



# U.S. DEPARTMENT OF COMMERCE

## FY 2009 PERFORMANCE & ACCOUNTABILITY REPORT

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AMERICAN JOBS, AMERICAN VALUES



## DEPARTMENT OF COMMERCE WEB ADDRESSES

### FOR PLANNING AND PERFORMANCE

Department of Commerce  
<http://www.commerce.gov/>

Department of Commerce Strategic Plan, Performance Reports and Performance Plans  
[http://www.osec.doc.gov/bmi/budget/budgetsub\\_perf\\_strategicplans.htm](http://www.osec.doc.gov/bmi/budget/budgetsub_perf_strategicplans.htm)

Economic Development Administration Annual Reports  
<http://www.eda.gov/AboutEDA/Annualreport.xml>

International Trade Administration Strategic Plan  
[http://trade.gov/ITA\\_stratplan2007.pdf](http://trade.gov/ITA_stratplan2007.pdf)

Minority Business Development Agency Portal/Annual Report  
<http://www.mbda.gov>

Bureau of Industry and Security Annual Report  
<http://www.bis.doc.gov/>

Census Bureau  
<http://www.census.gov>

Economics and Statistics Administration  
<http://www.esa.doc.gov/>

Bureau of Economic Analysis  
<http://www.bea.gov>

- ◆ BEA's Mission, Vision, Values, and Role  
<http://bea.gov/about/mission.htm>
- ◆ BEA Strategic Plan for FY 2009-FY 2013  
[http://bea.gov/about/pdf/strategic\\_plan\\_matrix\\_2009-2013.pdf](http://bea.gov/about/pdf/strategic_plan_matrix_2009-2013.pdf)
- ◆ Release Dates for 2009  
<http://www.bea.gov/newsreleases/2009rd.htm>

National Institute of Standards and Technology

- ◆ NIST Performance Evaluation  
[http://www.nist.gov/director/planning/impact\\_assessment.htm](http://www.nist.gov/director/planning/impact_assessment.htm)
- ◆ NIST Technology Innovation Program  
<http://www.nist.gov/tip/>
- ◆ NIST Manufacturing Extension Partnership – MEP Impacts  
<http://www.mep.nist.gov/impacts/index.htm>
- ◆ NIST Baldrige National Quality Program – Program Information and Award Statistics  
<http://www.quality.nist.gov/>

National Technical Information Service  
<http://www.ntis.gov/>

- ◆ Annual Report  
<http://www.ntis.gov/pdf/annrpt2008.pdf>

U.S. Patent and Trademark Office  
<http://www.uspto.gov>

- ◆ Performance and Accountability Report  
<http://www.uspto.gov/web/offices/com/annual/>
- ◆ President's Budget and Strategic Plan  
<http://www.uspto.gov/web/offices/ac/comp/budg/index.html>

National Telecommunications and Information Administration

- ◆ Annual Reports  
<http://www.ntia.doc.gov/ntiahome/annreports.html>

National Oceanic and Atmospheric Administration Strategic Planning and Performance  
<http://www.ppi.noaa.gov/>

Office of Inspector General  
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# U.S. DEPARTMENT OF COMMERCE

## FY 2009 PERFORMANCE & ACCOUNTABILITY REPORT



AMERICAN JOBS, AMERICAN VALUES



## THE DEPARTMENT AT A GLANCE

### HISTORY AND ENABLING LEGISLATION

The Department of Commerce was originally established by Congressional Act on February 14, 1903 as the Department of Commerce and Labor (32 Stat. 826; 5 U.S.C. 591) and was subsequently renamed the U.S. Department of Commerce by President William H. Taft on March 4, 1913 (15 U.S.C. Section 1512). The defined role of the new Department was “to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, and fishery industries of the United States.”

### MISSION

The Department of Commerce creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

#### Program Bureaus

- Economic Development Administration (EDA)
- Economics and Statistics Administration (ESA)
  - Bureau of Economic Analysis (BEA)
  - Census Bureau
- International Trade Administration (ITA)
- Bureau of Industry and Security (BIS)
- Minority Business Development Agency (MBDA)
- U.S. Patent and Trademark Office (USPTO)
- National Institute of Standards and Technology (NIST)
  - National Technical Information Service (NTIS)
- National Telecommunications and Information Administration (NTIA)
- National Oceanic and Atmospheric Administration (NOAA)

### STRATEGIC GOALS

**Goal 1:** Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers

**Goal 2:** Promote U.S. innovation and industrial competitiveness

**Goal 3:** Promote environmental stewardship

**Management Integration Goal:** Achieve organizational and management excellence

### LOCATION

The Department is headquartered in Washington, D.C., at the Herbert Clark Hoover Building, which is located on eight acres of land covering three city blocks. The Department also has field offices in all states and territories and maintains offices in more than 70 countries worldwide.

### EMPLOYEES

As of September 30, 2009, the Department had approximately 54,400 employees. The size of the Department will fluctuate in the next three years depending on the needs of the Census Bureau, growing to more than 140,000 employees in FY 2010.

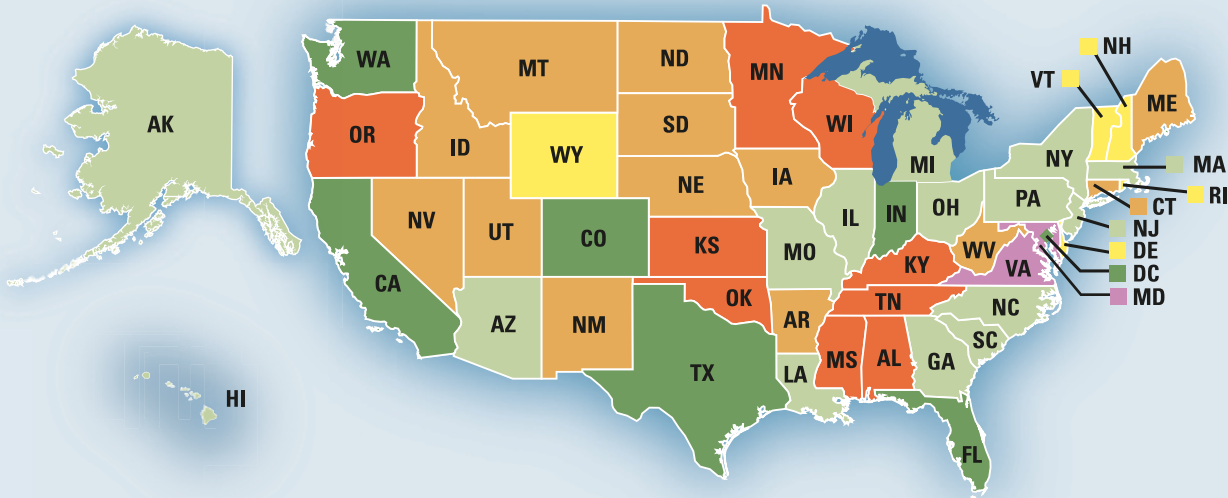
### FINANCIAL RESOURCES

The Department’s FY 2008 and FY 2009 budgets were approximately \$7.7 billion and \$17.4 billion (budget authority), respectively.

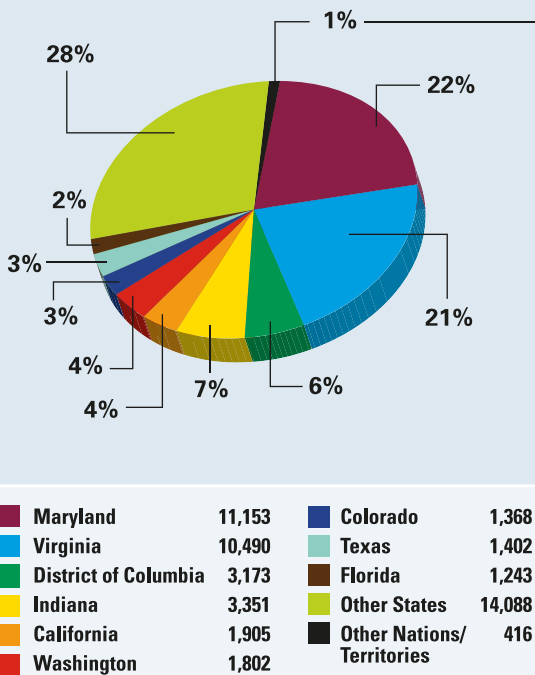
### INTERNET

The Department’s Internet address is [www.commerce.gov](http://www.commerce.gov).

## DEPARTMENT OF COMMERCE EMPLOYEES



## DEPARTMENT OF COMMERCE EMPLOYEES BY LOCATION



### Other Nations/Territories in which Department of Commerce has Staff

Algeria	Guatemala	Portugal
American Samoa	Hong Kong	Puerto Rico
Argentina	Hungary	Qatar
Australia	India	Romania
Austria	Indonesia	Russia
Belgium	Iraq	Saudi Arabia
Brazil	Ireland	Senegal
Bulgaria	Israel	Serbia
Canada	Italy	Singapore
Chile	Japan	South Africa
China	Jordan	South Korea
Columbia	Kazakhstan	Slovakia
Costa Rica	Kenya	Spain
Croatia	Kuwait	Sweden
Czech Republic	Libya	Switzerland
Dominican Republic	Malaysia	Taiwan
Ecuador	Mexico	Thailand
Egypt	Morocco	Turkey
El Salvador	Netherlands	Tunisia
Finland	Nigeria	United Arab Emirates
France	Pakistan	United Kingdom
Germany	Panama	Ukraine
Ghana	Peru	Venezuela
Greece	Philippines	Vietnam
Guam	Poland	

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# STATEMENT FROM THE SECRETARY

I am pleased to present the Department of Commerce's (Department) fiscal year (FY) 2009 Performance and Accountability Report (PAR). The PAR describes our accomplishments and challenges in maximizing U.S. competitiveness, enabling economic growth, fostering U.S. leadership in science and technology, and promoting environmental stewardship. It also provides information on our financial management and performance.



## *Trade, Competitiveness, and Economic Growth*

The U.S. trade deficit in goods and services for January through August 2009 was less than half of the deficit during those same months in 2008. Not only did U.S. exports fall more slowly than imports as the global recession worsened early in the year, but U.S. exports recovered more quickly than imports as worldwide demand began to grow. One in five U.S. manufacturing jobs is supported by trade.

The Department, through its International Trade Administration (ITA), has made strong progress toward improving trade, particularly in the areas of ensuring a level playing field and in increasing exports by small and medium-sized firms. During FY 2009, 56 percent of market access and compliance cases—totaling over \$25 billion in value—were successfully resolved, compared with 39 percent in FY 2008. Similarly, 30 percent of industry-specific trade barriers addressed by ITA during FY 2009 were removed or prevented. The number of U.S. small and medium-sized firms that export increased by 4.7 percent in FY 2009. ITA assisted 15 percent of the small and medium-sized firms that began exporting in FY 2009, compared with 12 percent of such firms during FY 2008. We remain focused on achieving further progress in these and other critical trade areas for U.S. businesses and workers.

The Economics and Statistics Administration's (ESA) Bureau of Economic Analysis (BEA) and Census Bureau continued to upgrade the quality and availability of critical economic and demographic information for policymakers, business leaders, and the public. The Census Bureau began field operations for the 2010 Decennial Census, the largest non-military activity undertaken by the U.S. government. Population data from the census, which is mandated by the Constitution, support the reapportionment of Congress as well as state and local legislative bodies, and are also used to allocate over \$400 billion in annual federal program funds. The Decennial program completed the opening of early local census offices as well as the Address Canvassing operation, verifying over 140 million household addresses across the country. The Census Bureau received \$1 billion in American Recovery and Reinvestment Act (Recovery Act) funding to hire new personnel for partnership and outreach efforts to minority communities and hard-to-reach populations, increase targeted media purchases, and ensure proper management of operational and programmatic risks. We will focus on effectively managing these risks as census operations proceed.

BEA further developed a health satellite account that will enable better assessment of the returns of various medical treatments as well as the sources of changes in health care costs. BEA also resumed development of statistics for its research and development satellite account to support their integration into the gross domestic product, highlighting the link between innovation and growth. Additionally, BEA further integrated its accounts with other federal economic statistics.

The Department, through the Economic Development Administration (EDA), assists U.S. industries, communities, and workers through investments in public infrastructure and technology, which in turn attract private capital investment and create new jobs. As of FY 2009, EDA investments of \$268 million made in FY 2000 had generated \$2.2 billion in private investment and nearly 46,000 jobs. In addition, EDA funded 68 Recovery Act grants through its existing program structure in FY 2009. Consistent with the intent of the act, EDA's Recovery Act investments focused on infrastructure projects that will promote immediate job growth and retention.



The Minority Business Development Agency (MBDA) promotes the ability of minority businesses to succeed in the local, national, and global economies. MBDA supported clients who obtained \$2.9 billion in contract and financial awards during FY 2009, compared with \$2.1 billion in FY 2008.

The Bureau of Industry and Security (BIS) administers and enforces the dual-use export control system, which regulates exports of sensitive goods and technology that have legitimate civilian uses, but could also have military or terrorism-related uses. During FY 2009, General Electric India became the first Indian company to qualify as a Validated End-User (VEU), allowing it to more expeditiously receive such exports. The number of VEUs in the People's Republic of China increased to six. We are determined to make exports of dual-use items to foreign customers more efficient, while ensuring requisite U.S. security.

Finally, the National Institute of Standards and Technology's (NIST) Hollings Manufacturing Extension Partnership (MEP) supported its clients—primarily small manufacturers—in generating \$3.3 billion in increased sales, \$1.4 billion in capital investment, and \$1.2 billion in cost savings during FY 2008 (MEP results have a one-year time lag).

Last month, I was pleased to open CommerceConnect near Detroit, MI. This office is a "one-stop shop" that is designed to help local businesses to access multiple federal programs from one location.

### *Innovation and Intellectual Property Protection*

A vigorous, flexible, and efficient intellectual property (IP) protection system is critical to encouraging investments that build our industries, businesses, and jobs. The Department is committed to ensuring that the United States has a first-class IP protection system to support innovation throughout the 21st century.

The U.S. Patent and Trademark Office (USPTO) maintained a strong focus on quality in FY 2009, with an allowance compliance rate near 97 percent. However, many challenges remain to achieve significant sustainable reductions in patent pendency—now over 25 months for first action and 34 months for total pendency—to levels that fully enable and reward entrepreneurship and innovation. We are committed to effectively meeting these challenges in the shortest possible time frame, through both internal reforms as well as through ongoing engagement with our customers, Congress, and other stakeholders.

A slowdown in filings this year allowed the Patent Office to make some headway on its backlog. However, the slowdown posed some additional challenges due to the commensurate reduction in fees, on which USPTO depends for operations. Congress authorized the use of trademark fees to fund patent operations in limited circumstances. However, USPTO implemented cost savings that avoided use of this authority in FY 2009. For the longer-term, we will work to ensure that USPTO has an adequately stable and sustainable financial structure.

The Trademark Office continued to streamline processes, reduce costs, and lower pendency. Trademark first-action pendency improved from 3.0 months in FY 2008 to 2.7 months in FY 2009, and total pendency improved from 11.8 months in FY 2008 to 11.2 months in FY 2009.

NIST programs support the nation's innovative capacity and promote markets for new technological applications through its sound, science-based measurements and standards. For example, NIST is coordinating the development of interoperability standards for the Smart Grid. In FY 2009, NIST appointed a senior executive to serve as National Coordinator for Smart Grid Interoperability. NIST recently released its Smart Grid Interoperability Standards Framework after significant stakeholder engagement. In the area of cyber security, NIST, in partnership with the Department of Defense (DOD) and the United States Intelligence Community, issued Publication 800-53, Revision 3, the most state-of-the-art set of safeguards and countermeasures ever developed to protect federal information systems. NIST also continued to conduct innovative scientific measurement research as part of the President's Plan for Science and Innovation.

The NIST Technology Innovation Program (TIP) supports high-risk, high-reward research in areas of critical national need at U.S. businesses, universities, national laboratories, and nonprofit research institutions. In January 2009, TIP announced its first set of awards, totaling \$42.5 million to promote innovative advanced sensing technologies in the area of civil infrastructure monitoring.

NIST received \$580 million in Recovery Act funds during FY 2009 to encourage innovation through research grants, contracts, and fellowships, as well as through procurement of advanced measurement equipment and improved information technology (IT) infrastructure; to support key upgrades to NIST research facilities; and to provide competitive construction grants for research science buildings. The Recovery Act also provided \$20 million to support Health Information Technology and \$10 million for Smart Grid standards.

The National Telecommunications and Information Administration (NTIA) continued its key activities in radio spectrum management and in implementing programs under the Digital Television Transition and Public Safety Fund, such as the Digital-to-Analog Converter Box Coupon Program. The digital television (DTV) transition occurred with minimal disruption and maximum preparedness due to the DTV Delay Act and additional funding in the Recovery Act. As of July 2009, NTIA distributed 63.2 million coupons to more than 34 million households, over 33 million of which were redeemed. The last coupons expired November 9, 2009. We are gratified by the high level of participation and cooperation by converter box manufacturers and consumer electronics retailers. Finally, NTIA received \$4.7 billion in Recovery Act funding for the Broadband Technology Opportunities Program (BTOP), to provide grants enabling consumers in unserved and underserved areas of the United States to better access broadband services. NTIA will make an initial series of grants in December 2009, with the remainder completed by the end of FY 2010. Ensuring the efficient and effective administration of BTOP is one of the Department's highest priorities.

