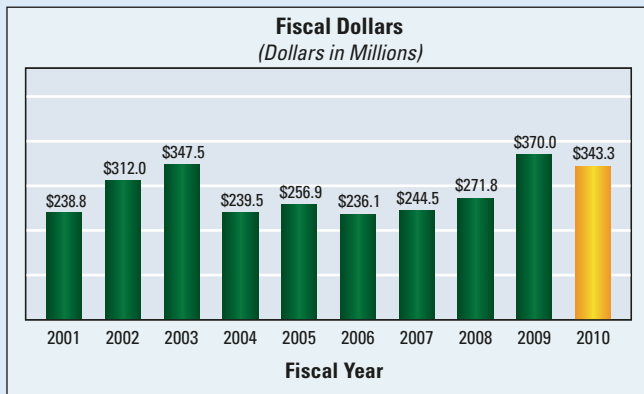
**HISTORICAL TRENDS**

NOAA has consistently met the targets for the measures within this objective. The results for "Number of habitat acres restored" is unusual in that for the seven years prior to FY 2010, NOAA has met or exceeded its targets.

**STRATEGIC OBJECTIVE 3.2**

*Advance understanding of climate variability and change*

**STRATEGIC OBJECTIVE 3.2 TOTAL RESOURCES**

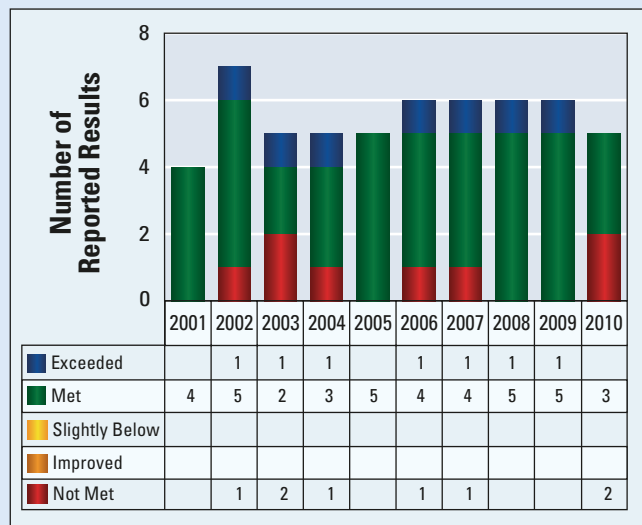


**PUBLIC BENEFITS**

Society exists in a highly variable climate system, with conditions changing over the span of seasons, years, decades, and centuries. Given such stresses as population growth, drought, and increasing demand for freshwater, it is essential for NOAA to provide reliable observations, forecasts, and assessments of climate, water, and ecosystems to enhance decisionmakers' ability to minimize climate risks. This information supports decisions regarding community planning, business management, and natural resource and water planning.

In FY 2010, NOAA continued its efforts to obtain the best science through the U.S. Global Change Research Program (USGCRP, formerly the Climate Change Science Program) and NOAA Climate Program. NOAA accomplished this through its continuing role as lead agency of the interagency USGCRP. In addition, NOAA increased the production of climate information and services for decisions, including completion of the USGCRP Synthesis and Assessment Reports, and implementation of the National Integrated Drought Information System (NIDIS).

**STRATEGIC OBJECTIVE 3.2 PERFORMANCE RESULTS**



*See Appendix A: Performance and Resource Tables for individual reported results.*

## ACHIEVEMENTS

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### ***The 2009 State of the Climate Report***

On July 28, 2010, NOAA's National Climatic Data Center issued the *State of the Climate in 2009* report. The report is a result of the contributions of more than 300 scientists from 160 research groups in 48 countries. This climate report is unique in that it is the first comprehensive report of observations from the upper atmosphere to the depths of the ocean. Data was collected from diverse sources, including satellites, weather balloons, weather stations, ships, buoys, and field surveys. The report emphasizes that human society has developed for thousands of years under one climatic state, and now a new set of climatic conditions are taking shape. These conditions are consistently warmer, and some areas are likely to see more extreme events like severe drought, torrential rain, and violent storms. Based on comprehensive data from multiple sources, the report defines 10 measurable planet-wide features used to gauge global temperature changes. The relative movement of each of these 10 key climate indicators proves consistent with a warming world. Seven indicators are rising: humidity, sea level, ocean heat, sea-surface temperature, air temperature over land, air temperature over oceans, and tropospheric temperature in the "active-weather" layer of the atmosphere closest to Earth's surface. Three indicators are declining: glaciers, arctic sea ice, and spring snow cover in the Northern hemisphere. National Climatic Data Center's *State of the Climate* is published as a special supplement to the Bulletin of the American Meteorological Society. To help keep citizens and businesses informed about climate, NOAA created the Climate Portal at <http://www.climate.gov>. The portal features a short video that summarizes some of the highlights of the State of the Climate report.

### ***America's Climate Choices***

NOAA supported a major national study by the National Academy of Science called "America's Climate Choices," the most comprehensive study by the Academy of climate change to date. As part of this study, the National Research Council issued three reports in May 2010, and then a fourth report in July. The reports found that climate change is occurring, is caused largely by human activities, and poses significant risks for a broad range of human and natural systems. The reports also emphasize why the United States should develop a national strategy to adapt to the impacts of climate change. A final overarching report, which will be released later this year, will build on each of the previous reports to offer a scientific framework for shaping the policy choices underlying the Nation's efforts to confront climate change.

### ***NOAA Study Finds Warming Upper Ocean***

On May 20, 2010, scientists from NOAA's Pacific Marine Environmental Laboratory, the Joint Institute for Marine and Atmospheric Research at the University of Hawaii, NASA, and international partners published a study in *Nature* on upper ocean heat content. The study found that there has been significant warming of the upper layer of the ocean over the past 15 years and that the ocean is now storing more heat than it is giving off. Warming oceans are a direct cause of global sea level rise, since seawater expands as it gets warmer. The scientists say that this expansion accounts for about one-third to one-half of global sea level rise.

### ***NOAA Study Suggests Increase in Category 4 and 5 Hurricanes this Century***

On January 22, 2010, *Science* published the results of a new hurricane study from NOAA's Geophysical Fluid Dynamics Laboratory. The team of scientists used a unique downscaling approach to model hurricane activity through the end of this century, and their results produced nearly a doubling of the frequency of category 4 and 5 storms. Most climate models are incapable of reproducing storms of category 3 or higher, so the scientists used a two-step approach to modeling hurricane activity, employing an ensemble of 18 climate models, then downscaling those results using the laboratory's operational hurricane model.

### ***NOAA Releases Expanded World Ocean Database***

In November 2009, NOAA released the World Ocean Database 2009, the largest, most comprehensive collection of scientific information about the oceans with records dating as far back as 1800. The 2009 database, an updated version of the 2005 edition, provides approximately 9.1 million temperature profiles and 3.5 million salinity reports. It also captures 29 categories of scientific information from the oceans, including oxygen levels and chemical tracers. It also includes information on gases and isotopes that can be used to trace the movement of ocean currents. Climate scientists use the World Ocean Database to track changing conditions, which adds to the international science community's understanding of global climate change. Forecast centers, such as NOAA's Ocean Prediction Center, also use the information for quality control of real-time oceanographic information. The database is a crucial part of the Integrated Ocean Observing System (IOOS) and the Global Earth Observation System of Systems (GEOSS) in that it provides a reliable source of oceanic information. The information was compiled by scientists at National Oceanographic Data Center's Ocean Climate Laboratory, part of the NOAA Satellite and Information Service.

### ***Commerce Secretary Gary Locke and NOAA Administrator Jane Lubchenco Unveil Landmark Climate.gov Portal***

On February 8, 2010, NOAA unveiled a new Web site, [www.climate.gov](http://www.climate.gov), which serves as a single point of entry for NOAA's climate information, data, products, and services. The site is in response to growing user demand for useful climate information and will continue to develop based on user demand, comments, and feedback as it expands into a fully operational resource over the course of this year. One feature is the new Web-based climate science magazine, *ClimateWatch*, featuring videos, images, and articles of scientists in their own words, discussing their recent work in the field. Known as the NOAA Climate Services Portal, the site addresses the needs of four key audiences: educators, decisionmakers and policy leaders, scientists and applications-oriented data users, and business users and the public.

### ***CalNex 2010 Campaign on Emissions and Climate Processes***

NOAA led a three-month joint field study with the California Air Resources Board and the California Energy Commission and other partners to investigate atmospheric emissions and processes over California and the eastern Pacific coastal region. The study answered questions about emissions, chemical transformations, climate processes, transport, and meteorology. Participants included NOAA's Earth System Research Laboratory's Chemical Sciences Division, Pacific Marine Environmental Laboratory, Air Resources Laboratory, Climate Program Office, and the Cooperative Institute for Research in Environmental Sciences. The goal of this study was to provide scientific information regarding the synergies and trade-offs faced by decisionmakers when addressing the interrelated issues of air quality and climate change. In addition, the P3 aircraft science team interrupted the California study for a week to provide much needed information about air chemistry in the Gulf of Mexico to examine the effects of the Deepwater Horizon oil spill.

### ***Regionally Integrated Science and Assessment Teams Expand***

NOAA's Climate Program Office has nearly doubled funding for Regionally Integrated Science and Assessment (RISA) teams and expanded the network by nearly 20 percent since 2009. RISAs are expected to play a critical role in both climate science and service development by providing integrated assessment in 11 different regions of the United States and the National Climate Assessment identifying vulnerabilities, needs, and capabilities of users. RISAs are regional "centers of excellence" that work with users (policymakers, resource managers, communities, etc) to co-develop climate science and services. Aside from being user-driven, other critical elements of the RISAs over the past 15 years are sustained regionally-based interactions, interdisciplinary assessment and science (not just climate science), ongoing climate literacy efforts, a focus on both climate variability and climate change, and interagency partnerships that leverage different capabilities and resources. In future years, the sustained regional capacity of RISAs can help NOAA address the Nation's priorities for climate service and adaptation.

**NOAA Scientists Support National Geographic's The JASON Project**

NOAA scientists are working on *National Geographic's* The JASON Project on a new climate mission for teachers and students focused on observing the ocean to understand climate. Two NOAA scientists served as NOAA host researchers and worked side by side with JASON students. NOAA will develop an entire climate curriculum to focus solely on climate which will be available for teachers around the world to use. This program will challenge students and the public to apply their knowledge to the real-world scenarios scientists face every day so that they can make wise choices that will benefit society. For more information, visit [www.jason.org](http://www.jason.org). The JASON Project Climate Mission in the Channel Islands allowed student and teacher "Argonauts" to deploy drifting buoys and an autonomous underwater vehicle to study ocean temperature and circulation.