### *Environmental Stewardship*

The National Oceanic and Atmospheric Administration (NOAA) continued to improve the fish stock sustainability index (FSSI), its comprehensive measure for sustainability of 230 U.S. fish stocks selected for their importance to commercial and recreational fisheries. In FY 2009, four stocks—Atlantic bluefish, Gulf of Mexico king mackerel, and two stocks of monkfish in the Atlantic—were declared rebuilt, the largest number in a single year since NOAA declared the first stock successfully rebuilt in 2001. NOAA continues to work with the eight Fishery Management Councils to implement statutory annual catch limits.

NOAA is also working with the New England Fishery Management Council to develop a new groundfish management regime that will implement fishing sectors—a group of vessel permit holders who agree to fishing restrictions and procedures in exchange for a share of the total catch allocated to the industry. For those vessels that opt to join a sector, this catch share system will provide operational efficiencies over the current method of modifying fishing effort through days at sea.

In June 2009, the U.S. Global Change Research Program released the NOAA-led study, "Global Climate Change Impacts in the United States," a state-of-the-knowledge report about the observed and projected consequences of climate change for our Nation. The report is an authoritative scientific assessment of national and regional impacts written to better inform public and private decision-making at all levels.

During the spring of 2009, NOAA coordinated the largest and most ambitious study of tornadoes in history, with the support of more than 50 scientists and 40 research vehicles. Scientists sampled supercell thunderstorms, which are capable of producing damaging winds, large hail, and tornadoes.

NOAA satellites provided key support in the rescues of 184 persons throughout and near the United States during FY 2009, providing their locations to first responders. In December 2008, NOAA and the National Aeronautics and Space Administration (NASA) selected Lockheed Martin Space Systems to build two spacecraft to launch the next generation Geostationary Operational Environmental

Satellite-R series (GOES-R) weather satellites, beginning in 2015. GOES-R will incorporate advanced capabilities to support more timely and accurate forecasts of hurricanes, tornadoes, air quality, and geomagnetic storms. In February 2009, NOAA-19 was launched to provide a range of weather, climate, fire, and vegetation data, and to further support search and rescue operations. In June 2009, GOES-14 was launched to provide critical severe and tropical weather data. Ensuring future timely and cost-effective satellite data is of great importance to the Nation. We are mindful of the management challenges that have resulted in overruns and delays in the National Polar-orbiting Operational Environmental Satellite System (NPOESS), the next-generation polar satellite program. While significant steps to mitigate risk have been taken, the Department is committed to making further improvements to optimally manage environmental satellite acquisitions over the next decade.

NOAA received \$830 million from Recovery Act to assist key sectors of the U.S. economy. Examples include: (1) reducing the hydrographic survey backlog to facilitate shipping transportation; (2) habitat restoration projects that benefit marine fisheries and endangered species; (3) supporting critical development activities of the NPOESS program, to provide essential data for weather prediction and climate monitoring; and (4) completing construction work on various facilities and vessels to meet mission needs and provide jobs.

### *Program Data, Department-wide Management, and Financial Performance*

The Department's financial data and performance results for FY 2009 are provided together in this report in response to the Reports Consolidation Act of 2000. This information is crucial in helping us to effectively administer our programs, determine their success, and make adjustments that may be necessary to improve the quality of program operation and service delivery.

For the eleventh year in a row, the independent auditors tasked with reviewing our financial statements have provided an unqualified opinion. Our financial management systems have been found to be in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996, and, in accordance with Office of Management and Budget (OMB) Circulars A-136 and A-11, the financial and performance data published in this report are substantially complete and reliable.

The Federal Managers' Financial Integrity Act (FMFIA) of 1982 and OMB Circular A-123 provide the framework within which Departmental and operating unit managers may determine whether adequate internal controls are in place and are operating as they should. We rely on a wide range of studies conducted by programmatic and administrative managers, the Office of Inspector General (OIG), the Government Accountability Office (GAO), and others to assist in this effort. Based on activities undertaken during FY 2009, the Department's system of internal controls, taken as a whole, are consistent with FMFIA, with the exception of one material weakness. Since it was initially identified as a material weakness, the need to strengthen IT security has been an area of considerable focus across the Department. While significant progress has been made, we believe that additional enhancements are needed before this material weakness may be considered fully resolved. Further information on actions being taken to address this critical area may be found in the report under Management's Discussion and Analysis.

### *In Conclusion*

Again, I am proud to submit this report on the FY 2009 performance of the Department of Commerce, and I hope that it provides a useful summary of the results of the Department and its 54,000 employees.



Gary Locke  
Secretary of Commerce  
November 16, 2009

# HOW TO USE THIS REPORT

**T**his Performance and Accountability Report (PAR) for FY 2009 provides the Department of Commerce's financial and performance information, enabling the President, Congress, and the American people to assess the Department's performance as provided by the requirements of the:

- Reports Consolidation Act of 2000 and other laws
- Government Management Reform Act of 1994
- Government Performance and Results Act (GPRA) of 1993
- Chief Financial Officers (CFO) Act of 1990
- Federal Managers' Financial Integrity Act (FMFIA) of 1982.

The assessment of the Department's performance contained in this report compares performance results to the Department's strategic goals and performance goals. The Department's Strategic Plan, Performance Plan, and annual PARs are available on

the Department's Web site at [http://www.osec.doc.gov/bmi/budget/budgetsub\\_perf\\_strategicplans.htm](http://www.osec.doc.gov/bmi/budget/budgetsub_perf_strategicplans.htm). The Department welcomes feedback on the form and content of this report.

This report is organized into the following major components:

## **STATEMENT FROM THE SECRETARY OF COMMERCE**

The Secretary's statement includes an assessment of the reliability and completeness of the financial and performance information presented in the report and a statement of assurance on the Department's management controls as required by the FMFIA.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section provides an overview of the financial and performance information contained in the Performance Section, Financial Section, and Appendices. The MD&A includes an overview of the Department's organization, highlights of the Department's most important performance goals and results, current status of systems and internal control weaknesses, and Department programs under the American Recovery and Reinvestment Act (ARRA) of 2009.

## **PERFORMANCE SECTION**

This section provides the annual performance information as required by Office of Management and Budget (OMB) Circular A-11 and GPRA. Included in this section is a detailed discussion and analysis of the Department's performance in FY 2009. For each service and major office, the results are presented by each performance outcome or objective within the four Department strategic goals.

## **FINANCIAL SECTION**

This section contains the details of the Department's finances in FY 2009 including information on the Department's financial management, debt management, payments management, audited financial statements, other supplemental financial information, and the independent auditors' report.

## **APPENDICES**

This section provides summary charts of performance information, a listing of key stakeholders, a discussion of key management challenges identified by the Office of Inspector General (OIG) including actions taken to address them, financial information, and a glossary of acronyms. A discussion of measure and outcome changes from the FY 2008 PAR, and of the data sources of performance measures, appears at the end of the Web site version of the PAR located at <http://www.osec.doc.gov/bmi/budget/FY09PAR.htm>.

For additional copies of this report, please call the Department of Commerce, Office of Budget, at 202-482-4648 or email either Bill Tatter at [BTatter@doc.gov](mailto:BTatter@doc.gov) or Steve Shapiro at [SShapiro@doc.gov](mailto:SShapiro@doc.gov). A listing of Web addresses and email addresses of other Departmental and bureau staff appears on the inside front cover.





# MANAGEMENT'S DISCUSSION & ANALYSIS

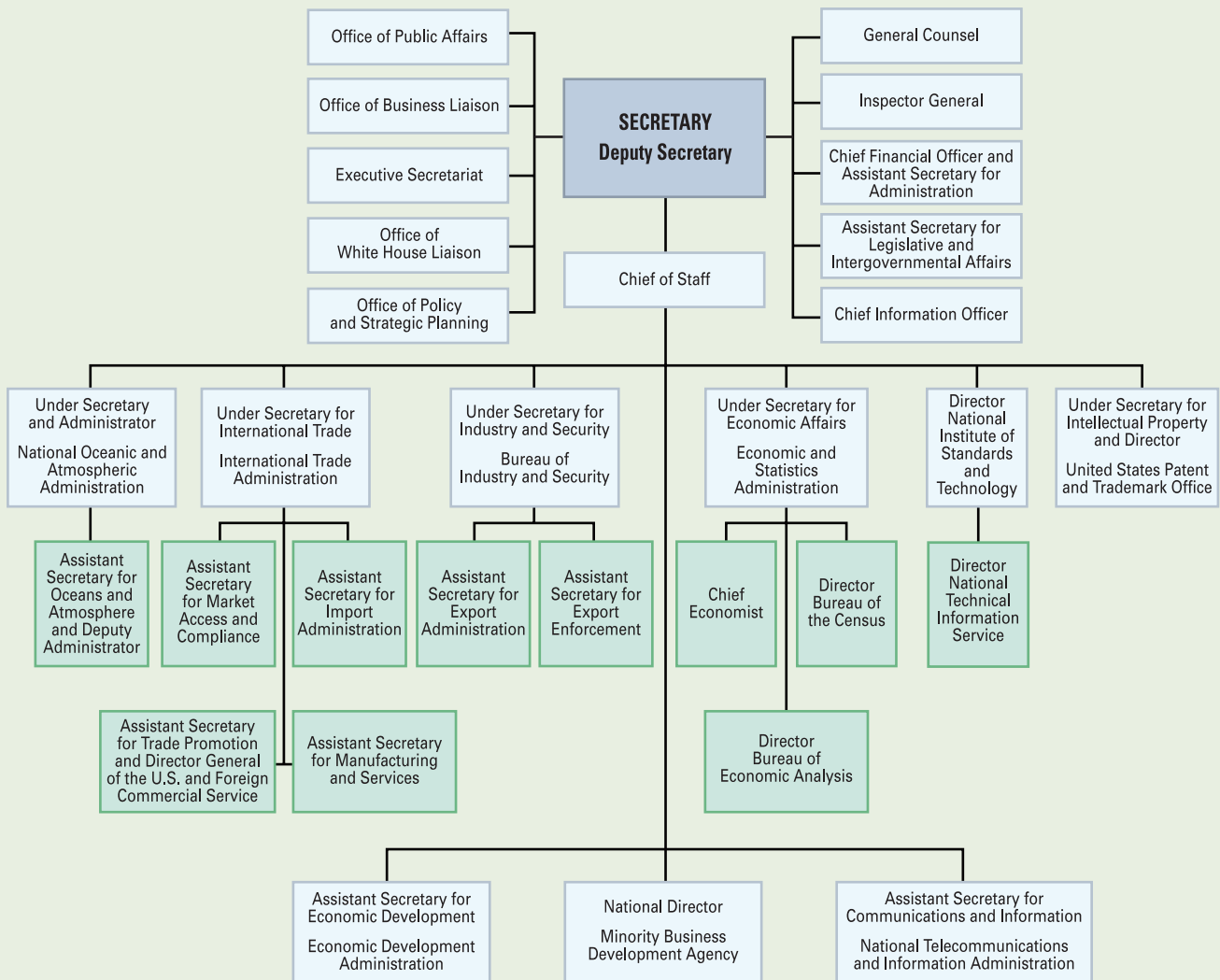
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## MISSION AND ORGANIZATION

### MISSION

THE DEPARTMENT OF COMMERCE CREATES THE CONDITIONS FOR ECONOMIC GROWTH AND OPPORTUNITY BY PROMOTING INNOVATION, ENTREPRENEURSHIP, COMPETITIVENESS, AND STEWARDSHIP.

### U.S. DEPARTMENT OF COMMERCE

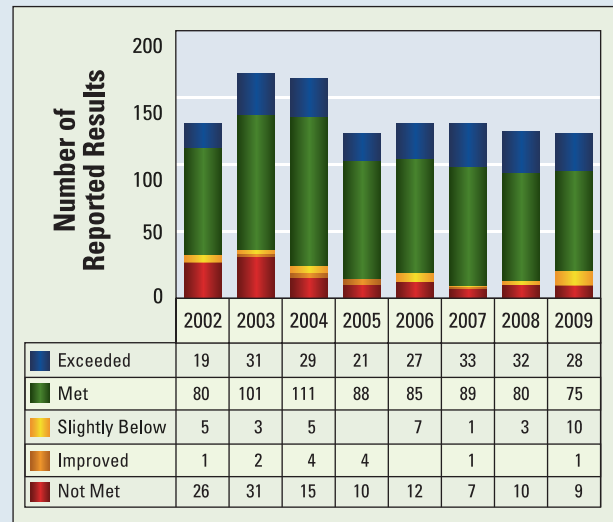


**FY 2009 PERFORMANCE AND FINANCIAL HIGHLIGHTS**

**PERFORMANCE HIGHLIGHTS**

In FY 2009, the Department met or exceeded 84 percent of its 123 performance targets. The Department has maintained a steady rate of performance from FY 2002 onward ranging from a low of 79 percent in FY 2003 to a high of 93 percent in FY 2007. Below are the funding amounts by strategic goal and financial highlights. Achieving results in each of the strategic goals furthers the Department's mission. This summary provides a snapshot of the targeted achievements. Discussions and highlights of successes are in the performance discussions of each performance goal.

**PERFORMANCE RESULTS**



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

(Dollars in Millions) <sup>1</sup>	Percentage Change	FY 2009	FY 2008
<b>For the Years Ended September 30, 2009 and 2008</b>			
<b>Obligations by Strategic Goal:</b>			
<i>Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers<sup>2</sup></i>	+72.4%	\$ 4,555.2	\$ 2,642.4
<i>Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness</i>	+3.8%	3,840.9	3,701.2
<i>Strategic Goal 3: Promote Environmental Stewardship</i>	+20.3%	5,094.1	4,234.4
<i>Management Integration Goal: Achieve Organizational and Management Excellence</i>	+ 17.1%	79.3	67.7
<b>TOTAL OBLIGATIONS</b>	<b>+27.4%</b>	<b>\$13,569.5</b>	<b>\$10,645.7</b>
<b>Full Time Equivalents (FTEs) by Strategic Goal:</b>			
<i>Strategic Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers<sup>2</sup></i>	+141.8%	29,266	12,103
<i>Strategic Goal 2: Promote U.S. innovation and industrial competitiveness</i>	+5.8%	12,798	12,096
<i>Strategic Goal 3: Promote environmental stewardship</i>	-4.8%	12,031	12,637
<i>Management Integration Goal: Achieve Organizational and Management Excellence</i>	+2.1%	297	291
<b>TOTAL FTEs</b>	<b>+46.5%</b>	<b>54,392</b>	<b>37,127</b>

**Total Obligations**

in Billions

FY 2009: \$13,569.5  
FY 2008: \$10,645.7

**Total FTEs**

in Thousands

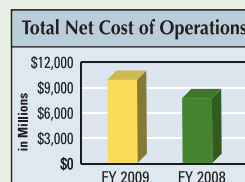
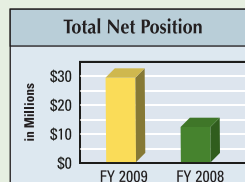
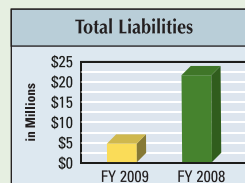
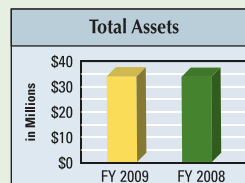
FY 2009: 54,392  
FY 2008: 37,127

<sup>1</sup>Performance obligations may differ from obligations shown in financial reports because they do not include one-time funds for unexpected events (e.g., Hurricane Katrina) or reimbursable work that cannot be planned. In these cases, these obligations are not factored into bureau performance amounts.

<sup>2</sup>For Strategic Goal 1, the funding and FTE rose significantly in FY 2009 as a result of the Census Bureau's ramp up for the Decennial Census in 2010.

FINANCIAL HIGHLIGHTS

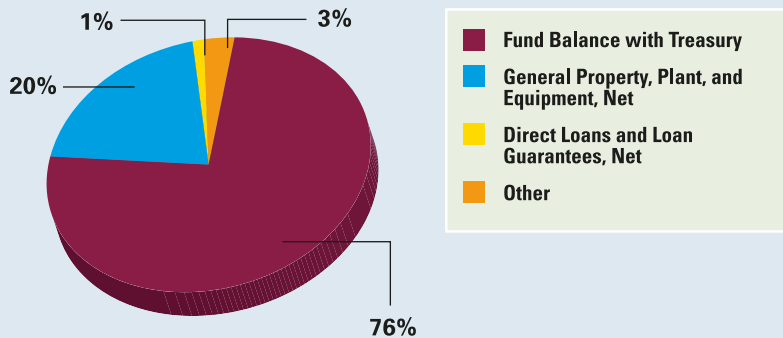
(Dollars in Thousands)	Percentage Change	FY 2009	FY 2008
<b>As of September 30, 2009 and 2008</b>			
<b>Condensed Balance Sheets:</b>			
<b>ASSETS:</b>			
Fund Balance with Treasury	-4%	\$ 25,671,762	\$ 26,633,414
General Property, Plant, and Equipment, Net	+9%	6,758,827	6,190,408
Direct Loans and Loan Guarantees, Net	0%	511,092	511,009
Other	+166%	1,015,104	381,974
<b>TOTAL ASSETS</b>	<b>+1%</b>	<b>\$ 33,956,785</b>	<b>\$33,716,805</b>
<b>LIABILITIES:</b>			
Unearned Revenue	-8%	\$ 1,311,270	\$ 1,418,367
Spectrum Auction Proceeds Liability to Federal Communications Commission	-98%	400,451	17,177,707
Federal Employee Benefits	+3%	687,434	666,563
Accounts Payable	+11%	505,944	455,146
Accrued Grants	+19%	446,207	373,525
Debt to Treasury	+2%	487,275	476,653
Accrued Payroll and Annual Leave	+19%	540,082	452,073
Other	-50%	242,102	480,934
<b>TOTAL LIABILITIES</b>	<b>-79%</b>	<b>\$ 4,620,765</b>	<b>\$ 21,500,968</b>
<b>NET POSITION:</b>			
Unexpended Appropriations	+154%	\$ 13,136,522	\$ 5,180,387
Cumulative Results of Operations	+130%	16,199,498	7,035,450
<b>TOTAL NET POSITION</b>	<b>+140%</b>	<b>\$ 29,336,020</b>	<b>\$ 12,215,837</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>+1%</b>	<b>\$ 33,956,785</b>	<b>\$ 33,716,805</b>
<b>For the Years Ended September 30, 2009 and 2008</b>			
<b>Condensed Statements of Net Cost:</b>			
<i>Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers</i>	+73%	\$ 3,794,414	\$ 2,198,131
<i>Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness</i>	+32%	1,880,001	1,422,763
<i>Strategic Goal 3: Promote Environmental Stewardship</i>	+2%	4,152,324	4,077,919
<b>TOTAL NET COST OF OPERATIONS</b>	<b>+28%</b>	<b>\$ 9,826,739</b>	<b>\$ 7,698,813</b>
Total Gross Costs	+21%	\$ 12,540,517	\$ 10,330,098
Less: Total Earned Revenue	+3%	(2,713,778)	(2,631,285)
<b>Total Net Cost Of Operations</b>		<b>\$ 9,826,739</b>	<b>\$ 7,698,813</b>



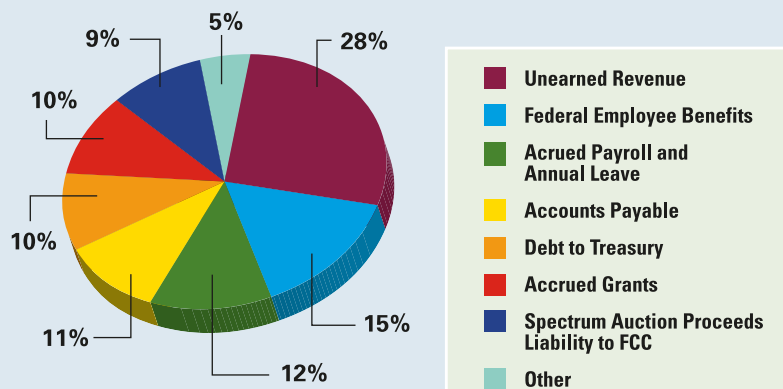


REVIEW OF FINANCIAL POSITION AND RESULTS

COMPOSITION OF THE DEPARTMENT'S FY 2009 ASSETS



COMPOSITION OF THE DEPARTMENT'S FY 2009 LIABILITIES

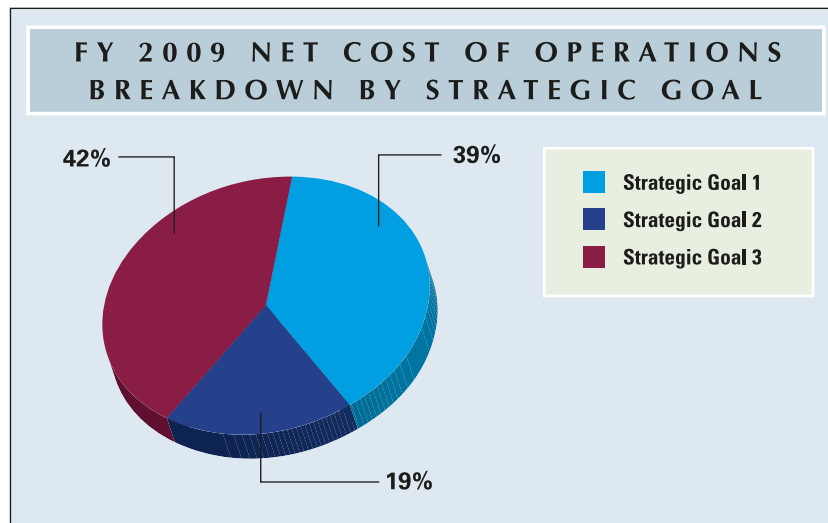


ASSETS

The Department had total assets of \$34.0 billion as of September 30, 2009. This represents an increase of \$240 million or 1 percent over total assets of \$33.7 billion at September 30, 2008. Fund Balance with Treasury decreased \$962 million or 4 percent, which primarily resulted from an increase in Advances and Prepayments of \$583 million, and an increase in Construction-in-progress of \$401 million, primarily related to satellites/weather systems personal property. General Property, Plant, and Equipment, Net increased \$568 million or 9 percent, mainly due to the increase in Construction-in-progress. Other Assets increased \$633 million, primarily due to a significant increase in Advances and Prepayments to other federal agencies for the National Telecommunications and Information Administration's (NTIA) Public Safety Interoperable Communications grant program and for work on the National Oceanic and Atmospheric Administration's (NOAA) Pacific Regional Center in Hawaii.

LIABILITIES

The Department had total liabilities of \$4.6 billion as of September 30, 2009. This represents a decrease of \$16.7 billion or 79 percent as compared to total liabilities of \$21.5 billion at September 30, 2008. This decrease is mainly due to the large decrease of \$16.9 billion in NTIA's Spectrum Auction Proceeds Liability to the Federal Communications Commission (FCC). This liability represents FCC auction proceeds for which licenses have not yet been granted by FCC. During FY 2009, the liability was primarily reduced by net auction proceeds for which licenses have been granted of \$16.69 billion, and these net auction proceeds were recognized as a financing source on the FY 2009 Consolidated Statement of Changes in Net Position. Unearned Revenue decreased \$107 million or 8 percent, mainly due to fewer patent filings and trademark applications received in FY 2009. Other Liabilities decreased \$239 million or 50 percent, as a result of a large decrease of \$141 million for accrued coupons for NTIA's Digital-to-Analog Converter Box Program, due to a significant decrease in the number of coupons issued during the third quarter of 2009 versus the third quarter of 2008.



**NET COST OF OPERATIONS**

In FY 2009, Net Cost of Operations amounted to \$9.8 billion, which consists of Gross Costs of \$12.5 billion less Earned Revenue of \$2.7 billion. Strategic Goal 1 includes Gross Costs of \$4.1 billion related to maximizing U.S. competitiveness and enabling economic growth for American industries, workers, and consumers. Strategic Goal 2 includes Gross Costs of \$4.0 billion related to promoting U.S. innovation and industrial competitiveness. Strategic Goal 3 includes Gross Costs of \$4.4 billion related to promoting environmental stewardship. The Strategic Goal 1 increase in FY 2009 Net Cost of Operations over FY 2008 of \$1.6 billion or 73 percent is primarily due to an increase in Gross Costs of \$1.4 billion for Census Bureau's Decennial and Periodic Censuses major program. The Strategic Goal 2 increase in FY 2009 Net Cost of Operations over FY 2008 of \$457 million or 32 percent is primarily due an increase in Gross Costs of \$100 million for NTIA's Digital Television and Transition Public Safety Fund, which reflects increased costs primarily for the Digital-to-Analog Converter Box Program, and increased Gross Costs of \$351 million provided by additional American Recovery and Reinvestment Act (ARRA) of 2009 funding for the Digital-to-Analog Converter Box Program.

**THE DEPARTMENT OF COMMERCE PROCESS FOR  
STRATEGIC PLANNING AND PERFORMANCE REPORTING**

**MANAGEMENT STRATEGIC FRAMEWORK, PERFORMANCE PLANNING AND REPORTING AT A GLANCE**

**PERFORMANCE MANAGEMENT PROCESS**

An overall performance management process ensures that performance feedback, accountability, performance results, corrective action, and performance planning occur.



The Department's Strategic Plan provides a comprehensive vision for fostering the conditions that create jobs; increasing the productivity of the U.S. economy; encouraging the economic growth that benefits all U.S. industries, workers, and consumers; enhancing technological leadership and environmental stewardship; and supporting market growth strategies. The plan puts forth broad objectives, targets specific outcomes, and identifies key challenges. The Department issued its Strategic Plan for FY 2007-FY 2012 in June 2007. It can be found at <http://www.osec.doc.gov/bmi/budget/07strplan/DOC07strplan.pdf>. The Department will issue a revised plan by April 1, 2010. It will be available at <http://www.osec.doc.gov/bmi/budget/10strplan/DOCstrplan.pdf>.

The Department's goal structure has three levels. Strategic goals describe outcomes that emerge from the Department's mission. Each of these goals in turn has outcome objectives that define the results that the bureaus aim to achieve. These are long-term objectives that often involve more than one Department bureau. Within each objective are performance outcomes tied to specific bureaus that support each outcome goal and provide program-level clarity of purpose. Each has associated indicators and targets to measure the Department's impact on a continuous basis. Because Strategic Goal 3 is entirely one bureau (National Oceanic and Atmospheric Administration [NOAA]), and does not cross bureaus, only performance objectives (and not outcomes) appear. Likewise, because the Management Integration Goal is so small (representing one percent of the budget), and refers only to Departmental Management (DM) and the Office of Inspector General (OIG), only objectives appear.

The Strategic Plan and bureau Annual Performance Plans (APP) provide the Department's bureau-specific performance goals and measures that align with the Department's strategic goals and objectives. These performance goals are linked with the resource requirements for the past, current, and upcoming fiscal years. Each plan is integrated with the President's budget submission to Congress, at the bureau level. Bureau FY 2010 APPs can be found at <http://www.osec.doc.gov/bmi/budget/>.

This Performance and Accountability Report (PAR) provides a public accounting of the Department's FY 2009 performance results and completes the Department's performance management process. The Web address of the FY 2009 PAR is <http://www.osec.doc.gov/bmi/budget/fy09par.htm>. Appendix A of the FY 2009 PAR provides historical results of the Department's performance, matching targets against actuals.

## HOW THE DEPARTMENT SELECTS ITS PERFORMANCE OUTCOMES AND MEASURES

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Performance outcomes articulated in the introductory material for each goal in the Strategic Plan and APP are aimed at achieving one or more strategic outcomes, and convey a sense of how the Department creates value for the U.S. public. Performance measures depict tangible progress by Department program activities toward these goals. The Department has tailored performance measures to be more outcome-oriented (described in the next section). When considered along with external factors and information provided in program evaluations, these measurements give valuable insight into the performance of Department programs, and are meant to broadly illustrate how the Department adds value to the U.S. economy. The FY 2009 PAR depicts a top-level, integrated system for managing for results within the Department, but is not an exhaustive treatment of all Department programs and activities. This report must also be read with each Department bureau's own performance results to gain a comprehensive picture of the Department's accomplishments in FY 2009. More in-depth performance results for FY 2009 and prior years are available in Appendix A, and other information about the bureaus can be found on individual bureau Web sites. The directory of Web sites is located on the inside front cover of this report and provides a good foundation for researching additional information. Descriptions of any changes between FY 2008 and FY 2009 as well as descriptions including validation and verification information of each measure can be found on the Department's Web site at [www.osec.doc.gov/bmi/budget/fy08par.htm](http://www.osec.doc.gov/bmi/budget/fy08par.htm). This Web site provides all measure descriptions for each bureau as part of the FY 2010 annual budgets for each bureau incorporated as Exhibit 3A (APP) of each bureau's budget submission.

## PERFORMANCE VALIDATION AND VERIFICATION

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The Department uses a broad range of performance outcomes and measures to make reporting useful and reliable. It is imperative to demonstrate that performance measures are backed by accurate and reliable data; valid data are important to support management decisions on a day-to-day basis. The data and the means to validate and verify the measures are also diverse. As in the measures descriptions above, validation and verification tables appear in the APPs of each bureau's FY 2010 budget submissions. These tables identify each measure, and the following information: (1) data source, (2) frequency, (3) data storage, (4) internal control procedures, (5) data limitations, and (6) any actions to be taken. This information is available at [www.osec.doc.gov/bmi/budget/fy09par.htm](http://www.osec.doc.gov/bmi/budget/fy09par.htm).

Currently, the Department reviews its performance validation and verification processes to ensure that the performance data are accurate. The Department maintains a quarterly monitoring process that reviews performance measurement data as well as the measures themselves. This process includes selecting specific performance measures for review each quarter, requiring that the bureaus provide all the data used for determining these measures, reviewing the measures for validity, and then developing recommendations for improving the measures.

**PERFORMANCE CONTROLS AND PROCEDURES**

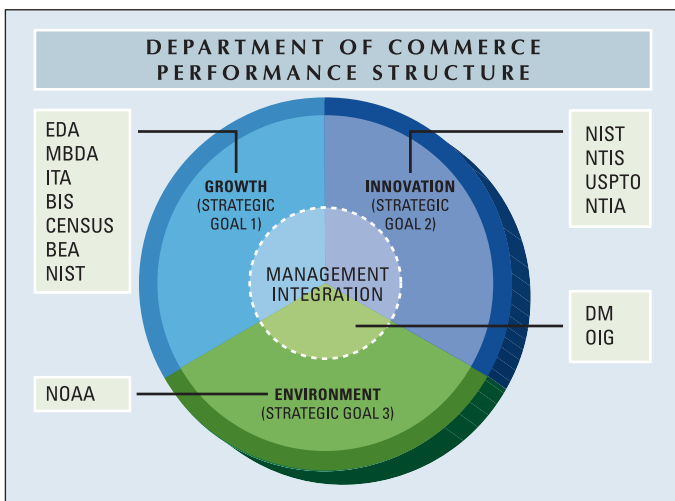
**Leadership:** In the past, the Department has conducted quarterly performance reviews, during which bureau heads report to the Deputy Secretary on the current status of bureau performance. While the change in administration has limited the amount of reviews that have occurred, the Department anticipates that these reviews will continue in the foreseeable future. Progress towards Government Performance and Results Act (GPRA) measures appear in this report.

**Performance Data:** The Department's performance measurement data are collected by its 13 bureaus, each with systems to manage their data validation and verification processes. Some of these are automated systems and others are manual processes. Data can be divided into three types: Financial Data, Data Management Methods, and Data from Manual Processes. Some examples include: jobs created or retained (Economic Development Administration [EDA]), lead time of tornado warnings (NOAA), and trademark applications filed electronically (U.S. Patent and Trademark Office [USPTO]).

**Financial Data:** As stated above, the Department has a high degree of confidence in its financial data. Normal audit and other financial management controls maintain the integrity of these data elements. During the FY 2009 Consolidated Financial Statement audit, tests and review of the core accounting system and internal controls were conducted as required by the Chief Financial Officers (CFO) Act. Further, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of Office of Management and Budget (OMB) Circular A-123, and based on the results of this evaluation, the Department provided reasonable assurance that its internal control over financial reporting was operating effectively.

**DEPARTMENTAL PERFORMANCE STRUCTURE**

The Department focuses on three different, yet inter-related aspects of economic growth and opportunity—growth, innovation, and environment—with each aspect reflected in each of the Department's strategic goals. A fourth goal—management integration—is linked to all three goals, focusing on various aspects of improving the management of the Department. The Department has 13 bureaus, each of which appears in a specific strategic (or management integration) goal, the lone exception being the National Institute of Standards and Technology (NIST) which appears in both Strategic Goals 1 and 2. This structure and the descriptions of each goal and corresponding objectives appear below.



The Department promotes growth by developing partnerships with state, local, private, and non-profit enterprise so as to encourage economic growth and development (objective 1.1). The Department also encourages trade by promoting U.S. exports (objective 1.1) while at the same time monitoring those exports to prevent any export of goods that could be used for any activities against the United States (objective 1.2). The Department also develops and publishes economic statistics and indicators (e.g., gross domestic product [GDP]) essential to U.S. business (objective 1.3). Finally, the Department promotes the growth and competitiveness of the Nation's manufacturing industry (objective 1.4).

The Department promotes innovation through the provision of measurement science and physical standards that are essential components of the technology infrastructure and through cost-shared awards that support innovative, high-risk, high-reward research in areas of critical national need (objective 2.1). The Department also encourages the development of new technology and the protection of intellectual property (IP) through the issuance of patents and trademarks (objective 2.2). Finally, the Department advances the telecommunication sector by making certain that the allocation of the radio spectrum provides the greatest benefit to all people as well as promoting new sources of advanced telecommunications (objective 2.3).

The Department promotes the use of the environment that both assists the American people while maintaining U.S. natural resources. The Department monitors the fishing industry and U.S. marine habitats to prevent overfishing and maintain and preserve U.S. natural marine habitats (objective 3.1). The Department researches long-term effects of climate change (objective 3.2). The Department also provides daily weather reports and warnings and tracks the progress of severe storms such as hurricanes and tornadoes (objective 3.3). Finally, the Department encourages trade and shipping by providing essential navigation maps to the private sector (objective 3.4). The Department also provides mission support activities (e.g., satellites) that support the other four objectives within Strategic Goal 3.

Management Integration promotes greater efficiency within all three strategic goals of the Department through various information technology (IT) activities, financial management oversight and administration, and periodic reviews of programs.

In terms of funding, no strategic goal dominates the other with occasional fluctuations occurring that change the respective percentages. For example, in FY 2007 the National Telecommunications and Information Administration (NTIA) received an authorization of \$2.136 billion for Digital Conversion. Likewise as 2010 approaches, Census Bureau funding will increase to where it alone will represent approximately half the Department's budget.

Within each strategic goal is a set of performance objectives that cut across bureau programs, and within each objective are performance outcomes unique to each bureau. Because NOAA comprises all of Strategic Goal 3, the structure for that goal does not go below the performance objective level. Likewise, for the Management Integration Goal, because it is so small (representing less than one percent of the budget), the structure goes only to the performance objective level. In previous years, these objectives/outcomes were noted as performance goals. Under OMB guidance and in an effort to establish a more outcome orientation to its performance, the Department has to a certain extent modified these outcomes and therefore changed the wording.