**SUMMARY OF PERFORMANCE**

The measures below provide an indication of how well the Department is doing in achieving this NOAA objective.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made)	24	18	Not Met
Uncertainty in the magnitude of the North American carbon uptake	0.40 GtC/year	0.45 GtC/year <sup>1</sup>	Not Met
Uncertainty in model simulations of the influence of aerosols on climate	15% improvement	18% improvement	Met
Error in global measurement of sea surface temperature	0.53°C	0.50°C	Met
Regionally focused climate impacts and adaptation studies communicated to decisionmakers	41 assessments/evaluations	41 assessments/evaluations	Met

<sup>1</sup> Estimate.

**FY 2010 STATUS**

NOAA met three of its five targets in FY 2010. It did not meet the target for the "U.S. temperature forecasts" and "Uncertainty in the magnitude of the North American carbon uptake."



**FY 2010 MISSED TARGETS**

MEASURE	U.S. TEMPERATURE FORECASTS
<b>Explanation</b>	Four years ago, the Climate Prediction Center scores were excellent because that year was one where the observed temperatures matched the long-term trends quite well—those scores are now dropping out of the 48-month running mean (MRM). FY 2006 averaged 47 (well above the targets) as strong trends played a role in very high scores. In contrast, FY 2010 averaged around an 8, as NOAA experienced record-breaking negative values of the Arctic Oscillation during the first half of the year, which resulted in much colder temperatures over the United States than NOAA forecasted. This has resulted in the 48 MRM decreasing from around 27 at the beginning of the fiscal year to about 18.
<b>Action</b>	In FY 2008, the planned upgrade to the Coupled Forecast System (CFS) was expected to improve forecasts. But implementation was delayed because of delays in completing a re-analysis and re-forecast. The implementation of the upgraded CFS will now take place in FY 2011. As anticipated, scores have slipped recently, as the delay in implementing the next version of the CFS has resulted in the Climate Prediction Center not having access to a more skillful forecast model.
MEASURE	UNCERTAINTY IN THE MAGNITUDE OF THE NORTH AMERICAN CARBON UPTAKE.
<b>Explanation</b>	The target was missed by only 2.5 percent in a purely statistic evaluation. Results for this measure are calculated on an annual basis. Improvement of the Carbon Observation and Analysis System has been stalled over the past few years due to a delay in the installation of additional tall towers and aircraft sites that monitor CO2 that would reduce the uncertainty. These improvements are started in the FY 2011 President’s Budget. With respect to the calculations of scientific uncertainty, to be off by 50 million tons (2.5 percent of the total flux of carbon) between two uncertainty values (400 versus 450) when viewed from the big picture is small with both values yielding success in improving the model and providing the necessary information to society and decisionmakers. With the uncertainties at play, the 50 million difference is difficult to validate as statistically significant when compared to the total flux of 1,210 million of carbon.
<b>Action</b>	<p>Going forward, NOAA will report all uncertainties to two digits which can be done using planned model improvements and expanded observational datasets that will be provided as the network is built out. As these improvements are added, the accuracy of measuring the North American carbon sink and evaluation and quantification of the uncertainty value will improve.</p> <p>Despite these challenges, the program has successfully reduced uncertainty over the longer term through the continuation of base monitoring and minor enhancements of climate models. The program projects further improvements in confidence in the future as anticipated resources increase.</p>

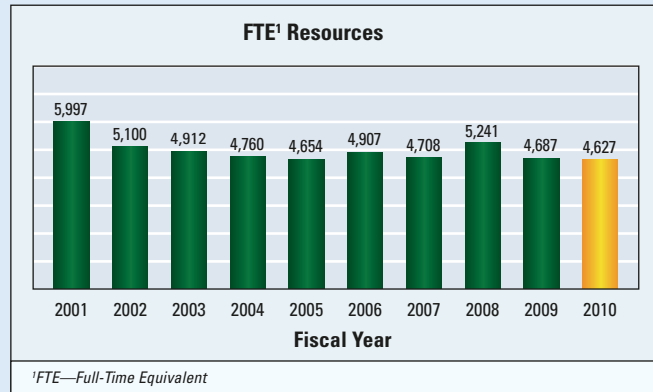
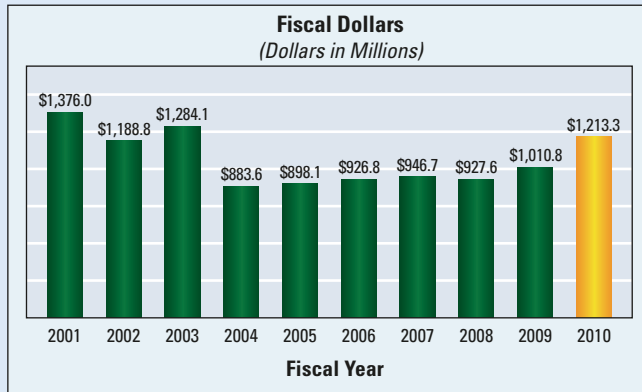
**HISTORICAL TRENDS**

NOAA has consistently met the targets for three of the measures in this objective since FY 2006, the year they were introduced. For the last four years, NOAA has exceeded the target for U.S. temperature forecasts, the reason as noted above. For the North American carbon uptake measure has consistently missed the target though in each year has been quite close to the target as noted in the explanation above.

**STRATEGIC OBJECTIVE 3.3**

*Provide accurate and timely weather and water information*

**STRATEGIC OBJECTIVE 3.3 TOTAL RESOURCES**

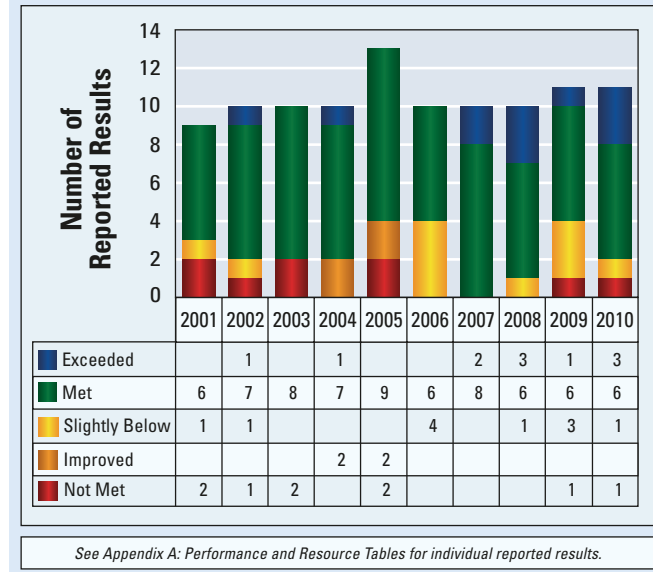


**PUBLIC BENEFITS**

**W**eather affects all facets of society, impacting the economy in ways ranging from agricultural preparation to transportation planning to disaster response. In certain situations, weather forecasting can affect the number of lives saved or lost as well as mitigate the extent of property damage as a result of weather events. Weather also affects how power companies plan for daily, weekly, and seasonal variances. Because of this, Americans benefit from sound weather forecasting both in their daily lives and planning, and in preparation for major storm events.

The Department's role in understanding, observing, forecasting, and warning of weather events is expanding. The Department is conducting sound, scientific research and providing integrated observations, predictions, and advice for decisionmakers who manage environmental resources, ranging from fresh water supplies to coastal ecosystems to air quality.

**STRATEGIC OBJECTIVE 3.3 PERFORMANCE RESULTS**



Realizing that the Department's information and services bridge both weather and climate timescales, the Department will continue to collect and analyze environmental data and issue forecasts and warnings that help protect life and property and enhance the U.S. economy. The Department is committed to excellent customer service and depends on its partners in the private sector, academia, and government to add value and help disseminate critical weather and climate information. The Department will expand services to support evolving national needs, including those associated with space weather, freshwater and coastal ecosystems, and air quality prediction.

## ACHIEVEMENTS

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### ***NOAA's National Weather Service Provides Early Warnings for Historic 2010 Mid-Atlantic "Snowmageddon" Snowstorms***

During a five-day period in early February 2010, two snowstorms of historic proportions struck the Mid-Atlantic region. The first storm hit February 5-6 and produced record crippling snowfalls in excess of 20 inches at two of the Washington, DC area airports (Baltimore-Washington International and Washington Dulles International). It was the second all time snowfall record at Philadelphia, PA (Philadelphia International) airport and fourth at the Pittsburgh, PA airport (Pittsburgh International). NOAA's National Weather Service (NWS) issued accurate outlooks for the storms three days in advance with an unprecedented forecast of 20 to 30 inches before the first flakes were observed. NOAA forecast the average winter storm watch lead time to be 42 hours, which provided local emergency managers almost two days of preparation time. NOAA issued winter storm warnings an average of 30 hours ahead of the first flakes—again, nearly double its national goal (16 hours) for winter storms. Three days later, a second blizzard struck the same region with an additional foot and a half to three feet of snow, which brought the total snow accumulation on the ground to three to five feet in places. NOAA accurately foretold this second storm four days in advance, with an average winter storm watch lead time of 47 hours and an average winter storm warning lead time of 32 hours. NOAA's Weather Forecast Office (WFO) staff provided heroic service during the consecutive, extreme events even as the back-to-back events brought the region to a complete stop as governments, schools, businesses, roads, and airlines shut down.

### ***NWS Prepares Public and Partners for El Niño***

In 2009 and 2010, NWS launched an aggressive geographically targeted public information campaign to prepare the public and communities to deal with the wintertime effects expected from a developing El Niño. El Niño impacts the weather and climate and, in turn, affects local precipitation amounts (too much and too little), increases number of tornadoes, and can affect such areas as agriculture and recreation. NWS held about 40 public outreach activities dubbed "El Niño Road Show" for the media and NWS partners in Texas, California, Washington, District of Columbia, North Carolina, Florida, Arizona, Hawaii, Guam, and other Pacific islands. Experts from the Climate Prediction Center and Pacific ENSO (El Niño-Southern Oscillation) Application Climate Center joined local NWS WFO staff in providing in-person briefings and media interviews with state partners. News media, representatives from the governors' offices, and emergency management officials were invited to the briefings. Media coverage was strong with dozens of news clips resulting. Each road show event focused on the specific impact on the visited region. For example, in Florida, NOAA focused the presentation on how El Niño would impact the area noting that the state's manufactured home parks and campgrounds were at higher risk due to high density and high winter occupation rates. The briefings included assistance in making family tornado plans. In the Northeast, ski lodge owners could prepare for the possibility of less natural snow for skiing and NOAA made retail businesses aware that fewer winter consumer goods, such as heavy clothing and plows, might be needed. This customization helped people prepare productively for the winter El Niño. Although not all losses could be avoided, outreach allowed individuals, industries, and public officials to take timely actions based on the forecast to mitigate and reduce losses or to capitalize on the information to improve economic outcomes.