## SUMMARY DESCRIPTION OF BUREAUS

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The following are summary descriptions of each bureau in budget appropriation order with applicable strategic goals and objectives listed at the end of each description.

*Departmental Management (DM)* develops and implements policy affecting U.S. and international activities as well as internal goals and operations of the Department. DM serves as the primary liaison with the executive branch and Congressional and private sector groups, and acts as the management and administrative control point for the Department. Executive Direction develops and implements Departmental policies and coordinates Bureau program activities to accomplish the Department's mission while Departmental Staff Services develops and implements the Department's internal policies, procedures, and other administrative guidelines. **MANAGEMENT INTEGRATION GOAL**

The *Office of Inspector General (OIG)* ensures that the Department's employees and others managing federal resources comply with applicable laws and regulations, and actively work to prevent fraud, waste, and abuse in program operations. The OIG monitors and tracks the use of taxpayer dollars in federally-funded programs with its purpose being to keep Departmental officials

and Congress fully and currently informed about issues, problems, and deficiencies relating to the administration of programs and operations and the need for corrective action. **MANAGEMENT INTEGRATION GOAL**

The *Economic Development Administration (EDA)* directly supports the Department's goal to maximize U.S. competitiveness and enable economic growth for U.S. industries, workers, and consumers with the objective to foster domestic economic development as well as export opportunities. To achieve this objective, EDA promotes a favorable business environment through strategic investments in public infrastructure. These investments help attract private capital investment and jobs that address problems of high unemployment, low per capita income, and sudden, severe economic challenges. **STRATEGIC GOAL 1, OBJECTIVE 1.3**

The *Census Bureau* is the leading source of quality data about the Nation's people and economy. The Census Bureau measures those trends and segments of the U.S. population and economy most critical to continued U.S. success and prosperity. The Census Bureau provides benchmark measures of the U.S. population, economy, and governments, and provides current measures of the U.S. population, economy, and governments. The Census Bureau's cyclical programs include the Economic Census and the Census of Governments, conducted every five years, and the Decennial Census program, conducted every ten years. **STRATEGIC GOAL 1, OBJECTIVE 1.3**

The *Bureau of Economic Analysis (BEA)* produces some of the Nation's most important economic statistics, including GDP and the balance of payments. BEA promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. Although a relatively small agency, BEA's economic statistics are among the Nation's most closely watched. BEA's statistics influence critical decisions made by policymakers, business leaders, households, and individuals affecting interest and exchange rates, tax and budget projections, business investment plans, and the allocation of over \$200 billion in federal funds. **STRATEGIC GOAL 1, OBJECTIVE 1.3**

The *International Trade Administration (ITA)* works to create prosperity by promoting trade and investment, ensuring fair trade and compliance with trade laws and agreements, and strengthening the competitiveness of U.S. industry. Within ITA, the *Manufacturing and Services (MAS)* unit analyzes the domestic and international aspects of U.S. competitiveness by working with U.S. industries to evaluate the needs of the MAS sectors, conducting economic and regulatory studies aimed at strengthening U.S. industry, obtaining input and advice from U.S. industries for trade policy setting, and participating, as appropriate, with ITA trade policy and negotiation advancement initiatives. The *Market Access and Compliance (MAC)* unit concentrates on the development of strategies to overcome market access obstacles faced by U.S. businesses. MAC monitors foreign country compliance with numerous trade-related agreements and identifies compliance problems and other market access obstacles. The Import Administration (IA) helps ensure fair trade by administering the U.S. antidumping and countervailing duty (AD/CVD) laws in a manner consistent with U.S. international obligations. IA works extensively with U.S. businesses on a regular basis to educate them about U.S. trade laws related to dumping and foreign government subsidies and how to act if they are injured by those practices. The *U.S. and Foreign Commercial Service (US&FCS)* broadens and deepens the base of U.S. exports by providing U.S. companies with reliable advice on the range of public and private assistance available, and knowledgeably supports all other federal trade promotion services. **STRATEGIC GOAL 1, OBJECTIVES 1.1 AND 1.2**

The *Bureau of Industry and Security (BIS)* advances U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and by promoting continued U.S. strategic technology leadership. BIS (1) regulates the export of sensitive "dual use" goods and technologies in an effective and efficient manner; (2) enforces export control, antiboycott, and public safety laws; (3) cooperates with and assists other countries on export control and strategic trade issues; (4) assists U.S. industry in complying with international arms agreements; (5) monitors the viability of the U.S. defense industrial base; (6) evaluates the effects on national security of foreign investments in U.S. companies; and (7) supports continued U.S. technology leadership in industries that are essential to national security. **STRATEGIC GOAL 1, OBJECTIVE 1.2**

The *Minority Business Development Agency (MBDA)* actively 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 (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 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. **STRATEGIC GOAL 1, OBJECTIVE 1.1**

The *National Oceanic and Atmospheric Administration (NOAA)* promotes environmental stewardship. NOAA encompasses all of Strategic Goal 3. **STRATEGIC GOAL 3**

NOAA is divided into two primary appropriation accounts, Operations, Research, and Facilities; and Procurement, Acquisition, and Construction for both of which the following six programs apply:

- The *National Ocean Service (NOS)* provides scientific, technical, and management expertise to promote safe navigation; protects and restores coastal and marine resources damaged by natural or human-induced threats; and manages and preserves coastal and ocean environments.
- The *National Marine Fisheries Service (NMFS)* manages and conserves the living marine resources within the 200-mile U.S. Exclusive Economic Zone. NMFS is dedicated to the stewardship of living marine resources through science-based conservation and management.
- The *Office of Oceanic and Atmospheric Research (OAR)* provides the research and technology development necessary to improve NOAA climate, weather, coastal, and ocean services. OAR supplies the scientific information to advise national policy decisions in such areas as climate change, air quality, coastal resource management, and stratospheric ozone depletion.
- The *National Weather Service (NWS)* provides weather, hydrologic, and climate forecasts and warnings for the United States, its territories, adjacent waters, and ocean areas, for the protection of life and property and the enhancement of the national economy.
- The *National Environmental Satellite, Data and Information Service (NESDIS)* operates the polar-orbiting and geostationary operational environmental satellites, develops the converged polar-orbiting satellite series with the Department of Defense (DOD) and the National Aeronautics and Space Administration (NASA), and manages NOAA's environmental data collections for use in studying long-term environmental change.
- *Program Support* provides overall NOAA management, planning, and administrative support for NOAA. Program Support promotes environmental literacy and develops and sustains a world-class workforce. Program Support provides for repair, restoration, and other construction efforts, along with NOAA-wide environmental compliance and safety issues. With Program Support, the Office of Marine and Aviation Operations operates and maintains NOAA's ships and aircraft and uses them to collect data to support NOAA's mission.

The *U.S. Patent and Trademark Office (USPTO)* fosters innovation and competitiveness by providing high quality and timely examination of patent and trademark applications, guiding domestic and international IP policy, and delivering IP information and education worldwide. Two distinct business lines, Patents and Trademarks, administer the patent and trademark laws which provide protection to inventors and businesses for their inventions and corporate and product identifications, and encourage



innovation and scientific and technical advancement of U.S. industry through the preservation, classification, and dissemination of patent and trademark information. **STRATEGIC GOAL 2, OBJECTIVE 2.2**

The *National Institute of Standards and Technology (NIST)* promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that improve economic security and quality of life. NIST develops and disseminates measurement techniques, reference data, test methods, standards, and other technologies and services needed by U.S. industry to compete in the 21st century. The *NIST laboratories* provide the measurement science and physical standards that are essential components of the technology infrastructure underpinning U.S. innovation. NIST's *Technology Innovation Program (TIP)* supports innovative, high-risk, high-reward research in areas of critical national need where the government has a clear interest due to the magnitude of the problems and their importance to society. Through federal-state-local and private sector partnerships, NIST's *Hollings Manufacturing Extension Partnership (MEP)* provides technical and business assistance to manufacturers through a nationwide network of centers in all 50 states and Puerto Rico. The *Baldrige National Quality Program* promotes proven quality and performance management practices to strengthen U.S. companies, educational organizations, and health care providers. Recognized worldwide, the program furthers organizational excellence through education, outreach, and annual awards. **ALL OF NIST'S PROGRAMS APPLY TO STRATEGIC GOAL 2, OBJECTIVE 2.1, EXCEPT THE MEP PROGRAM WHICH APPLIES TO STRATEGIC GOAL 1, OBJECTIVE 1.4**

The *National Technical Information Service (NTIS)* collects and preserves scientific, technical, engineering, and other business-related information from federal and international sources, and disseminates it to the U.S. business and industrial research community. **STRATEGIC GOAL 2, OBJECTIVE 2.1**

The *National Telecommunications and Information Administration (NTIA)* develops domestic and international telecommunications and information policy for the executive branch; ensures the efficient and effective management and use of the federal radio spectrum; and performs state-of-the-art telecommunications research, engineering, and planning. **STRATEGIC GOAL 2, OBJECTIVE 2.3**

On the following pages is a listing of the key measures of each of the bureaus in the Department. This list is not all-inclusive. Further information concerning these and other performance measures can be found in Appendix A. The status of a given measure is either exceeded (more than 125 percent of the target), met (100 to 125 percent of target), slightly below (95 to 99 percent of the target), or not met (below 95 percent of target).

KEY PERFORMANCE MEASURES					
STRATEGIC GOAL	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS	
<b>Strategic Goal 1:</b> Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers	Private Investment leveraged <sup>1</sup> (EDA)	\$2,040M	\$2,210M	Met	
	Jobs created/retained <sup>1</sup> (EDA)	56,500	45,866	Not Met	
	Commercial diplomacy successes (cases) (annual) (ITA)	162	196	Met	
	Annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations contained in MAS studies and analysis (ITA)	\$350M	\$552M	Exceeded	
	Percent of industry-specific trade barriers addressed that were removed or prevented (ITA)	20%	30%	Exceeded	
	Dollar value of contract awards obtained (MBDA)	\$0.90B	\$2.11B	Exceeded	
	Dollar value of financial awards obtained (MBDA)	\$0.50B	\$0.81B	Exceeded	
	Percentage of market access and compliance cases resolved successfully (ITA)	35%	56%	Exceeded	
	Value of market access and compliance cases resolved successfully (ITA)	\$2.0B	\$25.4B	Exceeded	
	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)	850	876	Met	
	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 (ESA/CENSUS)	At least 90% of key prep activities completed on time	At least 90% of key prep activities completed on time	Met	
	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 (ESA/CENSUS)	At least 90% of key censuses and surveys meet/exceed collection rates/ levels of reliability	Met percentages	Met	
	Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time) (ESA/BEA)	57 of 57	56 of 57	Slightly Below	
	Accuracy: Percent of GDP estimates correct (ESA/BEA)	> 85%	88%	Met	
	<b>Strategic Goal 2:</b> Promote U.S. innovation and industrial competitiveness	Increased sales attributed to Hollings MEP centers receiving federal funding (NIST)	\$630M from FY 2008 funding	\$3,300M from FY 2008 funding	Exceeded
		Cost savings attributed to Hollings MEP centers receiving federal funding (NIST)	\$330M from FY 2008 funding	\$1,200M from FY 2008 funding	Exceeded
Qualitative assessment and review of technical quality and merit using peer review (NIST)		Complete annual peer review	Completed	Met	
Cumulative number of TIP projects funded (NIST)		9	9	Met	
Patent allowance compliance rate (USPTO)		96.5%	96.9%	Met	
Patent average total pendency (months) (USPTO)		37.9	34.6	Met	
Trademark final compliance rate (USPTO)		97.0%	97.6%	Met	
Trademark average total pendency excluding suspended and inter partes proceedings (months) (USPTO)		13.0	11.2	Met	
Support new telecom and information technology by advocating Administration views in number of FCC docket filings, and Congressional and other proceedings in which Administration views are advocated (NTIA)	5 dockets and proceedings	12 dockets and proceedings	Exceeded		

<sup>1</sup> EDA shows private investment leveraged and jobs created/retained at three, six, and nine year levels. The amounts shown here are for the nine year (long-term totals). Three and six year totals are available in Appendix A.

(continued)

KEY PERFORMANCE MEASURES (continued)				
STRATEGIC GOAL	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
<b>Strategic Goal 3:</b> Promote environmental stewardship	Fish stock sustainability index (FSSI) (NOAA)	548.5	565.5	Met
	Percentage of living marine resources (LMR) with adequate population assessments and forecasts (NOAA)	42.1%	43.7%	Met
	Number of habitat acres restored (annual/cumulative) (NOAA)	9,000/58,742	9,232/58,974	Met
	Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection (NOAA)	2,000	2,243 <sup>1</sup>	Exceeded
	Error in global measurement of sea surface temperature (NOAA)	0.50°C	0.50°C	Met
	Severe weather warnings for tornadoes (storm-based) – Lead time (minutes) (NOAA)	12	12 <sup>1</sup>	Met
	Severe weather warnings for tornadoes (storm-based) – Accuracy (%) (NOAA)	69%	66% <sup>1</sup>	Slightly Below
	Hurricane forecast track error (48 hours) (nautical miles) (NOAA)	108	86	Met
	Hurricane forecast intensity error (48 hours) (difference in knots) (NOAA)	13	14	Slightly Below
	Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year) (NOAA)	3,000	3,219 <sup>2</sup>	Met
	Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity (NOAA)	69%	72%	Met
<b>Management Integration Goal:</b> Achieve organizational and management excellence	Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management (DM)	<ul style="list-style-type: none"> <li>Eliminate any significant deficiency within 1 year of determination</li> <li>Complete FY 2009 A-123 assessment of internal controls</li> </ul>	<ul style="list-style-type: none"> <li>Completed FY 2009 A-123 assessment of internal controls for financial reporting</li> <li>One significant deficiency was not eliminated</li> </ul>	Not Met
	Improve the management of information technology (DM)	<ul style="list-style-type: none"> <li>Cost/schedule overruns/ performance shortfalls less than 10%</li> <li>All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place</li> </ul>	<ul style="list-style-type: none"> <li>Cost/schedule overruns and performance shortfalls averaged under 10%</li> <li>CSAM C&amp;A enhancements were deployed</li> <li>IT security compliance in all operating units and five FISMA systems in CSAM were reviewed</li> </ul>	Met
	Dollar value of financial benefits identified by the OIG (OIG)	\$28.0M	\$126.9M	Exceeded

<sup>2</sup> Estimate.

**MOST IMPORTANT RESULTS**

**STRATEGIC GOAL 1**

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

**PERFORMANCE SUMMARY**

In FY 2009, the Department met or exceeded 78 percent of the targets it had set for the year. For this goal, as a general rule, the Department has improved slightly in terms of performance from FY 2002 through FY 2009, having met/exceeded 74 percent of the targets in 2002.

**ACCOMPLISHMENTS AND BENEFITS**

Some of the significant accomplishments, impacts and benefits that the Department had on the U.S. public include the following:

Through programs within the Economic Development Administration (EDA), the Department generated by FY 2009 approximately \$2.2 billion in private investment and 45,900 jobs as a result of approximately \$268 million in investments made in FY 2000, a 8-to-1 benefit-to-cost ratio. EDA data indicate that investments made in FY 2006, FY 2003, and FY 2000 (three, six, and nine years prior to FY 2009) generated \$3.5 billion in private investment and created or retained 79,500 jobs. EDA anticipates that FY 2009 investments of approximately \$178 million will generate \$437 million by 2012, and then continue to increase to \$1,093 million by FY 2015, and \$2,186 million by FY 2018. EDA expects that those same investments will create or retain 11,183 jobs by 2012, 27,958 jobs by FY 2015, and 39,918 jobs by FY 2018.

Likewise in FY 2009, operations funded by the Minority Business Development Agency (MBDA) supported clients who obtained \$2.92 billion in contract and financial awards.

The Department played a leading role in U.S. trade, including efforts to strengthen trade promotion by leveraging strategic partnerships, helping U.S. firms make sales in the face of a recession in many key markets, and advancing transformational commercial diplomacy. These actions reinforce the Department's desire to broaden and deepen the export base. To this end, 4.7 percent of small and medium-sized companies began to export for the first time in 2009 than it did in 2008. In FY 2009, the Department continued to expand its outreach to strategic partners, including U.S. cities and states, corporate partners, and trade associations. The Commercial Service increased the number of corporate partners from six in 2007 to 12 in 2008 to 19 in 2009, including AON Consulting, the Federation of International Trade Associations, Gartner, Lufthansa, Manufacturers and Traders Trust Company, Reed Exhibitions, and TuVRheinland. These partners join the Commercial Service's ongoing partnerships with FedEx, UPS, PNC Bank, M&T Bank, Google, TD Commerce Bank, the U.S. Postal Service, City National Bank, Baker & McKenzie, Zions Bank,



and Comerica Bank. In 2009, the Commercial Service maintained active cooperation with the District Export Councils and since inception, its outreach base has accelerated word-of-mouth from approximately 900 contacts representing 300 associations, leveling off at approximately 2,800 contacts representing over 650 associations.

The International Trade Administration (ITA), along with other trade policy agencies, has continued to lower trade barriers through free trade agreements (FTA) during FY 2009. Although countries that the United States has FTAs with only represent 9.4 percent of world gross domestic product (GDP), they represent 41 percent of U.S. trade. ITA has also maintained a concerted effort to open up large developing markets like China and India.

Often companies encounter difficult hurdles when trying to do business in other countries. ITA has measured itself by "export successes" tied to specific export transactions of client companies. Overseas posts also devote time and resources to "commercial diplomacy," i.e., working behind the scenes to resolve problems, reduce trade barriers, and cut red tape. Commercial diplomacy benefits not only current ITA clients, but also all U.S. exporters by opening doors and creating paths to success for other exporters to follow. For example, in Bulgaria, ITA's Commercial Service succeeded in having a packaging waste penalty removed that was costing U.S. companies like Coca-Cola, Kraft, and Procter & Gamble millions of dollars per year. Similar efforts helped to get Bulgarian legislation passed to better protect intellectual property rights (IPR). In 2009 the Commercial Service had almost \$600 million in commercial diplomacy successes.

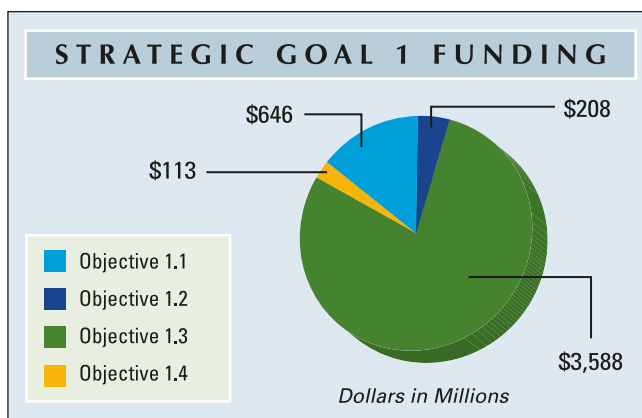
While the Department seeks to encourage trade, this desire is balanced by the need to control exports, specifically those dual-use exports which have both civilian and military applications.

The Department announced an important step forward in the strategic partnership between the United States and India during remarks to the U.S.-India Business Council's 34th Anniversary "Synergies Summit." General Electric India (GE India) has been tapped as the first Indian company to qualify as a Validated End-User (VEU) in India. After an extensive background review, the VEU designation will allow GE India to receive certain controlled items from the United States, including civilian aircraft technology and explosive detection equipment without an individual license, cutting red tape and making the flow of trade more efficient between the countries.

That the VEU program was opened for India is an indication of the increased importance of the U.S.-India bilateral and commercial relationship.

In an effort to further streamline the dual-use export control system, the Department launched a review of the Department Control List of items controlled for export. In addition, the Department announced the results of a study of the sensors and imaging industry which has formed the basis for proposals to update controls of night vision items consistent with technological and market developments in the industry.

The Department, through the Census Bureau and the Bureau of Economic Analysis (BEA), provides vital statistical information on the economy and the demographics of the Nation. Statistics affect all aspects of public and private sectors, including the distribution of funds to various geographic districts. The Decennial Census, mandated by the Constitution, affects the political makeup of every state in the union and reflects the shifting political power among the states.

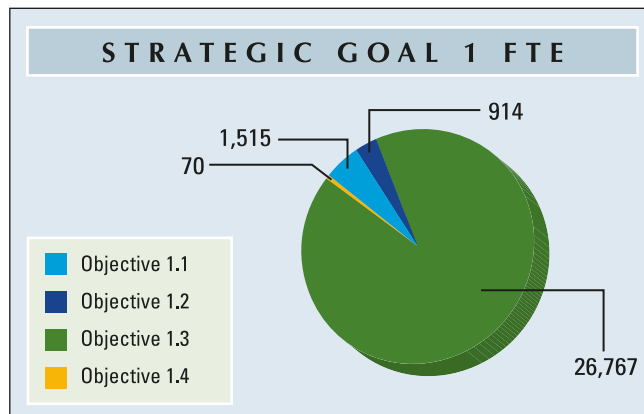


In FY 2009, the Census Bureau continued to increase and improve the quality and availability of economic and demographic information used as a basis for important decisions by business leaders, policymakers, and the U.S. public. This year, the Census Bureau began field operations for the 2010 Decennial Census, the largest non-military activity undertaken by the U.S. government. The Census Bureau completed data collection for the 2007 Economic Census and started delivery of some 1,600 data releases through the Web-based American FactFinder dissemination system. The 2007 Economic Census Advance Report was released and over 91 percent of the industries covered in the industry series report were released in FY 2009.

In FY 2009, the Census Bureau completed the first full year of data collection for a new panel of the Survey of Income and Program Participation (SIPP), which began in September 2008. Progress continued on all four components of the SIPP re-engineering project, with the anticipated release of a new re-engineered SIPP Panel in 2013.

BEA, a partner agency with the Census Bureau within the Economics and Statistics Administration (ESA), promotes a better understanding of the U.S. economy by providing timely, relevant, and accurate economic accounts data in an objective and cost-effective manner. BEA's national, industry, regional, and international economic accounts present valuable information on key issues such as U.S. economic growth, regional economic development, inter-industry relationships, and the Nation's position in the world economy.

In 2009, BEA continued to produce its critical statistics, including GDP personal income and outlays, corporate profits, GDP by state and by metropolitan area, balance of payments, and GDP by industry. These statistics are used by federal, state, and local governments for budget development and projections; by the Federal Reserve for monetary policy; by the business sector for planning and investment; and by the U.S. public to follow and understand the performance of the Nation's economy. In 2009, BEA continued to help the world to understand these and other economic measures produced by the federal statistical system through its publication, *The Survey of Current Business*, as well as through its Web site, [www.bea.gov](http://www.bea.gov). As businesses, governments, and households are provided with better, easier-to-understand economic data, their ability to make key investment decisions that move the U.S. economy forward are significantly improved.



ESA turned its efforts toward exploring two different methods of measuring "green business." One method uses an input-output model to measure the relative "greenness" of industries and the other uses the products data in the Census Bureau's Economic Census to identify "green products."

BEA moved forward with its development of a health satellite account that will provide a means to better assess the returns to various health treatments and the sources of changes in health care costs, by expanding its research and development (R&D) satellite account to include other intangibles in order to highlight the importance of innovation to economic growth, and by continuing its work to integrate its accounts with other federal economic statistics. BEA also remains devoted to the timeliness and accuracy of its statistics; for example, in 2009, BEA expanded the use of its high-performance STATS-II processing system and made significant investments in modernizing and streamlining the statistical processing systems underlying the Industry and International Accounts.

The National Institute of Standards and Technology's (NIST) Hollings Manufacturing Extension Partnership (MEP) provides resources to further technological advances within the private sector. MEP transforms thousands of U. S. manufacturers each

year 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 manufacturers' bottom-line expenses, increase efficiencies, and build capacity. Process and quality improvements offer reduced expenses while growth services provide the tools to improve top-line sales with the development of new sales, new markets, and new products along with the adoption of new technologies. With a suite of service offerings, MEP centers provide the tools to keep manufacturers competing and thriving in today's global marketplace.

**SUMMARY OF PERFORMANCE RESULTS**

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
<b>Strategic Objective 1.1:</b> Foster domestic economic development as well as export opportunities	Promote private investment and job creation in economically distressed communities (EDA)	5 of 6
	Improve community capacity to achieve and sustain economic growth (EDA)	2 of 6
	Strengthen U.S. competitiveness in domestic and international markets (ITA)	3 of 4
	Broaden and deepen U.S. exporter base (ITA)	4 of 5
	Increase access to the marketplace and financing for minority-owned businesses (MBDA)	4 of 5
<b>Strategic Objective 1.2:</b> Advance responsible economic growth and trade while protecting American security	Identify and resolve unfair trade practices (ITA)	4 of 5
	Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	7 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
<b>Strategic Objective 1.3:</b> Advance key economic and demographic data that support effective decision-making of policymakers, businesses, and the American public	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)	5 of 6
<b>Strategic Objective 1.4:</b> Position manufacturers to compete in a global economy	Increase the productivity, profitability, and competitiveness of manufacturers (NIST)	4 of 4

For Strategic Goal 1, in terms of performance, the Department met nearly all of its targets in FY 2009. EDA met or exceeded all but one of its targets for increasing private investment and creation of jobs for programs that were funded either in 2000, 2003, or 2006 (EDA tracks progress on a three, six, and nine-year basis). MBDA met all but one of its targets. Furthermore, historically, the targets appear to be stable or aggressive.

ITA had three performance outcomes that applied to Strategic Goal 1: "Strengthen U.S. competitiveness in domestic and international markets," "Broaden and deepen the U.S. exporter base," and "Identify and resolve unfair trade practices." ITA missed three of 14 targets for all three outcomes. For "Strengthen U.S. competitiveness," ITA missed the target for "Percent of agreement milestones completed." For the "Broaden and deepen the U.S. exporter base" outcome, ITA missed the target for "Number of SME

new-to-market firms/number of SME firms exporting to two to nine markets." For "Identify and resolve unfair trade practices, ITA was slightly below the target for "Percentage of AD/CVD determinations issued within statutory and/or regulatory deadlines."

One of the Bureau of Industry and Security's (BIS) key tasks is to either prevent illegal exports or to charge export violators. To that end, a key performance measure for BIS is the "Number of actions that results in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge." BIS has consistently met its targets while raising the targets from year to year. BIS has also consistently maintained an effective export control system, a key to which is the processing of export licenses and the timely issuance of regulations regarding export activity. BIS has consistently met its targets in these areas.

The Census Bureau rarely misses deadlines (it did not this year) for producing data. Unfortunately in FY 2009, the Census Bureau was below the federal score of 74 with a score of 67. As a measure of customer satisfaction, the Census Bureau strives to meet or exceed the aggregate federal score on the American Customer Satisfaction Index (ACSI). Since 1999, the Bureau has been below the aggregate score only twice (2000 and 2001). BEA released nearly all of its 2009 statistics on schedule, and has developed the GDP statistics with over 85 percent accuracy for each of the past nine years. For a more detailed description of this accuracy measure see [www.osec.doc.gov/bmi/budget/08CJB/esa.pdf](http://www.osec.doc.gov/bmi/budget/08CJB/esa.pdf). Each year BEA also conducts a customer satisfaction survey with a goal of achieving greater than a 4.0 (on a five point scale). BEA has consistently exceeded that goal, most recently achieving a 4.2.

The MEP program has a strong history of measurably improving the productivity, profitability, and competitiveness of MEP clients, and exceeded the targets for all four measures.



**STRATEGIC GOAL 2 STRATEGIC GOAL 2**

*Promote U.S. innovation and industrial competitiveness*

**PERFORMANCE SUMMARY**

In FY 2009, the Department met or exceeded 97 percent of the targets it had set for the year. For this Strategic Goal, the Department has improved its performance since FY 2002, having met or exceeded 74 percent of its targets in 2002.

**ACCOMPLISHMENTS AND BENEFITS**

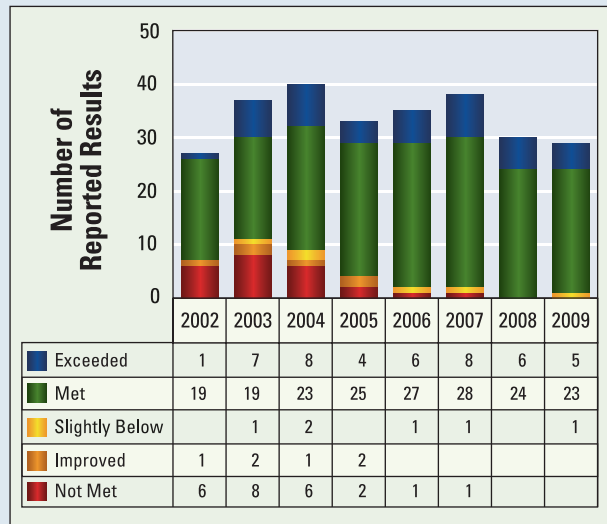
Some of the significant accomplishments, impacts, and benefits that the Department had on the U.S. public include the following:

NIST Standard Reference Materials (SRM) are among the most widely distributed and used products from NIST. The Agency prepares, analyzes, and distributes more than 1,000 different materials that are used throughout the world to check the accuracy of instruments and test procedures used in manufacturing, clinical chemistry, environmental monitoring, electronics, criminal forensics, and dozens of other fields.

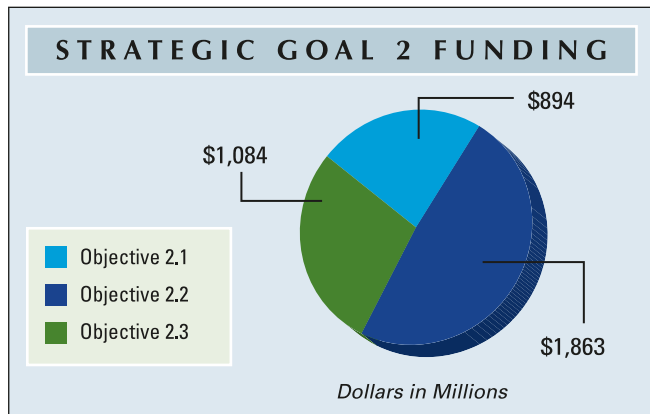
NIST's Technology Innovation Program (TIP) funded nine new high-risk, innovative projects in FY 2009 in the critical national need area of civil infrastructure with a focus on advanced sensing technologies. The unique multi-disciplinary approaches and teaming efforts of the 35 research participants involved in these projects will help to achieve a transformative impact for infrastructural monitoring and inspection.

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 intellectual property (IP) system 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.

**STRATEGIC GOAL 2 PERFORMANCE RESULTS**



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



Through the U.S. Patent and Trademark Office (USPTO), the Department provides the examination of patent and trademark applications and dissemination of patent and trademark information. By issuing patents, the Department provides incentives to invent and invest in new technology

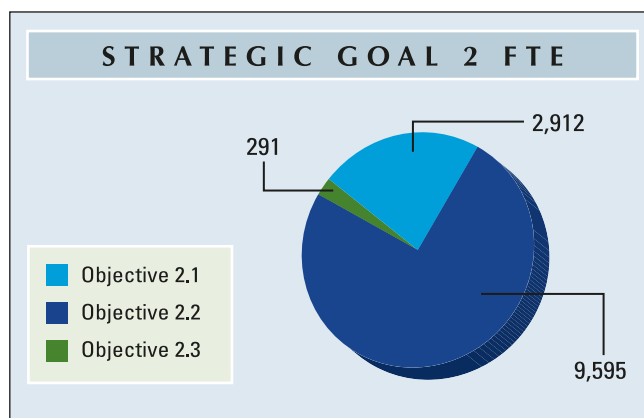
by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and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

Telecommunications plays a key role in U.S. society as the economy expands into the digital age. The Department, through the National Telecommunications and Information Administration (NTIA), is at the forefront of this expansion. In addition to developing policy for the Administration on key issues, NTIA has important operational roles to manage the use of radio spectrum by the federal government, to perform cutting-edge communications research and engineering for many federal agencies, to privatize the Internet Domain Name System (DNS) and manage key Internet functions, and to administer grant programs to support the expanded deployment of communications and information technologies. Collectively, NTIA's work promotes the development of an advanced communication and information infrastructure that efficiently meets the needs of consumers, creates jobs, and enhances the Nation's competitiveness in the global marketplace. As such, NTIA makes an important contribution to the Department's overall mission to foster, serve, and promote the Nation's economic development and technological advancement.

The fact that the digital television (DTV) transition occurred with minimal disruption and maximum preparedness is due to the foresight and decisiveness of the President and Congress in enacting the DTV Delay Act and providing additional funding via the American Recovery and Reinvestment Act (ARRA) of 2009. This legislation extended the final date by which all full-power television stations were required to transition from analog to digital from February 17 to June 12, 2009. Efforts by the White House, NTIA, the Federal Communications Commission (FCC), and numerous private sector stakeholders made a critical difference in decreasing the number of households unprepared for the final transition when June 12 arrived. Nielsen data after the June 12 transition indicated that the number of unready households was reduced to less than 2.9 million. Since then, it has dropped even further to less than 1.5 million unready households.

As of July 22, 2009, the Digital-to-Analog Converter Box Coupon Program has distributed 63.2 million coupons to more than 34 million households. Of these, 33.5 million coupons have been redeemed at participating retailers. NTIA is extremely gratified by the high level of participation and cooperation by converter box manufacturers and consumer electronics retailers in the program.

The ARRA allocated \$4.7 billion to NTIA to administer the Broadband Technology Opportunities Program (BTOP) for the general purpose of accelerating the deployment and adoption of broadband services in the United States. NTIA will award the bulk of the dollars to projects to deploy broadband infrastructure in unserved and underserved areas in rural and urban areas of the United States. In addition, NTIA will provide at least \$250 million to projects that encourage sustainable adoption of broadband services, and at least \$200 million to expand public computer center capacity, including at community colleges and public libraries. The ARRA further provides up to \$350 million to develop and maintain a broadband inventory map.



In implementing the ARRA's broadband provisions, NTIA has coordinated closely with other federal agencies and stakeholders, including the U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS), which received \$2.5 billion in ARRA funding to make broadband loans and grants to rural and remote areas through its Broadband Initiatives Program, and the FCC, which was directed to establish a National Broadband Plan. Ultimately, NTIA believes consumers will be the primary beneficiaries of these extraordinary collaborative efforts.

One of NTIA's principal operational responsibilities is to manage the radio communications spectrum used by the federal government. Wireless technologies and services support the missions of 69 federal departments and agencies, which use over 40 radio services for national and homeland security, critical infrastructure protection, transportation, and law enforcement, among others. NTIA has been working with the FCC to improve the efficient use of spectrum. For example, the joint Spectrum Sharing Innovation Test Bed is examining various technical issues involved in the sharing of spectrum between federal and non-federal users. This initiative is providing an important opportunity for federal agencies to work cooperatively with industry, researchers, and academia to evaluate objectively new technologies to manage the Nation's airwaves. NTIA recognizes the potential widespread benefits of more widely expanded wireless broadband, and it is committed to doing its part to help turn that potential into reality.

In advance of the September 30, 2009 expiration of the Joint Project Agreement with the Internet Corporation for Assigned Names and Numbers (ICANN), NTIA conducted an inquiry in which it sought public comments regarding the progress of the transition of the technical coordination and management of the Internet DNS to the private sector, as well as the model of private sector leadership and bottom-up policy development which ICANN represents.