### ***NOAA's Provides Decision Support for the Deepwater Horizon Oil Spill***

Within hours of the explosion of the Deepwater Horizon the NWS Southern Region Operations Center (ROC) began coordinating decision support services for emergency response entities and personnel responding to conduct containment and recovery operations. The Southern Region ROC and 10 Southern Region WFOs along the Gulf Coast provided Deepwater Horizon decision support. By early July, a total of 13 NWS meteorologists were deployed to the Deepwater Horizon area of operations. Southern Region Headquarters personnel have scheduled approximately 60 meteorologists from 32 different WFOs to deploy to the Deepwater Horizon theater, with the anticipation that an additional 40 will need to be identified to fulfill Deepwater Horizon operational requirements adequately through November

2010. Onsite, NWS emergency response meteorologists provided 24x7 decision support to the U.S. Coast Guard, BP command, and response staffs at the Houma, LA and Mobile, AL, Incident Command Centers. NWS also provided record spot, wind, and wave; special aviation; long range; and hurricane forecasts. NOAA provided additional dedicated decision support shifts at WFOs in New Orleans and Mobile. One NWS incident meteorologist remains deployed to the BP Forward Operating Base in Venice, LA to provide detailed decision support to company response teams. WFOs elsewhere along the Gulf Coast are providing regular briefings to local, state, and federal decisionmakers in their areas, participating in oil spill response planning efforts, and maintaining strong situational awareness of spill trajectories and impacts. The Lower Mississippi and West Gulf River Forecast Centers (RFC) continue to provide guidance to the oil spill trajectory models.

### ***NWS Deploys New River Forecasting System Community Hydrologic Prediction System to NWS RFCs***

In February 2010, NWS deployed the Community Hydrologic Prediction System (CHPS) to the nine remaining of the 13 risk-reduction RFCs in preparation for pre-operational use at all locations by December 2010. CHPS replaces the aging NWS river forecast modeling software system with a new system based on modern software architecture principles, which will provide RFCs with the necessary tools to expand and enhance existing water forecasting services. The project plan calls for all 13 RFCs to be operational on CHPS by end of FY 2011.

Operational forecasting benefits of CHPS were demonstrated by the Northeast RFC for the March 29-31, 2010, flooding in Rhode Island. CHPS graphical displays allowed forecasters to generate one, two, five and 30-day precipitation forecast totals across the service area. This information provided forecasters with added confidence to provide the record river-level forecast watches and warnings before the event. Furthermore, the graphics were used in pre and post-event coordination briefings.

### ***NWS Provides Key Integrated Decision Support Services for Spring 2010 Red River Flooding***

A year after record flooding swamped many locations in the basin of the Red River of the North, conditions once again became favorable for another round of potential record flooding. In early November 2009, according to the U.S. Geological Survey, the flow of the Red River at Fargo was at its highest level ever recorded for the month of November. Key decisionmakers became concerned about the potential for a repeat of flooding in 2010 similar to that of 2009 since conditions "produced an imminent risk of major flooding along the Red River of the North." NWS offices in the Central Region responded to this evolving threat as early as December 2009, with a closely coordinated effort using a multi-tier approach to provide Integrated Decision Support Services to a multitude of customers. ROC focused on providing video teleconference and telephone briefings to personnel at Federal Emergency Management Agency (FEMA) Regions V, VII, and VIII. ROC also coordinated the overall decision support mission for the state and local levels. Two RFCs (North Central and Missouri Basin) collaborated closely with the U.S. Coast Guard and the U.S. Army Corps of Engineers with respect to their modeling efforts. Five local WFOs provided staffing to the state Emergency Operations Centers in North Dakota, South Dakota, and Minnesota, and the local WFO in Grand Forks provided personnel to the cities of Fargo and Moorhead to address decision support needs specifically at this high impact location. Senators from both North Dakota and Minnesota visited the Fargo/Moorhead area and had the opportunity for face-to-face briefings from WFO Grand Forks Meteorologist-In-Charge Mark Frazier. Focused Integrated Decision Support Services yielded many positive results within the Red River Valley, including FEMA approval of a disaster declaration for North Dakota prior to the actual onset of flooding along the Red River.

### ***NWS Upgrades Global Forecast System Modeling***

On July 28, 2010, NWS implemented sweeping changes that will improve the National Centers for Environmental Prediction (NCEP) Global Forecast System (GFS). These new improvements are the culmination of three years of development, evaluation and testing by NCEP's Environmental Modeling Center's Global Modeling Branch and Physics Team. NOAA expects the changes to improve accuracy of a wide range of weather forecasts, including hurricane intensity forecasts. The Gridpoint Statistical Interpolation analysis changes include assimilating tropical storm pseudo sea-level pressure observations for improved hurricane forecasts, adding NOAA-19 HIRS/4 and

AMSU-A brightness temperature observations and European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT-9) atmospheric motion vectors, and improving the assimilation of global positioning system (GPS) radio occultation data. The new version significantly enhances GFS forecasts of hurricane track and intensity. In the eastern Pacific, when NOAA reran the 2008 and 2009 hurricane seasons, NOAA observed an improvement of 50 percent in both track and intensity in GFS forecasts at day 5. In the Atlantic, NOAA observed a 10 percent improvement in the five-day track forecast and a 30 percent improvement in intensity at day 5 in GFS forecasts over the same time period. NOAA also made improvements to the model's ability to represent physical atmospheric processes. These improvements include an upgraded radiation and cloud package, upgraded specification of gravity wave drag, a higher resolution grid for hurricane relocation, an upgraded boundary layer scheme, the use of a higher resolution snow analysis, a new mass flux shallow convection scheme, and an updated deep convection scheme. Changes to the convection and radiation improve the realism of cloud processes in the new system. Another major change is an increase in the model's horizontal resolution from approximately 35 km to 27 km. The result of this set of changes is improvement in the overall accuracy of the model's forecasts.

### ***NWS Developed 4-D Weather Data Cube for Next Generation Air Transportation System***

The FY 2010 Capability Evaluation for the NOAA next generation 4-D Weather Data Cube (Cube) represents a major move forward in developing improved weather capabilities for a safer, more efficient and effective air transportation system. NOAA has scheduled the evaluation for the end of September 2010 and will conduct it in conjunction with the Federal Aviation Administration's (FAA) William J. Hughes Technical Center in Atlantic City, NJ. To date, the telecommunications hardware is installed and under testing. The evaluation will build on the previous years' successes; providing lessons learned before NWS goes into acquisition to build the Cube capabilities.

For this demonstration, NWS provided Web-enabled data from a suite of products through a single point of reference to the FAA next generation Network Enabled Weather processor. Using Web-enabled capabilities will allow the data to reach FAA in a timelier manner and will allow for a single point of access rather than scattered sources and eventually facilitate verification of the integrity of delivery. This event will also show how the Cube will function, allowing the users to maximize the proposed system's potential. The evaluators will see the progress made toward achieving an Initial Operating Capability of the Cube at the end of FY 2013. Evaluators will use and evaluate the architecture that more closely resembles the proposed architecture intended to be acquired next fiscal year. They will gain experience as to the system behavior and characteristics, allowing for lessons learned in the stand-up of operational processes and best methods for security implementations.

### ***NWS Implements New National Architecture for Level II Radar Distribution***

On July 7, 2010, the NWS Telecommunication Gateway (NWSTG) and the Radar Operations Center completed the transition of all radars from the previous four regional data collection and distribution concept, to a national central collection and distribution concept at the NWSTG. The former regional communications architecture for collection and dissemination of the NEXRAD Level II data did not meet the needs of customers due to occasional extended regional outages. The new architecture allows centralized 24/7 monitoring and support needed to eliminate the regional single points of failure. To address even larger outages to the user community, the NWSTG server was upgraded to include on-site backup, as well as a geographically separate secondary system to ensure continuity of operations.

Reliable Level II data is essential for commercial weather providers that use Level II data as a key dataset for building value-added products for commercial and public dissemination. These products include most of the radar graphics used for television broadcasts warning the public to take protective actions during severe weather. NWS has several severe weather warning goals. These warning operations are supported by the numerical model outputs. The Level II data are used as input into the models; therefore, reliable collection and dissemination of Level II data may indirectly contribute to improving model performance.

**SUMMARY OF PERFORMANCE**

The measures below provide an indication of how well the Department is doing in achieving this NOAA objective.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Percentage of U.S. coastal states and territories demonstrating 20% or more annual improvement in resilience capacity to weather and climate hazards (%/year)	29%	29%	Met
Severe weather warnings for tornadoes (storm-based) – Lead time (minutes)	12	14 <sup>1</sup>	Met
Severe weather warnings for tornadoes (storm-based) – Accuracy (%)	70%	74% <sup>1</sup>	Met
Severe weather warnings for tornadoes (storm-based) – False alarm rate (%)	72%	74% <sup>1</sup>	Slightly Below
Severe weather warnings for flash floods (storm-based) – Lead time (minutes)	38	76	Exceeded
Severe weather warnings for flash floods (storm-based) – Accuracy (%)	72%	82%	Met
Hurricane forecast track error (48 hours) (nautical miles)	107	70 <sup>2</sup>	Exceeded
Hurricane forecast intensity error (48 hours) (difference in knots)	13	18 <sup>2</sup>	Not Met
Accuracy (%) (threat score) of day 1 precipitation forecasts	30%	35%	Met
Winter storm warnings – Lead time (hours)	15	21	Exceeded
Winter storm warnings – Accuracy (%)	90%	90%	Met

<sup>1</sup> Estimate.

<sup>2</sup> Reflects FY 2009 target and actual results. FY 2010 results not available until February 2011.

**FY 2010 STATUS**

NOAA met nine of its 11 targets in FY 2010. It was slightly below the target for “False alarm rate for tornados,” and did not meet the target for the “Hurricane forecast intensity error.”



**FY 2010 MISSED TARGETS**

MEASURE	FALSE ALARM RATE FOR TORNADOS
<b>Explanation</b>	Tornado false alarm rate (FAR) missed the target by 2 percent. Storm-based tornado measures have a 75-day lag time. The 2010 convective season produced a near-average number of tornadoes, with more frequent tornado outbreaks than observed during the 2009 season. The FAR is typical of performance observed over the past decade. Forecasters tend to overwarn throughout the fiscal year for public safety.
<b>Action</b>	The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance. No additional action taken at this time.
MEASURE	HURRICANE FORECAST INTENSITY ERROR
<b>Explanation</b>	The 48 hour Atlantic hurricane intensity error was 18 knots for the 2009 hurricane season, missing the 2009 goal of 13 knots by 5 kts. Failure to reach the 2009 GPRA goal can be attributed in part to a higher level of difficulty in forecasting intensity in 2009 (as measured by a climatology and persistence skill baseline). In addition, the GPRA goals were set in 2008 assuming that modeling advances would immediately lead to intensity forecast improvements, even though hurricane intensity forecasts have shown essentially no improvement over the past 20 years.
<b>Action</b>	NOAA's Hurricane Forecast Improvement Program (HFIP), one of whose main goals is to reduce hurricane intensity errors significantly over the next 10 years, was first funded in 2009. It will take several years for HFIP research and development to be conducted successfully and then additional time for results of the HFIP research to be fully integrated into operations. Until then, annual official intensity errors will tend to rise and fall with forecast difficulty.

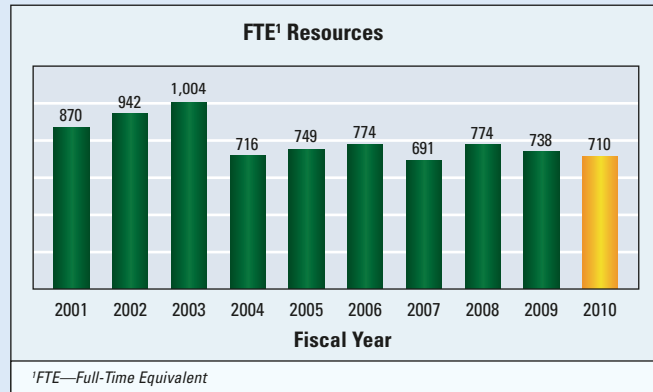
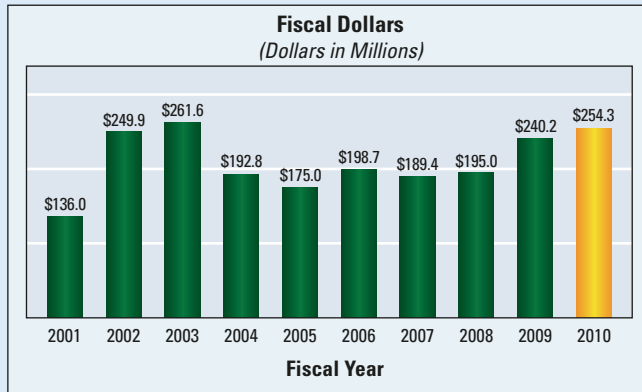
**HISTORICAL TRENDS**

Regarding this objective, NOAA has consistently met their forecast targets with the exception of the FAR for tornados. However, as noted above, forecasters tend to overwarn in the occurrence of tornados in the interest of public safety.

**STRATEGIC OBJECTIVE 3.4**

*Support safe, efficient, and environmentally sound commercial navigation*

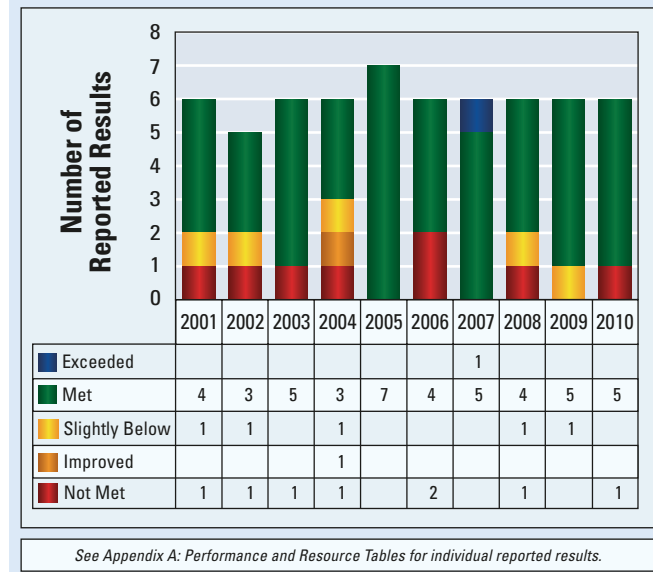
**STRATEGIC OBJECTIVE 3.4 TOTAL RESOURCES**



**PUBLIC BENEFITS**

U.S. transportation systems are economic lifelines for the Nation. For both air transportation safety and efficiency, it is essential to have accurate wind forecasts. Likewise, the shipping industry depends on accurate nautical charts when transporting goods in and out of U.S. ports. As U.S. dependence on surface and air transportation grows over the next 20 years, and as maritime trade doubles, better navigation and weather information provided by NOAA will be critical to protect lives, cargo, and the environment. For example, better aviation weather information could significantly reduce the \$4 billion lost through economic inefficiencies as a result of weather-related air traffic delays. Improved surface forecasts and specific user warnings would likely reduce the 7,000 weather-related fatalities and 800,000 injuries annually from vehicle crashes.

**STRATEGIC OBJECTIVE 3.4 PERFORMANCE RESULTS**



**ACHIEVEMENTS**

***NOAA's Expertise and Experience Proved Indispensable for Response to the BP Deepwater Horizon Oil Spill Disaster and Mitigation of Impacts***

As the leading U.S. scientific resource for oil spills, NOAA's Office of Response and Restoration (OR&R) responded within hours of the Gulf of Mexico BP Deepwater Horizon oil spill to support U.S. Coast Guard and Unified Command with 24-hour risk and trajectory assessments, reports of chemical changes from the oil, recommended cleanup methods using over-flights to verify model trajectories, and accurate models of past spills. NOAA's Shoreline Cleanup and Assessment Technique (SCAT) planners, aerial observers, and 15 field teams worked with BP

and state teams. NOAA-wide Damage Assessment, Remediation, and Restoration Program experts worked with partners to protect and restore threatened coastlines, assessing injuries to natural resources and damages, as well as trying to minimize harm to natural resources to accelerate recovery of coastal communities (potentially vulnerable fish, shellfish, bottom dwelling biota, birds, marine mammals and turtles in wetlands, submerged aquatic vegetation, beaches, mudflats, and deep and shallow corals). For more than three months, 40 teams conducted daily ramp and shore fishing counts and economic studies to ensure accurate compensation for lost use of resources. A Web-based situation awareness tool called ERMA (Environmental Response Management Application), with a public version called GeoPlatform.gov/gulfresponse, provided integrated data management for response and natural resource damage assessment across multiple states on NOAA's response (fishery closures, wildlife data, oiled shoreline, and deployed research ships). Deepwater Horizon was the first oil spill where Integrated Ocean Observing System (IOOS) and partners used underwater, unmanned gliders and coastal high frequency radar stations to daily track oil flows in the water column and on the surface. At relatively low cost and no risk to human life, IOOS measured surface current speed and direction in near real time in trajectory models that OR&R provided to coastal communities to prepare for impacts of oil coming ashore. The Office of Coast Survey produced nautical charts that displayed oil spill zone forecasts based on OR&R spill projections to help vessels avoid spill areas. The Center for Operational Oceanographic Products and Services (CO-OPS) modified existing products to display real-time data and predictions in the Gulf of Mexico including hurricane-based, NOAA Storm QuickLook, to include an OR&R spill graphic and detailed view of CO-OPS water levels and meteorological data in potentially affected areas. CO-OPS displayed Physical Oceanographic Real-Time System (PORTS®) data from Gulfport, Pascagoula, and Mobile Bay PORTS® and used MyPORTS, a customizable PORTS® application, to show ocean current speeds and directions and weather observations in the spill region. A high-resolution northern Gulf of Mexico hydrodynamic model system produced three-day forecasts of water levels and three-dimensional currents from the Florida Panhandle to the Rio Grande River. NOAA's Office of Coast Survey product called NowCOAST, a map-based online gateway to ocean and weather observations and forecasts, displayed real-time observations on interactive maps accessible from a smart phone or background maps like Google® Maps. NowCOAST use spiked from two million hits a month in January to more than eight million during response to the BP Deepwater Horizon oil spill.

NOAA addressed other major spills and improved disaster preparedness for the Gulf and the Arctic regions. At least 424,000 gallons of crude oil spilled from an 807-foot tank ship near Port Arthur, TX, where OR&R assessed oil movement and impacts, provided weather forecasts and cleanup plans, and aided assessment of natural resource damages, economic impacts, and restoration. CO-OPS provided real-time data from a new Sabine-Neches PORTS® station to OR&R for tide prediction to enable limited opening of the waterway to prevent roughly \$5 million in economic losses from restricted entry by barges and deep draft vessels. For future disaster preparedness, response, and recovery from Brownsville, TX to Key West, FL, NOAA started construction of the Gulf of Mexico Disaster Response Center in Mobile, AL, a facility that can withstand a major hurricane. The Office of Coast Survey conducted hydrographic surveys off the coasts of Alabama and Mississippi for bathymetry data for a new northern Gulf of Mexico circulation model. The Office of Coast Survey, CO-OPS, and the National Geodetic Survey improved predictive capabilities in oil and hazardous material spills. These will aid forecasts for harmful algal blooms in the northern Gulf of Mexico and contribute to more accurate models for inundation from storm surge, tsunamis, and sea-level rise. NOAA and the Oil Spill Recovery Institute worked to assess data gaps to predict how increases in ship traffic and oil exploration would impact the Arctic and affect Arctic natural resource damage assessments planning, coordination, and outreach.