On September 30, 2009, NTIA and ICANN co-signed an Affirmation of Commitments that completes the transition of the technical management of the DNS to a multi-stakeholder, private-sector-led model. The affirmation ensures accountability and transparency in ICANN's decision-making with the goal of protecting the interests of global Internet users. The affirmation also establishes mechanisms to address the security, stability, and resiliency of the Internet DNS as well as promote competition, consumer trust, and consumer choice.

**SUMMARY OF PERFORMANCE RESULTS**

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
<b>Strategic Objective 2.1:</b> Advance measurement science and standards that drive technological change	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
<b>Strategic Objective 2.2:</b> Protect intellectual property and improve the patent and trademark system	Optimize patent quality and timeliness (USPTO)	5 of 5
	Optimize trademark quality and timeliness (USPTO)	5 of 5
	Improve intellectual property and enforcement domestically and abroad (USPTO)	2 of 2
<b>Strategic Objective 2.3:</b> Advance global e-commerce as well as telecommunications and information services	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

For Strategic Goal 2, the Department met nearly all of its targets while providing essential services to the U.S. public. As in previous years, NIST did well in the National Research Council (NRC) assessment, performing up to the past standards it has set. SRMs, publications, datasets, and calibrations are a few of the knowledge transfer mechanisms that provide the technical infrastructure in support of the President's Plan for Science and Innovation. NIST met all five of its targets for the measures reflecting these mechanisms.

In addition, NIST met the TIP target for funding nine awards during FY 2009 for high-risk, high-reward innovative projects in the critical national need area of civil infrastructure, which involve 35 research participants, including industry, universities, and public sector entities.

One other area of technological innovation involves the distribution of scientific and technical information. The National Technical Information Service (NTIS) serves as a clearinghouse for this information to the public, private, and non-profit sectors. NTIS exceeded all of its 2009 targets, making more than 890,000 updated items available, and disseminating more than 49 million information products.

One way that the Department advances technology and business is through the issuance of patents and trademarks thereby protecting IP that serves as a motive to innovate. In this regard, compliance rates (quality) and pendency (timeliness) play a key role in evaluating performance. USPTO met all its targets for their three outcomes.

The Patent organization maintained a strong focus on quality and reduced the backlog of existing applications while meeting or exceeding all of its goals for the year though pendency remains an issue, as applications take nearly three years on average to conclude. Quality training is the key to quality patent examination, which is a critical part of USPTO's strategic plan. The Agency was proud to announce this year that its Patent Training Academy received a certificate of registration for the International Organization for Standardization (ISO) 9001:2008. The ISO 9001 quality standard is the most widely recognized and established quality management system framework in the world.

The successful implementation of the Patent Training Academy has enabled the hiring and training of large numbers of new examiners over the last several years. The growth and increasing experience and productivity of our examination workforce, combined with a slowdown in filings this year, enabled the Patent organization to begin reducing the size of the application backlog and to address growing patent pendency, which ended the year at 25.8 months from filing to first action and 34.6 months until issue or abandonment. Unfortunately, due to budget reductions necessitated by reduced fee collections, hiring of patent examiners was curtailed this year, which may negatively impact patent pendency in the future. Furthermore, the Department has made it a priority to lower the pendency rate to an acceptable level.

Trademark first action pendency—the length of time between the receipt of a trademark application and when USPTO makes a preliminary decision—was consistently maintained under three months every month throughout the fiscal year. This is an unprecedented achievement, and the third year in a row that pendency has been maintained at three months or less. Average total pendency also showed significant sustained improvement with disposal or registration occurring within 12 months from filing.

Enhancing telecommunications services is a key to advancing technology in the Nation. The radio frequency spectrum is used in a variety of ways, including transportation control and law enforcement. NTIA satisfies the frequency assignment needs of the 63 federal agencies allowing them to operate radio communications 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. A key to this is making the assignments available as soon as possible after an agency requests a frequency. In FY 2005, NTIA sought to reduce this time to 12 business days or less. By 2009, NTIA reduced this time to nine business days or fewer. NTIA's long-term goal is to improve spectrum management processes throughout the federal government so that time for spectrum assignments can be reduced from more than 15 days to three days or fewer, and ultimately to near instantaneously, supporting long-term goals for efficiency and effectiveness of spectrum use. NTIA has also promoted new sources of advanced telecommunications services. In FY 2009, NTIA met the targets for this goal and administered programs established by the Digital Television Transition and Public Safety Fund.

**STRATEGIC GOAL 3**

*Promote environmental stewardship*

**PERFORMANCE SUMMARY**

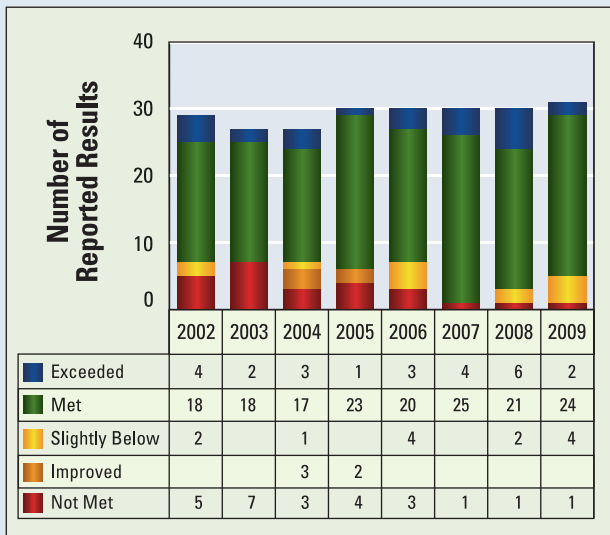
In FY 2009, the Department met or exceeded 84 percent of the targets it had set for the year. For this Strategic Goal, the Department has improved its performance since FY 2002, having met or exceeded 76 percent of its targets in 2002.

**ACCOMPLISHMENTS AND BENEFITS**

Through the National Oceanic and Atmospheric Administration (NOAA), the Department impacts the entire Nation. From the development and protection of fisheries to the prediction of severe storms such as hurricanes and tornadoes, all of the United States depends on NOAA programs. Some of the significant accomplishments, impacts, and benefits that NOAA had on the U.S. public include the following:

NOAA continued its efforts to eliminate overfishing and rebuild stocks important to commercial, recreational, and subsistence fisheries. In FY 2009, four stocks—Atlantic bluefish, Gulf of Mexico king mackerel, and two stocks of monkfish in the Atlantic—were declared rebuilt, the largest number in a single year since NOAA declared the first stock successfully rebuilt in 2001. NOAA also made significant progress toward ending overfishing through the implementation of annual catch limits and accountability measures by publishing guidelines for the eight Fishery Management Councils to use in implementing this mandate. NOAA is working with the councils to amend fishery management plans, and successfully worked with the Gulf of Mexico Council to define annual catch limits and accountability measures for all stocks classified as subject to overfishing in the Gulf of Mexico one year in advance of the 2010 deadline. NOAA is also working with the New England Fishery Management Council

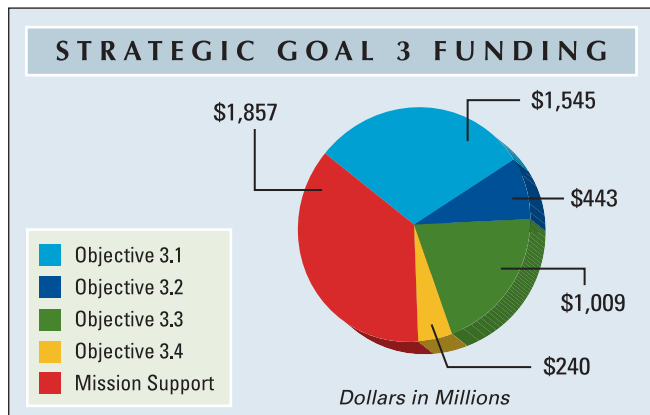
**STRATEGIC GOAL 3 PERFORMANCE RESULTS**



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

to develop new groundfish management measures that will implement fishing sectors—a group of vessel permit holders who voluntarily agree to fishing restrictions and procedures in exchange for a share of the total catch allocated to the industry. This system based on catch shares will replace the current method of limiting fishing through days at sea for those vessels that join a sector.

A multi-agency report, "Climate Change and Water Resources Management: A Federal Perspective," was released to the public on February 2, 2009. The study presents the best available science to help water managers prepare for, adapt



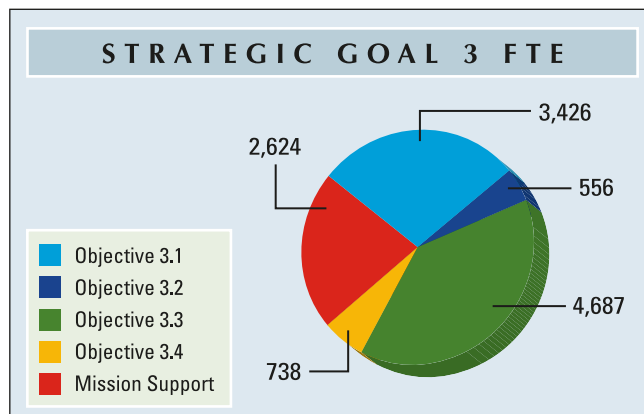
to, and mitigate the effects of climate change on the Nation's water resources. NOAA and the U.S. Geological Survey collaborated with the U.S. Army Corps of Engineers and the Bureau of Reclamation to explore strategies for improved water management. The report suggests processes that will improve tracking, anticipation, and response to climate change effects. A critical goal of this report is to develop effective coordinated, cross-agency early warning systems in support of adaptation as the climate changes. One such example is the National Integrated Drought Information System (NIDIS). The report serves as an important document for guiding the development of NOAA climate services and informing its role as a partner with resource management and environmental science agencies.

A guide is now available to help individuals of all ages understand how climate influences them and how they influence climate. "Climate Literacy: The Essential Principles of Climate Science" is a product of the U.S. Global Change Research Program (USGCRP) and was compiled by an interagency group led by NOAA; multiple science agencies, several nongovernmental organizations, and numerous individuals contributed to this guide. The 13-page guide suggests how people can help reduce climate change and its impacts; and defines important climate terms and concepts used regarding climate science, adaptation, and mitigation. The Climate Literacy guide supports the development of formal and informal educational materials about climate science as well as professional development opportunities for educators. The intent is to integrate the framework into national and state education standards, and to support teacher workshops to ensure that educators are proficient in the concepts of climate and related sciences. The release of the guide was announced at the National Science Teachers Association's 2009 National Conference in New Orleans, LA.

In FY 2009, through August 8, the Search and Rescue Satellite-Aided Tracking System (SARSAT) has led to the rescue of 184 people. Over the years, NOAA's satellites have helped to save people from potentially life-jeopardizing emergencies throughout the United States and its surrounding waters. NOAA currently has over 212,000 406 MHz emergency beacons in their registration database and is currently registering record numbers each month.

Further, new ocean observing data are feeding into U.S. Coast Guard servers to improve environmental observations for the Agency's operational Search and Rescue Optimal Planning System. The data enhance the ability to track the probable paths of those lost at sea and are expected to improve search and rescue efforts along the Mid-Atlantic U.S. coastline. The data come from an Integrated Ocean Observing System (IOOS) and are part of a joint effort among NOAA, the Mid-Atlantic Coastal Ocean Observing Regional Association, the U.S. Coast Guard, and the Department of Homeland Security (DHS). The new data sets include surface current maps from high frequency radar systems, technology that measures speed and direction of ocean surface currents in near real time. The U.S. Coast Guard can then use the maps to guide its search and rescue operations with greater accuracy. The maps can also be used to support other scientific work, such as oil spill response, harmful algal bloom monitoring, and water quality assessments. A short term predictive system that allows 24-hour forecasts for sea surface currents based on the most recent ocean observations is also now available in the Mid-Atlantic region. Surface current data is one of seven IOOS variables that are now interoperable as a result of IOOS data interoperability efforts.

The Integrated Ocean and Coastal Observation System Act of 2009 authorized a national IOOS and governance structure designating NOAA as the lead federal agency for implementation and administration of the system in consultation with interagency and regional partners. In FY 2009, NOAA IOOS awarded \$21 million to Regional Coastal Ocean Observing Systems (RCOOS) partners and



their managing entities called Regional Associations. IOOS expanded the network of ocean-related observations, data, and products available; improved regional implementation of NOAA and other federal missions; and met needs for coastal and ocean information. Regional Associations improved capabilities and ocean monitoring such as the Caribbean Regional Association that deployed the region's first buoy in June that collects real-time data on winds, waves, currents, temperature, salinity, and pressure for tsunami predictions. The Pacific Islands Ocean Observing System (PacIOOS) enhanced ocean observing capabilities by adding their first High Frequency Radio system, launching water quality sensors and coastal carbon buoys in partnership between the University of Hawaii and NOAA's Pacific Marine Environmental Laboratory, and developing ocean education programs for elementary school children.

**SUMMARY OF PERFORMANCE RESULTS**

STRATEGIC OBJECTIVE	PERFORMANCE OBJECTIVE	TARGETS MET OR EXCEEDED
<b>Strategic Objective 3.1:</b> Protect, restore, and manage the use of coastal and ocean resources (NOAA)	N/A	8 of 8
<b>Strategic Objective 3.2:</b> Advance understanding of climate variability and change (NOAA)	N/A	6 of 6
<b>Strategic Objective 3.3:</b> Provide accurate and timely weather and water information (NOAA)	N/A	7 of 11
<b>Strategic Objective 3.4:</b> Support safe, efficient, and environmentally sound commercial navigation (NOAA)	N/A	5 of 6
<b>Mission Support:</b> Provide critical support for NOAA's mission (NOAA)	N/A	N/A

Of the 31 performance measures for this strategic goal, NOAA missed five targets. Three of the targets missed: for accuracy of winter storm warnings, accuracy of aviation forecasts, and hurricane track intensity error; NOAA was off by only one percent.

**MANAGEMENT INTEGRATION GOAL**

*Achieve organizational and management excellence*

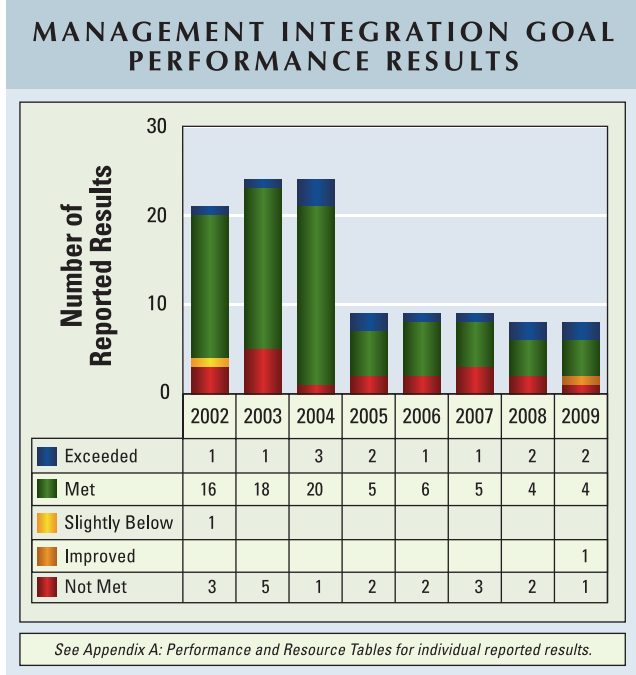
**PERFORMANCE SUMMARY**

In FY 2009, the Department met or exceeded 75 percent of the targets it had set for the year. For this Goal, performance declined slightly since FY 2002, having met or exceeded 81 percent of its targets in 2002.

**ACCOMPLISHMENTS AND BENEFITS**

Two organizations are involved in the Management Integration goal: Departmental Management (DM) and the Office of Inspector General (OIG). Key areas that this goal addresses include financial management, contracting, competitive sourcing, and human resources (HR) management.

The Department received an unqualified audit opinion for the 11th consecutive year. In the field of HR, the Department developed and implemented new competency models for use in applicant selections and training in three different mission-critical occupations, while exceeding the 45-day hiring goals mandated by the Office of Personnel Management (OPM), with an average fill time of 31 days for non-senior executive service (SES) vacancies.



**SUMMARY OF PERFORMANCE RESULTS**

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
<b>Management Integration Goal:</b> Achieve organizational and management excellence	Ensure effective resource stewardship in support of the Department's programs (DM)	1 of 3
	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)	3 of 3

For the Management Integration goal, the primary goal/target was to eliminate two significant deficiencies, which impacted the Financial Management measure. DM was not able to fully complete this task in FY 2009, having eliminated the NOAA personal property significant deficiency, but not the IT significant deficiency. DM also did not meet the target for the percent of performance-based contracts although gains were made for the previous year. A major program, the Commerce Information Technology Solutions (COMMITTS), which was all performance-based contracts, was transferred to the General Services Administration (GSA) and therefore the Department's base was reduced. The OIG exceeded the target of \$28 million for "Cumulative dollar value of financial benefits identified" with an actual of \$127 million.



## MANAGEMENT CONTROLS

The Department of Commerce's (Department) management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). The Department is able to provide a qualified statement of assurance that its internal controls and financial management systems meet the objectives of FMFIA, with the exception of one material weakness as discussed below.

During FY 2009, the Department assessed its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with Office of Management and Budget (OMB) Circular A-123, Management's Responsibility for Internal Control. Based on the results of this evaluation, the Department identified one material weakness in internal management control as of September 30, 2009. This material weakness involves information technology (IT) security concerns and the need to improve the quality of certification and accreditation processes and documentation for non-financial IT systems. Other than this exception, internal controls were operating effectively and no other material weaknesses were found.