### ***Hydrographic Surveys Address Backlog in Continental United States, Alaska, and Arctic***

The Office of Coast Survey continued addressing the survey backlog with updated hydrographic surveys of critical areas of the United States as NOAA ships THOMAS JEFFERSON, FAIRWEATHER, and RAINIER alongside contractors surveyed more than 3,100 square nautical miles of U.S. waters. In addition to reducing critical survey backlogs and surveying fairways for maritime safety, the ships mapped habitat in three national marine sanctuaries and responded to numerous requests for surveys. Without the surveys, NOAA will not locate, identify, and place on nautical charts ocean bottom conditions that are hazardous to navigation to help mariners navigate safely and avoid accidents, spills, loss of life and cargo, and damage to the environment. At the request of the U.S. Navy, U.S. Coast Guard, Alaska Maritime Pilots, and the commercial shipping industry, The Office of Coast Survey sent the NOAA ship FAIRWEATHER to survey 350 square nautical miles of Arctic waters around the Bering Straits. Since 1960, NOAA has not mapped most of the shoreline along Alaska's northern and western coasts and confidence in

the region's nautical charts is extremely low. NOAA ship FAIRWEATHER, whose homeport is Ketchikan, AK, spent July and August examining seafloor features, measuring ocean depths, and supplying data for updating NOAA's nautical charts. These data also support scientific research on essential fish habitat and establishes new tidal datums in the region. The Office of Coast Survey conducted extensive surveys in U.S. waters off the coast of northern Maine in response to requests for assistance from fishing communities to discover why several fishing vessels have gone down recently in Maine's Cobscook Bay. Fishing communities in the area have lost 16 men in vessel sinkings over the past five years. Last year, NOAA located the wrecks of two vessels and identified other potential dangers to navigation using hydrographic data to update nautical charts. Using side-scan imaging, a NOAA Navigation Response Team searched for the wreckage of a 34-foot urchin dragger that sank in late October with three fishermen on board. In a continuing effort to prevent vessel collisions with North Atlantic right whales, the Office of Coast Survey conducted a hydrographic survey to help mariners avoid whale calving areas in and around Brunswick, GA, during the winter months. NOAA will incorporate the survey data into nautical charts used for both commercial shipping and recreational boating. The survey will cover a proposed new route for vessel traffic that will bypass the areas of highest North Atlantic right whale density during the winter calving months. NOAA ultimately seeks to reduce conflicts between maritime trade and wildlife protection.

***NOAA Implements New and Improved Hydrodynamic Model, Creates Innovative PORTS® Technology, and Gets a High Customer Satisfaction in CO-OPS Survey***

CO-OPS improved operational coastal models in the Great Lakes with new hydrodynamic models for mariners, port managers, and emergency response teams with present and future conditions of water levels, currents, temperature and salinity. The hydrodynamic "nowcast" (for present conditions) and "forecast" (for future conditions) products are generated by a three-dimensional hydrodynamic model that uses real-time PORTS® data and NWS forecast products to predict this information at locations throughout the United States. Port managers and shippers can better determine maximum tonnage and passage times without compromising safety. On this and other products, CO-OPS surveyed customer satisfaction with current products and services and gained insight for future areas of focus. CO-OPS scored 82, which was significantly higher than other federal agencies who conducted the American Customer Satisfaction Index (ACSI), scoring 68.9. Accuracy and timeliness were repeatedly the highest scoring attributes of CO-OPS products and services. CO-OPS will use this data to improve how NOAA turns oceanographic data into meaningful information to protect life, property, and the environment.

**SUMMARY OF PERFORMANCE**

The measures below provide an indication of how well the Department is doing in achieving this NOAA objective.

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	5,160	4,395	Not Met
Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity	74.0%	79.0%	Met
Marine wind speed accuracy (%)	69%	74%	Met
Marine wave height accuracy (%)	74%	75%	Met
Aviation forecast accuracy of ceiling/visibility (3 mile/1,000 feet or less) (%)	65%	66%	Met
Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%)	42%	36%	Met

<sup>1</sup> Estimate.

**FY 2010 STATUS**

NOAA met five of its six targets in FY 2010. It did not meet the target for "Reduce the hydrographic survey backlog within navigationally significant areas."

**FY 2010 MISSED TARGETS**

MEASURE	REDUCE THE HYDROGRAPHIC SURVEY BACKLOG WITHIN NAVIGATIONALY SIGNIFICANT AREAS (SQUARE NAUTICAL MILES (SNM) SURVEYED PER YEAR)
<b>Explanation</b>	The 4,395 snm reflects a combined total estimate for both GPRA (2,515 snm) and ARRA performance for FY 2009 and FY 2010 (1,880 snm). Based on best information available at the time, NOAA's Office of Coast Survey set the FY 2010 Annual Performance Plan target at 3,260 snm in January 2009 to address hydrographic survey backlog, and included the ARRA FY 2009-FY 2010 target of 1,940 snm for a total target of 5,200. However, at onset of FY 2010, NOAA requested a revised target of 2,600 snm because RANIER went into an unplanned but welcome major repair period upon receiving ARRA funding. Consequently, projects for the RANIER were deferred to the outyears. Also since the setting of FY 2010 targets, the program has been impacted by a reduction in FY 2010 NOAA ship time to support hydrographic survey operations. Furthermore, the program anticipated FERDINAND HASSLER operations in 2010, but this vessel's delivery has been delayed. Higher costs for Alaska survey work reduced total planned contract areas in FY 2010. The THOMAS JEFFERSON was also redirected to provide Gulf support during the BP Deepwater Horizon spill response. The total target for ARRA funds was 1,940 snm over FY 2009 and FY 2010; the program actually acquired roughly 1,190 snm of ARRA acquisition in FY 2009, and 690 snm in FY 2010.
<b>Action</b>	NOAA's National Ocean Service will continue to track this metric closely in FY 2011.

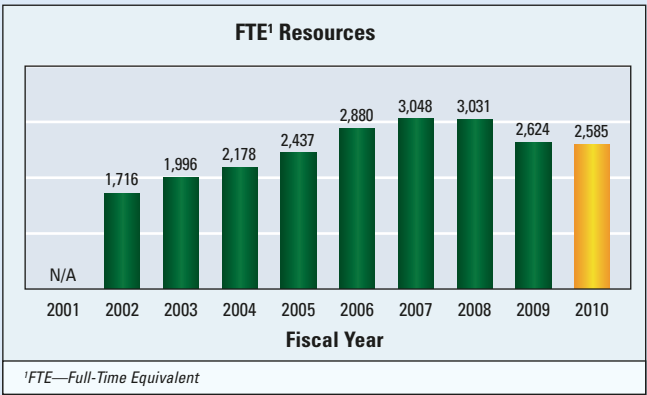
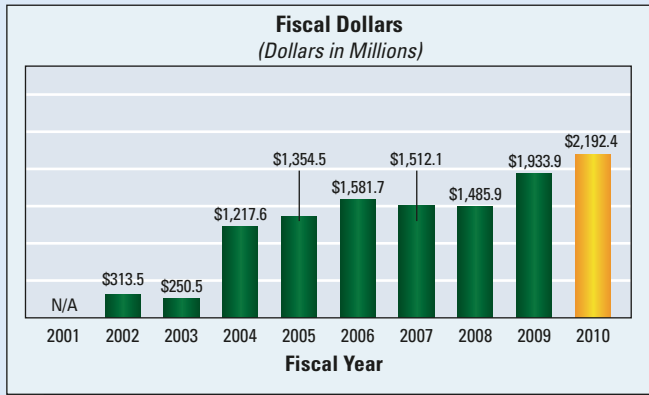
**HISTORICAL TRENDS**

Within this objective, NOAA has consistently met the targets for some of the measures including accurate positioning capability, marine wind speed, marine wave height, and aviation forecast FAR. The status of aviation forecast accuracy has varied, however, it should be noted that the targets for this measure have risen every year from FY 2002 onward, and the actuals have correspondingly improved as well.

**MISSION SUPPORT OBJECTIVE**

*Provide critical support for NOAA's mission*

**MISSION SUPPORT TOTAL RESOURCES**



**T**here are no Government Performance Results Act (GPRA) measures for the Mission Support objective since the activities of this objective support the outcomes of the mission objectives. NOAA is developing new and improving existing internal management performance measures for the Mission Support objective.

**ACHIEVEMENTS**

***Newest NOAA Geostationary Satellite Reaches Orbit***

On March 4, 2010, NOAA successfully launched Geostationary Operational Environmental Satellite Series P (GOES-P) from Cape Canaveral, FL. GOES-P, renamed GOES-15 once it reached final orbit, underwent a series of tests for approximately six months before completing its "check-out" phase. After check-out, GOES-15 was placed into orbital storage mode and remains ready for activation if one of the operational GOES fail. GOES-15 took its first infrared image of Earth on April 26, 2010. GOES-15 is the final spacecraft in the latest series of NOAA geostationary satellites. It joined three other NOAA operational GOES spacecraft that help the Agency's forecasters more accurately track life-threatening weather—from tornadoes, floods, and hurricanes to solar activity that can impact the satellite-based electronics and communications industry. GOES-15 will capture higher resolution images of weather patterns and atmospheric measurements than those provided by earlier satellites. The higher resolution imagery allows forecasters to pinpoint the location of severe weather with greater accuracy. GOES-15 will also provide better data for space and solar weather thanks to its Solar X-Ray Imager (SXI). SXI data will improve forecasts and warnings for solar disturbances, protecting billions of dollars of commercial and government assets in space and on the ground. This vital information will also reduce the effect of power surges for the satellite-based electronics and communications industry.

***NOAA Selects Harris Corporation to Develop GOES-R Antenna System***

NOAA selected Harris Corporation in Melbourne, FL, in July 2010, to develop the antenna system that will support NOAA's GOES-R. This new series of spacecraft, set to begin launching in 2015, is expected to double the clarity of today's satellite imagery and provide at least 20 times more atmospheric observations. Harris will develop and NOAA will operate the GOES-R antenna system at NOAA's Wallops Command



and Data Acquisition Station in Wallops, VA, and at NOAA's GOES R Remote Backup facility in Fairmont, WV. The antenna system will be designed to ensure continuity of operations during severe weather and other threat scenarios, including storms as severe as a Category 2 hurricane with winds ranging from 96–110 mph. Four existing receive-only antennas located at the NOAA Satellite Operations Facility in Suitland, MD, will also have their feed systems upgraded. The antenna system will include six new, large-aperture antennas capable of receiving and transmitting radio signals in multiple frequencies. Harris Corporation will upgrade four existing antennas and integrate the entire antenna system into the overall GOES-R ground system. NOAA will fund, manage, and operate the GOES-R satellites.

### ***NOAA Deactivates GOES-10 and GOES-12 Begins Coverage of South America***

In December 2009, NOAA deactivated GOES-10 after 12 years of service. Launched in April 1997, GOES-10 surpassed its original five-year mission by providing coverage as NOAA's primary GOES satellite in the West until 2006. In 2006, in an effort to enhance international cooperation and improve hurricane forecasting efforts in South America, NOAA repositioned GOES-10 to cover South America. NOAA deactivated GOES-10 from service on December 1, 2009. To replace GOES-10, NOAA repositioned GOES-12 over South America in May 2010. The repositioning of GOES satellites over South America is pivotal because these satellites supply forecasters in South America with more imagery and data to track dangerous storms—including tropical cyclones—and the storms that can trigger potentially deadly mudslides. Moving GOES-12 is a significant contribution to the emerging GEOSS. This global, public infrastructure allows managers and decisionmakers to respond more effectively to the many environmental challenges facing society. GEOSS links individual observing systems into a sustained, comprehensive global system.

### ***NOAA Satellites Help Rescue 277 People in 2010***

NOAA's fleet of satellites played a vital role in the rescues of 277 people during life-threatening situations throughout the United States and its surrounding waters in 2010. In each incident, NOAA satellites pinpointed these downed pilots, shipwrecked mariners, or stranded hikers by detecting a distress signal from an emergency beacon and relaying the information to first responders on the ground. NOAA's polar-orbiting and geostationary satellites, along with Russia's Cospas spacecraft, are part of the international Search and Rescue Satellite-Aided Tracking system (COSPAS-SARSAT). This system uses a network of satellites to quickly detect and locate distress signals from emergency beacons onboard aircraft and boats, and from smaller, handheld personal locator beacons. When a NOAA satellite finds the location of a distress signal within the United States or its surrounding waters, the information is relayed to the COSPAS-SARSAT Mission Control Center based at NOAA's Satellite Operations Facility in Suitland, MD. From there, it is sent to a Rescue Coordination Center operated by either the U.S. Air Force for land rescues or the U.S. Coast Guard for water rescues. Now in its 29th year, COSPAS-SARSAT has been credited with supporting more than 28,000 rescues worldwide, including over 6,400 in the United States and its surrounding waters.

### ***NOAA Responds to the Devastating Earthquake in Haiti***

Right after the quake, the Office of Marine and Aviation Operations began preparations to support the response effort. After receiving a request for aerial imagery, the NOAA Aircraft Operations Center and National Geodetic Survey dispatched the NOAA Cessna Citation II aircraft to conduct surveys of quake-ravaged areas to give responders the data they need to assess damage and plan recovery efforts.

### ***NOAA Aircraft, Ship Provide Survey Support Following Nor'easter***

NOAA's Cessna Citation (N52) acquired remote sensing imagery along the Hampton Roads, VA shoreline following a major storm that impacted the Mid-Atlantic region November 12–14, 2009. The aircraft documented changes in shoreline due to flooding at Whalehead Beach and a grounded barge in Virginia Beach. Meanwhile, NOAA ship THOMAS JEFFERSON conducted hydrographic surveys in Cape Henry and the Elizabeth River to locate submerged debris, shoals, and other potential hazards to navigation caused by the nor'easter. The surveys provided critical aerial and underwater imagery to the port community, local officials, and residents impacted by the storm and resulting flooding in Hampton Roads.

### ***NOAA Aircraft Gather Observations in Flooded Red River Region***

NOAA Shrike Commander and NOAA Jet Prop Commander aircraft stationed in Minneapolis, MN helped the North Central RFC improve its flood forecasts with real-time observations. The Red River, along the Minnesota-North Dakota border, approached record flood levels. The aircraft took video and photographic footage of the river in flood stage. They were able to observe ice jams, standing water in farm fields, and other conditions in the watershed. The hydrologists can use this data to refine their models.

### ***NOAA G-IV Aircraft Dispatched to Gather Winter Storm Data***

NOAA's Gulfstream IV-SP aircraft conducted flights over the North Pacific Ocean to help fill gaps in atmospheric observations. During that period NOAA crew flew 310.8 hours, covering 134,000 nautical miles. 634 GPS dropwindsondes were launched, of which 97.2 percent provided good, detailed data on 12 intensifying winter storms. Flying out of Yokota Air Force Base in Japan, the Office of Marine and Aviation Operations-operated plane collected wind speed and direction, pressure, temperature, and humidity information from data-sparse regions. The data was sent via satellite to global operational weather forecasting centers and fed into sophisticated computer forecast models.

### ***NOAA Commissioned the NOAA Ship BELL M. SHIMADA***

NOAA commissioned the BELL M. SHIMADA, the fourth of a new class of fisheries survey vessels on August 25. The ship's primary mission will be to study, monitor, and collect data on a wide range of sea life and ocean conditions, primarily off the West Coast. The 208-foot vessel will also observe environmental conditions; conduct habitat assessments; and survey marine mammal, sea turtle, and marine bird populations. The ship's state-of-the-art design allows for quieter operation and movement of the vessel through the water, giving scientists the ability to study fish and marine mammals without significantly altering their behavior.

### ***NOAA Awards Contract for New Fisheries Research Vessel***

NOAA has awarded a \$73.6 million American Recovery and Reinvestment Act (ARRA) of 2009 contract to Marinette Marine Corporation located in Marinette, WI. This is for the construction of a new fisheries survey vessel, FSV 6, which will dramatically improve NOAA's ability to conduct surveys for fish, marine mammals, and turtles off the West Coast and in the eastern tropical Pacific Ocean. FSV 6 will be the fifth state-of-the-art OSCAR DYSON-class ship built for the Agency.

### ***50th Anniversary of the Satellite that "Forever Changed Weather Forecasting"***

The Television Infrared Observation Satellite (TIROS-1) celebrated its 50th anniversary on April 1, 2010. The first image from TIROS-1, the world's first weather satellite, was a fuzzy picture of thick bands and clusters of clouds over the United States. TIROS-1, a polar-orbiting satellite, weighed 270 pounds and carried two cameras and two video recorders. An image captured a few days after its lift-off from Cape Canaveral, FL, revealed a typhoon about 1,000 miles east of Australia. Though the satellite only lasted 78 days, its impact is still visible today. Throughout the 1960s, each TIROS spacecraft carried increasingly advanced instruments and technology. By 1965, meteorologists combined 450 TIROS images into the first global view of the world's weather. When the more advanced TIROS-N satellite series were launched between 1978 and 1981, the name of the spacecraft changed to Polar-orbiting Operational Environmental Satellite (POES). POES orbits the Earth at an altitude of about 500 miles and circle the poles once every 102 minutes.

## STRATEGIC GOAL 3 PROGRAM EVALUATIONS

The following program evaluations were conducted on programs related to this strategic goal in FY 2010.

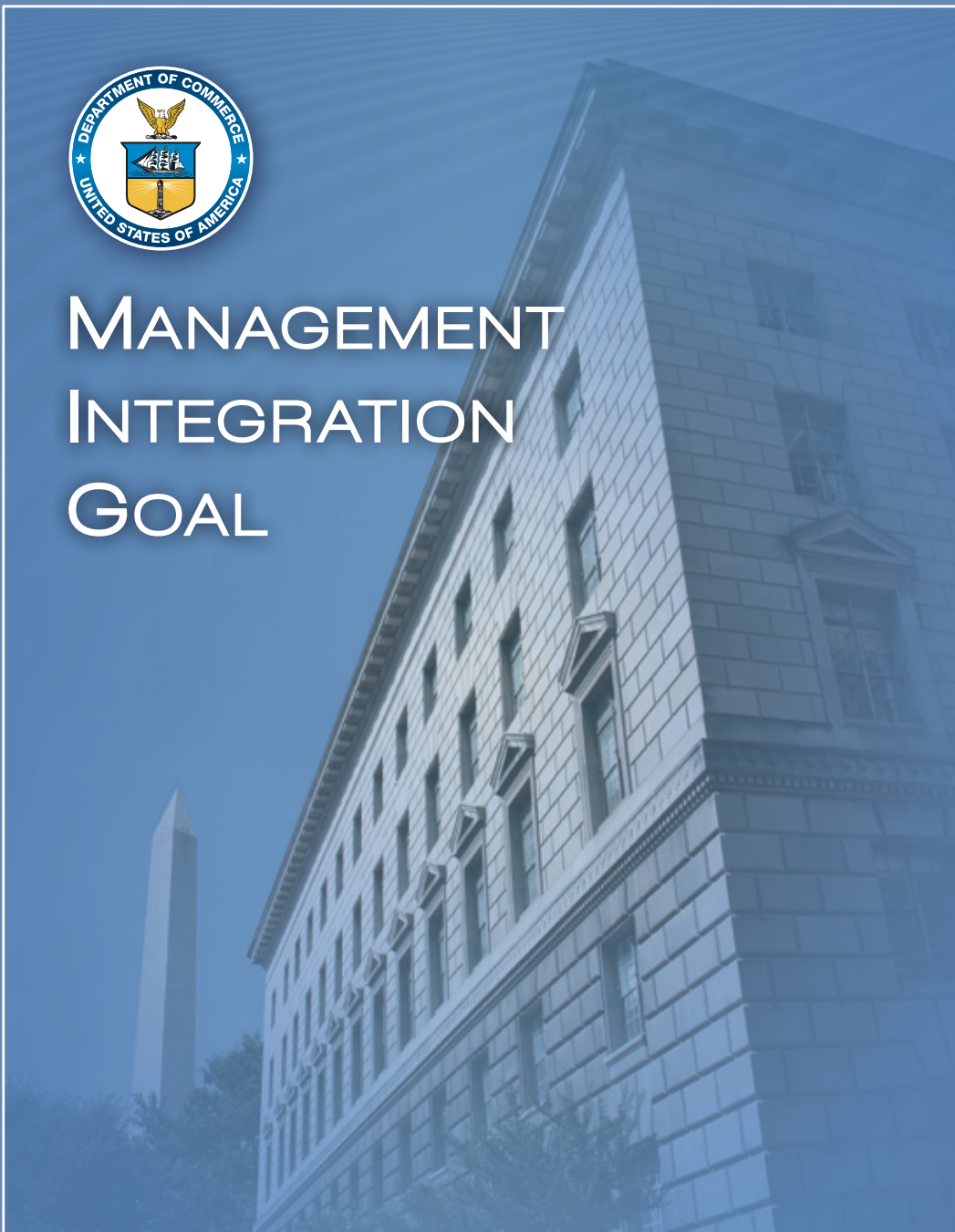
BUREAU	REVIEWER	NAME	DATE	WEB SITE
NOAA	GAO	<i>NOAA has Expanded its Tsunami Programs, but Improved Planning Could Enhance Effectiveness</i>	4/2010	<a href="http://gao.gov/products/GAO-10-490">http://gao.gov/products/GAO-10-490</a>
NOAA	GAO	<i>Agencies Must Act Quickly to Address Risks that Jeopardize the Continuity of Weather and Climate Data</i>	5/2010	<a href="http://gao.gov/products/GAO-10-558">http://gao.gov/products/GAO-10-558</a>
NOAA	GAO	<i>Planning Required to Mitigate Near-term Risks and Ensure Long-term Continuity</i>	6/29/2010	<a href="http://gao.gov/products/GAO-10-858T">http://gao.gov/products/GAO-10-858T</a>
NOAA	OIG	<i>FY 2009 FISMA Assessment of the Environmental Satellite Processing Center (ESPC)</i>		<a href="http://www.oig.doc.gov/oig/reports/2010/OAE-19730.pdf">http://www.oig.doc.gov/oig/reports/2010/OAE-19730.pdf</a>
NOAA	OIG	<i>Review of NOAA Fisheries Enforcement Programs and Operations</i>	1/2010	<a href="http://www.oig.doc.gov/oig/reports/2010/OIG-19887.pdf">http://www.oig.doc.gov/oig/reports/2010/OIG-19887.pdf</a>
NOAA	OIG	<i>Review of NOAA's Marine Operations Center-Pacific Lease Decision</i>	6/28/2010	<a href="http://www.oig.doc.gov/oig/reports/marine_operations_centerpacific/index.html">http://www.oig.doc.gov/oig/reports/marine_operations_centerpacific/index.html</a>
NOAA	OIG	<i>Review of NOAA Fisheries Enforcement Asset Forfeiture Fund</i>	7/1/2010	<a href="http://www.oig.doc.gov/oig/reports/correspondence/2010.07.01_IG_to_NOAA.pdf">http://www.oig.doc.gov/oig/reports/correspondence/2010.07.01_IG_to_NOAA.pdf</a>
NOAA	OIG	<i>Review of NOAA's Efforts to Modernize U.S. Historical Climatology Network: STL-19846</i>	7/29/2010	<a href="http://www.oig.doc.gov/oig/reports/correspondence/2010.07.01_IG_to_NOAA.pdf">http://www.oig.doc.gov/oig/reports/correspondence/2010.07.01_IG_to_NOAA.pdf</a>