Supplemental funding received under the American Recovery and Reinvestment Act of 2009 received comprehensive programmatic and administrative attention throughout the Department in order to achieve the legislative goals attributable to it. Funds were awarded—or otherwise expended for authorized purposes—in as prompt and efficient a manner as possible, while safeguarding against fraud, waste, and abuse. Reporting associated with this funding is being performed clearly, transparently, and comprehensively. Monitoring has been, and will continue to be, conducted to ensure that the recipient is meeting the goals stated in its application and as incorporated into award documents, and monitoring will also focus on the effects that funding has had, and will prospectively have, on economic indicators.

In addition, the Department assessed the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, the Department can provide reasonable assurance that its internal control over financial reporting as of June 30, 2009, was operating effectively and that no material weaknesses were found in the design or operation of the internal control over financial reporting. Further, no material weaknesses related to internal control over financial reporting were identified between July 1, 2009 and September 30, 2009.

Based on reviews conducted by the Department, it has been able to determine that its financial systems are in conformance with government-wide requirements.



Gary Locke  
Secretary of Commerce  
November 16, 2009

**FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) OF 1982**

During FY 2009, the Department reviewed its management control system in accordance with the requirements of FMFIA, and OMB and Departmental guidelines. The objective of the Department's management control system is to provide reasonable assurance that:

- obligations and costs are in compliance with applicable laws;
- assets are safeguarded against waste, loss, and unauthorized use of appropriations;
- revenues and expenditures applicable to Agency operations are properly recorded and accounted for, permitting accurate accounts, reliable financial reports, and full accountability for assets; and
- programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

**SECTION 2 OF FMFIA – INTERNAL MANAGEMENT CONTROLS**

Section 2 of FMFIA requires that federal agencies report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. The efficiency of the Department's operations is continually evaluated using information obtained from reviews conducted by the Government Accountability Office (GAO) and the Office of Inspector General (OIG), and specifically requested studies.

The diverse reviews that took place during FY 2009 relative to non-financial controls provide assurance that Department systems and management controls comply with standards established under FMFIA, with the exception of one material weakness. As discussed in detail below, this material weakness involves IT security issues and the need to improve the quality of certification and accreditation (C&A) processes and documentation for non-financial IT systems.

The following table reflects the number of material weaknesses reported under Section 2 of FMFIA in recent years by the Department. One material weakness was reported for each of the years identified, i.e., non-financial system IT security.

NUMBER OF MATERIAL WEAKNESSES UNDER SECTION 2				
	NUMBER AT BEGINNING OF FISCAL YEAR	NUMBER CORRECTED	NUMBER ADDED	NUMBER REMAINING AT END OF FISCAL YEAR
FY 2006	1	0	0	1
FY 2007	1	0	0	1
FY 2008	1	0	0	1
FY 2009	1	0	0	1

*Enhancements to Information Technology (IT) Security Continue*

The Department's Office of the Chief Information Officer (OCIO), following OMB policies and guidelines, oversees and manages IT resources by instituting controls to mitigate IT risks. It routinely conducts reviews of IT investments to ensure their efficiency and effectiveness in support of the Department's missions. Since FY 2001, when it was first identified and reported as a material

weakness, the Department and operating units have worked assiduously to appropriately address concerns. Given the significant focus across the federal government, in general, and the Department, specifically, on the need for effective cyber security and the protection of sensitive information, the Department continued comprehensive efforts to enhance its IT security program during FY 2009.

Departmental and operating unit managers are committed to working together to improve IT security in the Department. A two-year corrective action strategy to remediate the C&A weakness was jointly developed by the OCIO and the OIG and is now being implemented. Implementation of an automated tool to help ensure compliance with the Federal Information Security Management Act (FISMA), improvements to the C&A process, and initiation of an IT security workforce improvement program are some of the most significant aspects of this strategy. While there are significant deficiencies that still must be addressed, the Department is on target in carrying out its corrective action strategy.

### *FY 2009 Accomplishments*

The Department's roadmap for eliminating the material weakness in non-financial system IT security includes conducting rigorous C&A compliance reviews at the operating unit level based on FISMA requirements, OMB policy, National Institute of Standards and Technology (NIST) standards and guidelines, and previous OIG recommendations. As a result of this year's effort, 94 percent of the Department's 306 IT systems are operating with full authorization. The OCIO determined that a majority of the C&A packages it reviewed follow the Department IT Security Policy Program and NIST guidance on risk management. The OIG reported a satisfactory quality ranking in its FISMA evaluation of the Department's C&A process.

The following include highlights of IT security accomplishments for FY 2009:

**Cyber Security Assessment and Management (CSAM).** The Department completed deployment of the Department of Justice's CSAM tool in order to standardize the C&A process and documentation, and to conduct compliance reviews. The Department is leveraging this software to facilitate risk-based IT security management—balancing critical missions and safeguarding Agency information resources. In FY 2009, the OCIO also conducted a pilot project to certify and accredit five systems utilizing CSAM.

**IT Security Policy and Procedures.** Based on a comprehensive, bottom-up review conducted in FY 2008, the Department updated its IT Security Program Policy and created a number of interim policies relating to such areas as the Federal Desktop Core Configuration and continuous monitoring. Several other interim policies relating to foreign travel, mobile media, remote access, and Bluetooth technology are now under review by stakeholders and will provide for a greater level of protection of the Department's information resources.

**Trusted Internet Connection (TIC).** OMB Memorandum M-08-05, *Implementation of Trusted Internet Connections*, was issued to assist in protecting agencies from malicious cyber attacks. An intra-agency TIC technical working group was tasked with developing an implementation plan for this initiative, which calls for directing all operating unit Internet traffic through one of the Department's authorized TIC access provider Internet portals. The majority of operating units will complete this action by FY 2010; the Census Bureau and the National Oceanic and Atmospheric Administration (NOAA) will complete this action by FY 2012 and FY 2014, respectively.

**IT Security Training.** As government networks come under increasing numbers of cyber attacks, the Department has identified the need for enhancing its IT security workforce. In addition to the continuous effort of promoting general information security awareness for all staff, the Department has undertaken an effort to increase the competencies and skills of its information security workforce to aid in protecting its information and systems.

**Internal Control Review.** The Department has conducted an internal control review for all of its operating units that combined FISMA and FMFIA requirements. The review assessed the effectiveness of IT security controls, configuration management, C&A, IT security training, and corrective actions. The review concluded that the operating units generally comply with federal regulations and Departmental IT policies. The achievements during FY 2009 have focused on deploying technologies such as the FISMA and CSAM tools, and continued building a strong and lasting IT security program.

**Continuous Monitoring.** To achieve consistency and compliance with FISMA, the OCIO collaborated with the operating units and the OIG in developing a Department-wide IT security continuous monitoring policy and guidance. This policy identifies a minimum set of security controls for continuous monitoring of the Department's information resources. The OIG reviews continuous monitoring activities to verify whether appropriate actions are taken.

**Cyber Security.** The OCIO coordinates with the Federation of Computer Incident Response Teams (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 of the collaboration, the Department developed plans to remediate and prevent potential threats and vulnerabilities relative to malicious cyber attacks against its network.

**Security Operations Center (SOC).** The Department has established a SOC in the Office of the Secretary to safeguard information resources against malicious Internet attacks. The SOC is responsible for monitoring the organization's computer components and the network infrastructure. It is responsible for securing the Department's workstations, servers, and infrastructure, and notifying the CIRT when security incidents occur. This cooperation helps to ensure the Department's essential functions continue regardless of the nature of any event or threat, provides situational awareness for the CIRT and SOC, and facilitates effective reporting to appropriate executives and external entities.

**Secure Domain Name System (DNS) Standard Deployment.** OMB Memorandum M-08-23, *Securing the Federal Government's Domain Name System Infrastructure*, requires agencies to deploy a secure DNS infrastructure. The Department conducted an assessment of its DNS infrastructure and devised a plan scheduled for full deployment by December 2009.

#### *Perimeter Protection, Critical Infrastructure, and Continuity of Operations*

The Department's IT infrastructure is composed of a heterogeneous network of networks. To maintain a secure network environment, the Department utilizes a Defense-in-Depth strategy which addresses the need for layered security architecture where IT components are positioned within security layers with each layer having its own set of security requirements and security posture. The Department established CIRT to facilitate open communication between the various operating units. This channel of communication allows sharing of information regarding security incidents and current threats to the Department, and utilizes industry-standard tools to conduct forensic investigations, detect unauthorized and malicious network intrusions, analyze logs, and report security incidents. As security incidents occur, they are investigated, documented, and reported as appropriate. As discussed above, the Department's SOC plays a key role in securing the organization's IT resources.

#### *IT Investment Review Process*

Since IT expenditures constitute such a large portion of the Department's annual budget, i.e., approximately 20 percent, it is imperative that special management attention be given to proposed and continuing IT investments. This is accomplished through the Capital Planning and Investment Control Process, which continues to be strengthened to provide broader and deeper analysis of proposed investments, projects under development, and projects that are operational, as well as of the overall performance of the portfolio.

This process is based on OMB Circular A-11, Exhibit 300, *Capital Asset Plan and Business Case Summary*, and Exhibit 53, *Agency IT Investment Portfolio*, and links to all Department IT planning processes and documents. In a collaborative effort with the Office of Budget and the Office of Acquisition Management, the OCIO established Exhibit 300 as the documentation for summarizing the business case for each IT project, and as the foundation for IT budget justifications, IT acquisition approvals, and major system reviews. This provides the Department with a consistent foundation for monitoring the selection, control, and evaluation of major IT investments, helping to ensure that proposed investments contribute to the Department's strategic vision, mission requirements, and performance goals. It also helps to ensure that the operating units employ sound IT investment methodologies, comply with Departmental and federal architectures, and provide the highest return on the investment at acceptable project risk.

The OCIO has worked closely with the Office of Budget to establish a framework and schedule for linking the IT investment review of proposed initiatives with the budget process. As initiatives are developed by operating units for submission to the Department, those that have a significant IT component are reviewed by the OCIO. Major proposals are reviewed by the Department's Investment Review Board (IRB), which is co-chaired by the CIO and the Chief Financial Officer (CFO) and Assistant Secretary for Administration, and includes the Department's Budget Officer, Senior Procurement Executive, Director for Human Resources Management, and representatives from selected operating unit. The IRB evaluates proposals relative to their contribution to the mission; Agency performance measures; IT security and privacy management; risk management; acquisition strategy; the viability and appropriateness of the IT solution, including conformance to Department and federal architectures; and overall project management. Guidance for improving project proposals is provided by the IRB as appropriate. This process results in the identification of IT investment initiatives that have sound IT management proposals. As a result of this extensive Departmental review of IT investment proposals, all IT-intensive budget initiatives forwarded to OMB have the best possible IT management plan associated with them.

The IRB continues to place emphasis on the link between proposed IT investments and top level program performance measures, IT security and privacy, and the qualifications of the IT project managers and contracting officers who manage Department IT programs. The IRB ensures that high quality C&A packages, which are critical to the confidentiality, integrity, and availability of the Department's IT investments, are in place. By ensuring that qualified managers are available for these programs, the risk associated with large-scale IT investments is significantly reduced. The OCIO leads a continuing training process for IT project managers, working together with the Office of Human Resources Management, to ensure that the Department has a pool of well-qualified IT project managers to be assigned to new or continuing projects.

In the conduct of selection and control reviews, i.e., reviews that address new investments and those under development, The IRB is supported by detailed analyses from Department staff in the OCIO, the Office of Budget, the Office of Acquisition Management, and others who provide independent assessment of project status. Further, to provide even more rigorous analysis of cost, schedule, and performance, the Department systematically uses Earned Value Management (EVM) data for IT investments under development. This provides regular monitoring of the performance of Department projects and early warning of projects that may not be meeting cost, schedule, or performance goals, allowing course corrections to bring the development effort back on track, if needed. The EVM analysis has been supported by focused training sessions on EVM techniques. Additionally, operating unit CIOs are required to conduct operational analyses to certify that steady-state investments meet cost, schedule, and performance goals. Operating unit reviews of proposed and continuing projects are also supplemented with formal evaluation or post-implementation reviews by the IRB. This approach helps ensure that all project managers can benefit from lessons learned from other implementation efforts.

*Privacy Impact Assessments (PIA)*

The Department is committed to ensuring that all information that it collects and maintains, relating to both individuals and businesses, is afforded proper privacy safeguards as defined in the Privacy Act of 1974, the E-Government Act of 2002, and relevant OMB memoranda. The Department's CIO has been designated as the Department's Senior Agency Official for Privacy, who works closely with the Privacy Act Officer, to ensure that the Department continues to protect all privileged-access personal and business information with which it is provided.

The Department has developed an IT Privacy Policy to ensure that personally identifiable information (PII) stored in its IT systems is effectively protected and secured. Policy and guidance have been provided to the operating units on the preparation of Web privacy policies, PIAs have been conducted, and privacy policies and PIAs have been posted on Department Web sites that are visited by the public. PIAs are conducted to ensure that identifiable information is not collected, processed, or disseminated from or about members of the general public that is not needed and authorized. This same level of privacy protection is extended to business entities. The OIG has provided a favorable review of the Department's PIA program and its validation of the implementation of Web privacy policies across the Department.

As another step to ensure personal and other sensitive information is protected, all Department PIAs now include data extract log and verification procedures. This provision, which was incorporated in the Department's *IT Security Program Policy and Minimum Implementation Standards*, requires that operating units "Log all computer-readable data extracts from databases holding sensitive information and verify each extract including sensitive data has been erased within 90 days or determine that its use is still required." In FY 2009, the OCIO drafted and posted on the Internet a new policy, *Electronic Transmission of PII*, to better inform Department employees on how to handle sensitive PII electronically.

*Future Efforts*

The Department anticipates fully implementing the corrective action strategy to address the C&A weakness in FY 2010 and is actively pressing forward to respond to the demands of an ever changing IT security environment. It is mapping out its future goals in the implementation of TIC, increased operational security with the continued development of SOC, additional assessments of technical controls as part of the OCIO's annual reviews of operating units, and deployment of role-based training in FY 2010. These measures will continue to strengthen the Department's overall IT security posture and protection of its IT systems and information.

**SECTION 4 OF FMFIA – INTERNAL CONTROLS OVER FINANCIAL MANAGEMENT SYSTEMS**

As reflected in the following table, the Department has reported no material weaknesses under FMFIA Section 4 in recent years.

NUMBER OF MATERIAL WEAKNESSES UNDER SECTION 4				
	NUMBER AT BEGINNING OF FISCAL YEAR	NUMBER CORRECTED	NUMBER ADDED	NUMBER REMAINING AT END OF FISCAL YEAR
FY 2006	0	0	0	0
FY 2007	0	0	0	0
FY 2008	0	0	0	0
FY 2009	0	0	0	0

Based on reviews conducted by the Department and its operating units for FY 2009, the financial systems in the Department are compliant with GAO principles and standards, the requirements of the CFO Act, and OMB requirements

No material weaknesses relative to financial controls were identified for the period July 1, 2008 through June 30, 2009, the reporting period established by the circular. Further, with limited review and inquiries, no material weaknesses related to internal control over financial reporting were identified between July 1, 2009 and September 30, 2009.

#### *Other Internal Control Enhancement Activities Continue*

The Department's comprehensive effort to enhance management of internal controls under OMB Circular A-123 continued during FY 2009. Progress made in implementing Appendix A to the circular, which relates to financial internal controls, included the following:

- The Department continued the OMB A-123, Appendix A process utilizing a three-year rotational testing plan to incorporate a risk-based approach based on assessments of the key processes and results of previous audits. Under this approach, high-risk cycles are selected for annual testing, and low to moderate-risk cycles are tested every three years with selected test procedures performed at specific locations or on specific sub-processes as often as needed based on specifically identified risks. A limited controls review assessment survey is utilized for cycles that are not tested in any given year.
- Department-wide testing templates were updated for selected key processes and sub-processes, and the Departmental sampling plan was modified to include four separate test phases, which included testing requirements for the American Recovery and Reinvestment Act (ARRA) of 2009. This work was carried out in coordination with the Department's Senior Advisor for ARRA implementation, who was appointed by the Secretary to oversee the expenditure of funds received by the Department and operating units under ARRA. The Senior Advisor has worked collaboratively with operating unit and Departmental managers to ensure the timely and effective implementation of the Department's ARRA responsibilities
- The Senior Management Council continued to oversee, direct, and implement the assessment process; and the Senior Assessment Team continued to develop planning documentation, administer internal control test plans, and monitor and review test work.
- Each operating unit completed an entity-level controls assessment as required by OMB Circular A-123, Appendix A.
- The Departmental A-123 Workpapers Guide was enhanced to include more in-depth guidance and instruction to the operating units in such areas as obtaining populations, sampling, and documenting workpapers. In addition, the guide provides sample templates to ensure consistency in workpaper standards and presentation throughout the Department.
- The overall effort was analyzed to assess and document the adequacy of the Department's internal controls in order to develop the annual statement of assurance that appears above).

The Department also continued its focus on management of non-financial internal controls under the circular. Through the Senior Assessment Team, the operating units were tasked with identifying and conducting assessments of programmatic and administrative activities meriting review in FY 2009. A variety of programs and functions were assessed across the Department.

**FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA) OF 1996**

**U**nder the Federal Financial Management Improvement Act (FFMIA) of 1996, the Department is required to have financial management systems that comply with federal financial management system requirements, federal accounting standards, and the U.S. Government Standard General Ledger (USSGL) at the transaction level. In FY 2009, the Department remained in compliance with FFMIA.

**REPORT ON AUDIT FOLLOW-UP**

**T**he Inspector General Act, as amended, requires that the Secretary report to Congress on the final action taken for Inspector General audits. This report covers the Department's audit follow-up activities for the period June 1, 2008, through May 31, 2009.