P E R F O R M A N C E   S E C T I O N



MANAGEMENT  
INTEGRATION  
GOAL



PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Ensure effective resource stewardship in support of the Department's programs (DM)	0 of 2
Ensure retention of highly qualified staff in mission-critical positions (DM)	1 of 1
Acquire and manage the technology resources to support program goals (DM)	1 of 1
Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)	2 of 3

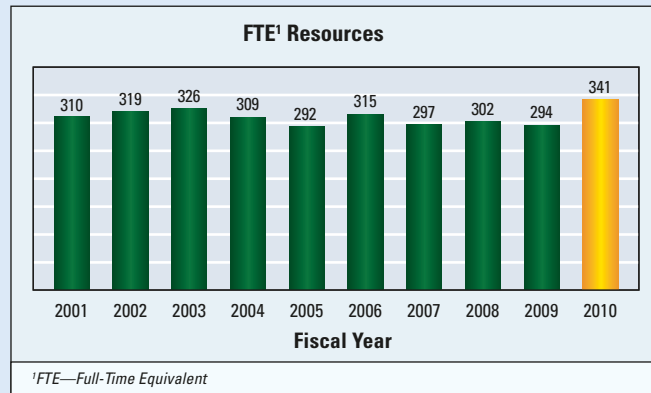
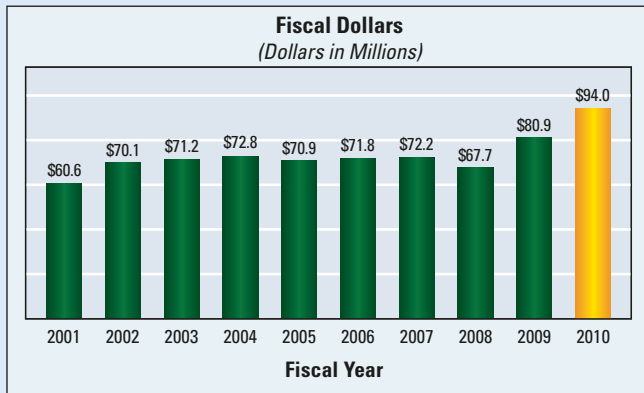




**MANAGEMENT INTEGRATION GOAL**

*Achieve organizational and management excellence*

**MANAGEMENT INTEGRATION GOAL TOTAL RESOURCES**

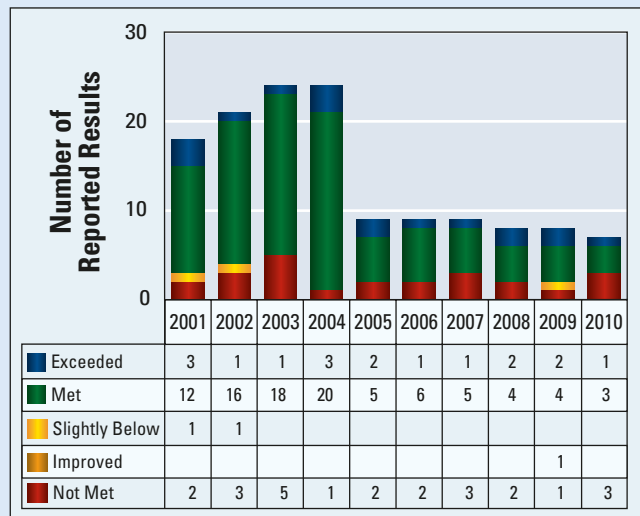


**PUBLIC BENEFITS**

**A**chieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. Departmental Management (DM)—consisting of the Offices of the Secretary, Deputy Secretary, Chief Financial Officer (CFO) and Assistant Secretary for Administration (ASA), Chief Information Officer (CIO), and General Counsel—provides the policies and guidelines that support the management infrastructure the Department needs to carry out its mission. In addition, the Office of Inspector General (OIG) audit and inspection programs help promote consistency and integrity throughout the Department. Most of DM's and the OIG's work can be characterized as "behind-the-scenes," contributing to the efficiency with which operating units throughout the Department administer their programs.

The Department must have the capacity to do business with the public and its partner agencies, both as a more than \$8 billion

**MANAGEMENT INTEGRATION GOAL PERFORMANCE RESULTS**



See Appendix A: Performance and Resource Tables for individual reported results.

worldwide enterprise, and as an integrated set of individual programs. This requires that it identify, adopt, and maintain business practices essential to successful operations; use its resources wisely; and effectively implement the laws that affect it. In order to ensure the accomplishment of its mission, the Department has developed and put into place policies and programs designed to enable the successful operation of its units, the effective and efficient use of both material and human resources (HR), and the implementation of laws and regulations that govern the use of those resources. This performance outcome represents the Department's commitment to ensuring the wise stewardship of its resources. Because this goal encompasses a wide range of administrative and operational tasks, the measures used to assess progress are highly diverse.

The Department continues to refine and develop programs to help train and retain a highly qualified workforce and avoid disruption in the services it provides. Leadership priorities for improvement are based on employee feedback to surveys, various skills assessments, and comprehensive workforce analyses. While performance management systems are effective in rewarding high performers, more targeted approaches are necessary to close skill gaps in the entire workforce. Training and development programs are based on competency assessments for mission-critical occupations such as meteorologist, statistician, acquisition, engineer, and chemist.

As U.S. society becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public, the private sector, other levels of government, and other federal agencies. DM must promote leading-edge technologies, collaboration, and technology transformation across the Department, ensuring alignment with mission requirements, goals, and objectives in order to deploy and maintain systems able to perform at the highest levels.

The OIG's criminal, civil, and administrative investigations continue to disclose instances of misconduct by employees, contractors, and grantees that threaten the integrity of the Department's programs and operations. In addition, auditors or inspectors frequently identify investigative issues, such as fraud and conflicts of interest, and refer such matters to the OIG's investigators.

## ACHIEVEMENTS

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### *Acquisitions and Grants*

DM provided proactive and timely guidance and oversight to the acquisition and grants community in the Department to ensure smooth implementation and execution of the American Recovery and Reinvestment Act (ARRA) of 2009, and has been recognized for the superior performance of its oversight of recipient reporting.

DM developed, through a cross-agency working group, agency-specific implementation guidance for effective management of the multi-sector workforce, including development of guidance, an assessment template, and the institution of annual multi-sector workforce planning tied to operating unit advance acquisition plans.

DM developed, with commitment from all operating units, an acquisition savings plan with a target goal of saving 3.5 percent of planned acquisition spending through better acquisition practices.

DM updated Department acquisition policy, including publication of an updated Commerce Acquisition Regulation and developing formal acquisition planning, use and management of incentive contracting provisions, and minimizing use of high-risk acquisition authorities policy.

DM instituted a formal acquisition and grant management review policy and conducted its first set of reviews (National Institute of Standards and Technology (NIST) acquisition and grants) under this oversight program.

## ***Human Resources***

DM exceeded the government-wide average for positive responses on 69 out of 77 eligible items on the 2010 Federal Employee Viewpoint Survey, administered by the Office of Personnel Management (OPM) to gauge employee perceptions on critical work-life areas which drive employee satisfaction, commitment, and retention. No Department averages for positive responses were "notably" (i.e., five percentage points or more) below the government-wide averages for any items.

DM instituted an aggressive Return-To-Work Pilot Program to reduce Workers' Compensation costs, resulting in \$4.4 million in savings for the Department over the lifetime of four cases that have received resolution determinations from the Department of Labor. HR is pursuing an additional 11 cases to achieve a possible total lifetime savings of \$22.5 million.

DM implemented Executive Order 13522, "Creating Labor-Management Forums to Improve Delivery of Government Services," by receiving plan certification from the National Council on Federal Labor-Management Relations, assisting the 18 Department unions in determining their membership on the Department's Labor-Management Forum, obtaining approval from all members on the Forum charter, providing guidance and assistance on the establishment of bargaining unit councils, and evaluating and providing feedback to the Forum Management Team on proposed pilot projects.

DM created and submitted seven comprehensive action plans to OPM and the Office of Management and Budget (OMB) in response to the President's Memorandum, "Improving the Federal Recruitment and Hiring Process." The plans identify goals, targets, time lines, and indicators of progress for hiring reform implementation by November 1, 2010.

DM expanded leadership development programs for both Department and federal employees by launching the non-competitive Leadership Education and Development Certificate Program Pilot for Department employees with an immediate need to enhance their leadership skills and redesigning the Senior Executive Service Candidate Development Program to offer opportunities to employees within other federal agencies, including the Department of Education, Department of Energy, and Environmental Protection Agency.

DM formulated and presented the business case for acquiring an HR management system to greatly enhance the efficiency and effectiveness of workforce planning, analysis, and reporting efforts. The HR management system has been included in the Secretary of Commerce's FY 2012 budget submission.

## ***Financial Management***

DM achieved an unqualified audit opinion for the twelfth consecutive year in FY 2010, and plans to maintain the same in FY 2011 and beyond.

DM successfully completed an upgrade to the Office of Financial Management's (OFM) Corporate Database, a commercial off-the-shelf software package for consolidating financial data and producing financial reports. The Corporate Database is an integrated solution that provides financial statements and Adjusted Trial Balances reported at the Department, bureau, and Treasury Appropriation/Fund Group level. It also provides the ability to perform data analysis and produce the Department's footnotes, financial analysis reports, and other additional information required for the government-wide financial statements.

DM continued work on the Future Financial and Administrative Planning Business Analysis that will assist the Department in analyzing its current financial and administrative environment, determining the long-term viability of its Commerce Business Systems (CBS) platform, and evaluating CBS against other potential options to support its financial management environment.

DM migrated the OFM/CBS Solutions Center (CSC) Development and Test instances of CBS from the CSC in Gaithersburg, MD to the OMB-designated Shared Service Center, Department of Transportation/Federal Aviation Administration/Enterprise Services Center (DOT/FAA/ESC) in Oklahoma City, OK.

### ***Administrative Services***

In February 2010, the Department received a green score from OMB, the highest level, for both progress and status in energy and environmental management. For transportation management, the Department received a green in progress and a yellow for status, a significant improvement from its prior scorecard. As a result, the Department ranked second overall in the federal government.

The Department has been working with the General Services Administration to coordinate the Herbert C. Hoover Building's eight-phase renovation project. The renovation improves building safety and security; enhances quality of life, restores some historical building features; and replaces aging machinery, electrical systems piping, and HVAC systems.

Phase 1 installed new cooling towers for the building's air conditioning system and built out new office spaces in Courtyard 6 to house operating units during the construction of their phases. This phase was completed in October 2009.

Phase 2 is currently underway. This phase cleans and restores the building facade; and installs new site utilities, air conditioning chill water plant, a main electrical power distribution system, and emergency generators. Office spaces will receive a new heating, ventilation and air conditioning system as well a new lighting system, carpeting, and painting. The exterior of the building will receive new perimeter security, hardscaping, and landscaping.

On August 6, 2010, the Department submitted the Department's Real Property Cost Savings and Innovation Plan to OMB. This plan was developed in response to a July 1 request from OMB for executive branch agencies to identify ways of collectively achieving \$3 billion in savings by eliminating excess real property. As a result of initiatives in its plan, DM estimates that the Department can realize approximately \$7.7 million in savings annually. To do so, however, will involve up-front investments totaling approximately \$8.0 million for necessary information technology (IT) infrastructure and equipment, and open systems furniture.

### ***Information Office***

DM reinstated the Department IT Investment Review Board to ensure that Department major IT investments utilize sound project management practices and exhibit risk-based approaches. The reinvigorated board will ensure that Department investments are well-managed and of value to the taxpayer. As part of the Department's transparency efforts, DM evaluated and submitted 51 business cases to the federal IT Dashboard, demonstrating to the public the sound management of the Department's IT investments. On average, DM achieved within five percent of its cost, schedule, and performance targets for the major IT investments undergoing development and enhancement. DM developed solid business cases for major IT investments with the business cases ensuring that DM managed and wisely invested those IT funds.

DM established the Department Web Advisory Council to ensure that the Department Web presence reflects the appropriate use of social media and Web 2.0 technologies while maintaining the privacy of its Web users. DM approved Privacy Impact Assessments, including procedures to log and verify extracts of sensitive information, and posted them to the Web.

DM developed an IT security strategic plan to strengthen its IT security posture and operations and conducted rigorous IT security compliance reviews based on federal standards and guidelines, and previous OIG certification and accreditation (C&A) recommendations; 90 percent of the Department's 280 information systems have Authority to Operate (ATO) status.

DM implemented monthly reviews of Department information systems utilizing information within the automated IT security tool, Cyber Security Assessment and Management (CSAM). DM used scorecards to develop quarterly trend analysis, and provided them to the Department's CIO Council. DM also implemented Department-wide plans of action and milestones (POA&M) management monitoring program using CSAM. Dashboards are sent to operating unit CIOs tracking POA&M status; by implementing this monitoring program, DM has improved operating unit POA&M management.

DM worked with OFM to create the IT Audit Working Group to address and resolve Financial Statements Audit IT findings, develop enterprise-wide solutions, and prepare for future financial statements audits. The group developed and implemented a tracking and management procedure to provide monthly progress reports on the resolution of audit findings. By July 2010, the group reported nearly 84 percent of the 70 FY 2009 IT findings as closed.

DM coordinated with the Federation of Computer Incident Response Team (CIRT), the U.S. Computer Emergency Readiness Team (US-CERT) at the Department of Homeland Security, to receive timely security alerts and notifications. As a result, the Department detected malicious cyber attacks against its network and developed plans to remediate and prevent potential threats and vulnerabilities.

Almost all of the OIG's recommendations made were accepted by senior Agency leadership; implementation of these recommendations will result in significant improvements to the Department's operations. The OIG's inspections and audits also captured significant financial benefits for the Department, including recovery of funds returned to the Department, expenditures that were not supported by adequate documentation, recoveries from criminal and civil investigations, future financial benefits from recommendations for more efficient use of Department funds, and expenditure of funds that may have been inconsistent with applicable laws and regulations.

## SUMMARY OF PERFORMANCE

The following outcomes apply to this objective with the measures below them providing an indication of how well the Department is doing in achieving those outcomes.

1. Ensure effective resource stewardship in support of the Department's programs (DM)
2. Ensure retention of highly qualified staff in mission-critical positions (DM)
3. Acquire and manage the technology resources to support program goals (DM)
4. Promote improvements to Department programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)

OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
1	Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management	<ul style="list-style-type: none"> <li>Eliminate any significant deficiency within 1 year of determination</li> <li>Complete FY 2010 A-123 assessment of internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Significant deficiency not eliminated</li> <li>Completed FY 2010 A-123 assessment of internal controls</li> </ul>	Not Met
1	Effectively use commercial services management	<ul style="list-style-type: none"> <li>Increase use of competition by 2%, measured by procurement dollars awarded</li> <li>Decrease procurement dollars awarded on a cost-reimbursement, time and materials, and labor hours contracts by 10%</li> </ul>	<ul style="list-style-type: none"> <li>Maintained and monitored existing activities, however, no new cost comparisons were permitted under this year's appropriation language, therefore the result is considered not applicable</li> </ul>	N/A
1	Obligate funds through performance-based contracting (% of eligible service contracting \$)	50%	37%	Not Met
2	Acquire and maintain diverse and highly qualified staff in mission-critical occupations	<ul style="list-style-type: none"> <li>Have new competency models in place for three mission-critical occupations for use in workforce recruitment, training, and development activities</li> <li>Meet or exceed the 80-day hiring goals mandated by OPM</li> <li>Train up to 50-70 participants on leadership development programs via ALDP, ELDP and APDP, and 180-200 participants via Careers in Motion</li> <li>Integrate Commerce Learning Center in program administration to enhance tracking and progress monitoring</li> </ul>	<ul style="list-style-type: none"> <li>Produced competency models for four mission-critical occupations</li> <li>Established hiring process baseline at 133 days</li> <li>Trained 98 ALDP, ELDP, and APCP participants via leadership development programs, and 181 employees via the Careers in Motion Program</li> <li>Integrated Commerce Learning Center in program administration to enhance measurement of results</li> </ul>	Met
3	Improve the management of information technology	<ul style="list-style-type: none"> <li>IT investments have cost/schedule overruns and performance shortfalls averaging less than 10%</li> <li>Perform IT security compliance review of all operating units, and 10 FISMA systems in CSAM</li> <li>Deploy an enterprise-wide role-based cybersecurity training program</li> <li>Deploy national security and emergency network initial operating capability</li> </ul>	<ul style="list-style-type: none"> <li>For the year, IT investments had cost/schedule overruns and performance shortfalls averaging less than 10%</li> <li>Completed security assessments and vulnerability assessments for all operating units. Submitted findings and recommendations to operating units and OCIO for review</li> <li>Implemented cybersecurity development program and graduated 20 candidates from the Department's first class. Enrolled candidates in the program's second class. More than eight candidates have obtained or are planning to obtain security-related certifications.</li> <li>Deployed national security and emergency network in the development environment. Received official approval to connect from Defense Intelligence Agency.</li> </ul>	Met

(continued)



OUTCOME	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
4	Percentage of OIG recommendations accepted by Departmental and bureau management	95%	95%	Met
4	Dollar value of financial benefit identified by the OIG	\$38.0M	\$47.8M	Exceeded
4	Percentage of criminal and civil matters that are accepted for prosecution	75%	42%	Not Met

### FY 2010 STATUS

DM and the OIG met or exceeded four of seven applicable targets in FY 2010. DM did not meet the targets for “Obligate funds through performance-based contracting (% of eligible service contracting \$) and “Provide accurate and timely financial information and conform to federal standards laws, and regulations governing accounting and financial management.” The OIG did not meet the target for “Percentage of criminal and civil matters that are accepted for prosecution.”

### FY 2010 MISSED TARGETS

<b>MEASURE</b>	<b>OBLIGATE FUNDS THROUGH PERFORMANCE-BASED CONTRACTING (% OF ELIGIBLE SERVICE CONTRACTING \$) (DM)</b>
<b>Explanation</b>	37.28% of obligated dollars (\$815,883.198) were awarded on performance-based contracts. While DM did not meet the goal of 50%, they are making progress in that Census Bureau exceeded the 50% goal and USPTO missed it by only 1.3%.
<b>Action</b>	DM will continue to seek to award more performance-based contracts.
<b>MEASURE</b>	<b>PROVIDE ACCURATE AND TIMELY FINANCIAL INFORMATION AND CONFORM TO FEDERAL STANDARDS, LAWS, AND REGULATIONS GOVERNING ACCOUNTING AND FINANCIAL MANAGEMENT</b>
<b>Explanation</b>	The significant deficiency was not eliminated. However, the other portion of the measure, “Complete FY 2010 A-123 assessment of internal controls,” was done.
<b>Action</b>	DM continues to make progress in this area, though the significant deficiency in IT controls remained in FY 2010.
<b>MEASURE</b>	<b>PERCENTAGE OF CRIMINAL AND CIVIL MATTERS THAT ARE ACCEPTED FOR PROSECUTION (OIG)</b>
<b>Explanation</b>	Notwithstanding that the U.S. Attorneys have thresholds for accepting cases, due to the sensitivity of the Decennial Census, the OIG advocated for prosecution of a number of census-related cases that otherwise would not normally have been referred to the U.S. Attorney.
<b>Action</b>	No additional action taken.

### HISTORICAL TRENDS

DM has consistently achieved its IT and human resources targets since they began reporting in FY 2005. The OIG has met or exceeded all of its targets (with the exception of one—see FY 2010 Missed Targets above) since it began reporting them in FY 2003.