**SUMMARY OF ACTIVITY ON AUDIT REPORTS  
JUNE 1, 2008 THROUGH MAY 31, 2009**

	DISALLOWED COSTS <sup>1</sup>		FUNDS TO BE PUT TO BETTER USE <sup>2</sup>		NONMONETARY REPORTS <sup>3</sup>	TOTAL
	NUMBER OF REPORTS	DOLLARS	NUMBER OF REPORTS	DOLLARS	NUMBER OF REPORTS	REPORTS
Beginning Balance	40	\$ 9,837,392	22	\$ 40,643,667	12	74
New Reports	15	1,850,750	5	654,963	16	36
Total Reports	55	11,688,142	27	41,298,630	28	110
Reports Closed	(34)	(3,780,148)	(15)	(1,616,856)	(17)	(66)
Ending Balance	21	\$ 7,907,994	12	\$ 39,681,774	11	44

1. Disallowed costs are questioned costs that management has sustained or agreed should not be charged to the government.  
 2. "Funds to be put to better use" refers to any management action to implement recommendations where funds should be applied to a more efficient use.  
 3. Includes management, contract, grant, loan, and financial statement audits with nonmonetary recommendations.

**BIENNIAL REVIEW OF FEES**

**O**MB Circular A-25, *User Charges*, requires the biennial review of agency programs to determine whether fees should be charged for government goods or services, and to ascertain that existing charges are adjusted to reflect unanticipated changes in costs or market values.

The Department conducts a review of its programs biennially, with some bureaus conducting annual reviews. In the current review, it was noted that the Department, except for one bureau receiving an exemption from Circular A-25, is substantially in compliance with the requirement to adjust its fees to meet the Circular A-25 requirement of full-cost recovery for user charges.



**AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 PROGRAMS**

In FY 2009, Congress passed ARRA, providing funds for several agencies including the following within the Department: OIG, Census Bureau, BIS, NOAA, NIST, and NTIA. The following section provides tables for each of the agencies that received funds. The tables include: program name, funding amount, brief description of what the funds are provided for, performance measures/results, and comments if provided by the agencies.

BUREAU	OFFICE OF INSPECTOR GENERAL (OIG)																																							
PROGRAM	OFFICE OF INSPECTOR GENERAL																																							
Amount	\$6.0M																																							
Description	These funds are for general oversight of the Department's ARRA activity. Early OIG uses include emphasis on training of grants and contract officers to alert them to the signs of potentially fraudulent or wasteful activity by grantees or contractors. Other activities include review of various grant pre-award operations, and an audit of the bureaus' review of grant and contract recipient reporting.																																							
Performance Measures/ Results	<table border="1"> <thead> <tr> <th>MEASURES</th> <th>FY 2009 ACTUAL</th> </tr> </thead> <tbody> <tr> <td>Complaints - received</td> <td>7</td> </tr> <tr> <td>Whistleblower reprisal allegations:</td> <td></td> </tr> <tr> <td>    ● Received</td> <td>0</td> </tr> <tr> <td>    ● Accepted</td> <td>0</td> </tr> <tr> <td>Investigations:</td> <td></td> </tr> <tr> <td>    ● Closed without action</td> <td>0</td> </tr> <tr> <td>    ● Accepted for prosecution</td> <td>0</td> </tr> <tr> <td>    ● Prosecution denied</td> <td>0</td> </tr> <tr> <td>    ● Referred for alternative resolution</td> <td>0</td> </tr> <tr> <td>Audits/Inspections/Evaluations/Reviews:</td> <td></td> </tr> <tr> <td>    ● Final published work products</td> <td>2</td> </tr> <tr> <td>    ● Interim published work products</td> <td>0</td> </tr> <tr> <td>    ● Unpublished work products</td> <td>0</td> </tr> <tr> <td>Training/Outreach:</td> <td></td> </tr> <tr> <td>    ● Training sessions provided</td> <td>82</td> </tr> <tr> <td>    ● Individuals trained</td> <td>3,067</td> </tr> <tr> <td>    ● Hours of training provided</td> <td>4,429</td> </tr> <tr> <td>    ● Outreach sessions conducted</td> <td>0</td> </tr> </tbody> </table>		MEASURES	FY 2009 ACTUAL	Complaints - received	7	Whistleblower reprisal allegations:		● Received	0	● Accepted	0	Investigations:		● Closed without action	0	● Accepted for prosecution	0	● Prosecution denied	0	● Referred for alternative resolution	0	Audits/Inspections/Evaluations/Reviews:		● Final published work products	2	● Interim published work products	0	● Unpublished work products	0	Training/Outreach:		● Training sessions provided	82	● Individuals trained	3,067	● Hours of training provided	4,429	● Outreach sessions conducted	0
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BUREAU	ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)
PROGRAM	ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS
Amount	\$150.0M
Description	EDA funded 68 ARRA grants through its existing program structure in FY 2009. Consistent with the intent of the act, EDA's ARRA investments are primarily focused on infrastructure projects that will promote immediate job growth and retention.
Performance Measures/ Results	In addition to assessing long-term program outcomes, EDA is leveraging the requirements of the act to assess efficiency measures of ARRA grants. Additionally, EDA is tracking the number of FTEs created and retained on a quarterly basis through the life of the project.
Comments	EDA is working closely with ARRA grantees to ensure full compliance with the requirements of the act. EDA has held face-to-face meetings, conference calls, and Webinars to educate ARRA grantees on recipient reporting requirements and deadlines. Additionally, EDA is developing clarifying guidance on Buy American to ensure compliance on these provisions of the act, and an ARRA post-approval compact disk (CD) is being developed to organize all relevant ARRA guidance and forms for grantees.

BUREAU	CENSUS BUREAU
PROGRAM	PERIODIC CENSUSES AND PROGRAMS
Amount	\$1,000.0M
Description	To ensure a successful 2010 Decennial Census, the Census Bureau received \$1 billion to hire new personnel for partnership and outreach efforts to minority communities and hard-to-reach populations, increase targeted media purchases, and ensure proper management of other operational and programmatic risks.
Performance Measures/ Results	<p>Of the \$1 billion received, \$102.1 million was planned for FY 2009, with the remaining amount planned for FY 2010. FY 2009 activities include the creation of 2,027 partnership jobs to aid in outreach efforts, especially in hard-to-count areas. Other planned actions include the start of targeted media purchases, and the distribution of promotional items via Partnership Program staff.</p> <p>For FY 2010, the Census Bureau ARRA plans include operations such as <i>Group Quarters Enumeration</i> (college dormitories, military quarters, nursing homes, etc.), <i>Update/Enumerate</i> (an enumerator updates residential addresses and conducts an interview of the resident(s) using a paper questionnaire), and an expansion of the <i>Coverage Follow-up Operation</i> (1,250 additional temporary telephone interviewers will be hired to re-contact households to verify the information on the census form, make corrections as warranted, and obtain any missing demographic information—based on specific criteria), to name a few.</p> <p>Some of the other ARRA-funded activities for the 2010 Decennial Census include expanded media outreach to hard-to-count communities as well as expanded outreach via the Census in Schools program and the 2010 Census Road Tour.</p> <p>For more detailed information about the Census Bureau's ARRA program plans, visit the following Web sites: <a href="http://www.census.gov/recovery">www.census.gov/recovery</a> or <a href="http://www.recovery.gov">www.recovery.gov</a>.</p>

(continued)

BUREAU	CENSUS BUREAU <i>(continued)</i>
<b>Comments</b>	<p>As of July 2009, the Census Bureau exceeded the Partnership Program's goal by hiring more than 2,200 Partnership Program staff for outreach activities.</p> <p>The decennial census is used 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 boundaries of districts are defined for those seats. Data collected from the 2010 Census provide comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. Federal agencies need these data to better distribute resources. More than \$400 billion a year is distributed to state, local, and tribal governments using formulas that are based on data such as state population and personal income.</p> <p>The Census Bureau's utilization of ARRA funding provides immediate and long-term benefits to the U.S. public by ensuring that everyone is counted and that communities receive services to meet their needs.</p>

BUREAU	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA)														
PROGRAM	OPERATIONS, RESEARCH, AND FACILITIES														
Amount	\$230.0M														
Description	<p>\$40 million to reduce the critical hydrographic survey backlog by approximately 1,940 square nautical miles. This funding will also support improved ingestion of significant increases of data so that nautical charts can be updated faster.</p> <p>\$167 million for mid and large-scale restoration projects addressing coral reef conservation, restoring fish habitats, and helping endangered species such as salmon and sea turtles. The projects will also contribute to the improvement of coastal resiliency in response to sea level rise and natural hazards. NOAA will support projects that will result in on-the-ground restoration of marine and coastal habitat (including Great Lakes habitat) that are aligned with the objectives of the ARRA. Large-scale projects in combination with existing conservation efforts will reduce and eliminate habitat threats (e.g., barriers to fish passage, sedimentation of coral ecosystems, impaired flow of tidal waters) in prioritized areas. The funds augment non-ARRA funds by adding both acres and stream miles to our existing performance measures.</p> <p>\$3 million to conduct any required environmental consultations associated with projects funded by the ARRA and to address the current backlog of Endangered Species Act. More than 800 additional consultations are expected to be conducted, which should in turn enable other economic activities and investments to move forward. NOAA has established a goal of 100 percent completion of all consultations and 70 percent on-time completion, a significant improvement over the current on-time completion rate.</p> <p>\$20 million for critical repairs and replacements to NOAA's fleet of research and exploration vessels, specifically major repairs for RAINIER and OREGON II, as well as accelerating the replacement of hydrographic survey launches on RAINIER and FAIRWEATHER. Funding will make the ships more available for critical science and ensure crew and scientist safety and welfare. These funds will be distributed via competitively awarded contracts to the shipbuilding and repair industries.</p>														
Performance Measures/ Results	<p>Performance measures will be based on anticipated benefits noted above.</p> <table border="1" data-bbox="418 1367 1481 1671"> <thead> <tr> <th data-bbox="418 1367 1203 1444">MEASURES</th> <th data-bbox="1208 1367 1343 1444">FY 2009 TARGET</th> <th data-bbox="1347 1367 1481 1444">FY 2009 ACTUAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="418 1451 1203 1535">Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)</td> <td data-bbox="1208 1451 1343 1535">1,400</td> <td data-bbox="1347 1451 1481 1535">1,459</td> </tr> <tr> <td data-bbox="418 1541 1203 1583">Percentage of ARRA funds obligated</td> <td data-bbox="1208 1541 1343 1583">90%</td> <td data-bbox="1347 1541 1481 1583">TBD</td> </tr> <tr> <td data-bbox="418 1589 1203 1671">Percentage of consultations performed with ARRA funds completed on schedule</td> <td data-bbox="1208 1589 1343 1671">70%</td> <td data-bbox="1347 1589 1481 1671">TBD</td> </tr> </tbody> </table>			MEASURES	FY 2009 TARGET	FY 2009 ACTUAL	Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	1,400	1,459	Percentage of ARRA funds obligated	90%	TBD	Percentage of consultations performed with ARRA funds completed on schedule	70%	TBD
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(continued)

<b>BUREAU</b>	<b>NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) <i>(continued)</i></b>
<b>PROGRAM</b>	<b>OPERATIONS, RESEARCH, AND FACILITIES <i>(continued)</i></b>
<b>Comments</b>	<p>The second measure tracks the percentage of the \$167 million ARRA funds for habitat restoration that has been obligated. This measure is intended as an interim metric to track the obligation of the \$167 million in ARRA funds allocated for habitat restoration until targets for acres restored can be developed.</p> <p>The RAINIER and OREGON II major repair periods will improve reliability resulting in a reduction of lost operating days due to maintenance or failures by 20 percent within the first year of returning to service. The addition of the third and fourth survey launches aboard NOAA ship FAIRWEATHER will allow the ship to decrease the cost per lineal nautical mile by 50 percent. In 2008, FAIRWEATHER accomplished 11 hours of hydro survey data acquisition per days at sea. The addition of two new, more reliable survey launches should allow the ship to accomplish 16 hours/days at sea (which is the same as RAINIER and THOMAS JEFFERSON in 2008), a 68 percent increase in hours of data acquisition/days at sea. Thus, (16 hours/days at sea)*(180 days at sea)*(3 linear nautical miles/hour) = 8,640 linear nautical miles for approximately \$7 million. This equates to \$813/linear nautical miles—down from \$1,928/linear nautical miles in 2008.</p>
<b>PROGRAM</b>	<b>PROCUREMENT, ACQUISITION, AND CONSTRUCTION</b>
<b>Amount</b>	\$600.0M
<b>Description</b>	<p>\$170 million to accelerate and enhance NOAA's High Performance Computing capabilities to directly improve capabilities for weather and climate modeling and climate change research. NOAA will start two computing systems in separate locations that will improve the accuracy of seasonal climate and global climate change assessments. The two Hydrometeorological Prediction Center sites will create jobs in manufacturing, construction, and software engineering. The ARRA also provides funding to improve the quality and access to climate data records. The climate data records and climate information records provide scientifically authoritative global climate reference sets, used by scientists to detect, assess, model, and predict climate change. Decisionmakers use the records to devise strategies to respond, adapt, and mitigate the effects of climate change.</p> <p>\$7.4 million to accelerate the Dual Polarization effort of the next generation Doppler weather radar system that will allow signals to be transmitted and received in two dimensions, resulting in a significant improvement in precipitation estimation; improved ability to discriminate rain, snow, and hail; and a general improvement in data quality. The new system will improve flash flood warnings, improve precipitation estimates, and severe weather detection, including snow storms and icing conditions for air and ground transportation.</p> <p>\$74 million to accelerate development of the National Polar-orbiting Operational Environmental Satellite System (NPOESS) and climate sensors for these satellites. Funding will allow critical development activities and mitigate both cost and schedule risk for this joint Department of Commerce–Department of Defense (DOD) program. Funding will also be spent on developing instruments that monitor the Sun's energy incident on the Earth and the Earth's radiation budget, both crucial measurements for monitoring factors that affect climate change. The NPOESS system monitors the entire planet and provides data for long-range weather and climate forecasts, thereby aiding in reducing the potential loss of human life and property by allowing more efficient disaster planning and response to severe weather conditions. Citizens will benefit from the satellite's data in the areas of general aviation, agriculture, and maritime activities. NPOESS will permit the military to capitalize on favorable weather conditions or avoid harsh weather conditions that could hinder maneuverability.</p>

BUREAU	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) <i>(continued)</i>
PROGRAM	PROCUREMENT, ACQUISITION, AND CONSTRUCTION <i>(continued)</i>
<p><b>Description</b> <i>(continued)</i></p>	<p><i>Facilities and Construction</i></p> <p>\$9 million to upgrade the NOAA Weather Forecast Offices in Barrow and Nome, AK, and repair a number of other local weather offices around the country.</p> <p>\$142 million to complete construction of NOAA's consolidated Pacific Regional Center on Ford Island in Honolulu. This facility consolidates 12 locations in poor shape into one that will improve operations and mission performance, and provide longer-term operational savings and opportunities for greater program collaboration.</p> <p>\$102 million to complete the design, construction, and occupancy of the replacement NOAA Southwest Fisheries Science Center in La Jolla, CA. Cliff erosion forced NOAA to abandon two of its four buildings and move into temporary off-site leased facilities.</p> <p>\$9 million to continue the replacement of the at-risk Fairbanks Operations Building in Fairbanks, AK. This is one of two NOAA satellite operations centers that control NOAA's polar orbiting environmental satellites and acquire their data. The U.S. Army Corp of Engineers identified the current building as at-risk due to extreme temperatures and seismic activity in the area. The new facility will allow NOAA to support the NOAA polar-orbiting satellites program through de-orbit of the last polar satellite in 2022, and support other ongoing satellite missions through 2026.</p> <p>\$8.6 million to fund necessary facility maintenance and repairs to ensure the health and safety of NOAA employees and to protect NOAA's facility investments. This funding will support asbestos abatement at the NOAA Geophysical Fluid Dynamic Laboratory in Princeton, NJ, repairs to the NOAA Fisheries Galveston Laboratory in Texas, and priority repairs at other NOAA facilities.</p> <p>\$78 million to complete the construction of the sixth Fisheries Survey vessel that will support fisheries surveys and related research along the West Coast and Eastern Tropical Pacific Ocean.</p>
<p><b>Performance Measures/ Results</b></p>	<p>Performance measures will be based on anticipated benefits noted above. Because of the timeframe of the funding, NOAA does not yet have results as of September 30, 2009.</p>
<p><b>Comments</b></p>	<p>The objective of the ARRA-funded projects is to improve reliability of NOAA ships and launches in order to accomplish scheduled science days at sea and increase linear nautical miles accomplished during hydrographic surveys. NOAA will accelerate ship major repair periods for NOAA vessels OREGON II and RAINIER, reduce the existing backlog of deferred maintenance on the NOAA fleet, and replace NOAA hydrographic survey launches that are beyond their service life. The new launches will double the survey capacity of the FAIRWEATHER and improve reliability of the survey launches. These launches will increase the ship's overall productivity and reduce the cost per survey mile for FAIRWEATHER data acquisition. These projects will extend service life, address issues of obsolescence, reduce potential for HAZMAT asbestos exposure to NOAA Wage Mariner employees, and reduce the backlog of deferred maintenance work on the NOAA fleet. Reducing the backlog will address the highest priority repair items whose likelihood of consequences will directly affect ships' ability to meet mission requirements. NOAA anticipates that these projects will create work for small business shipyards from New England to the Gulf Coast, West Coast, and Hawaii, and suppliers nationwide.</p>

<b>BUREAU</b>	<b>NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)</b>
<b>PROGRAM</b>	<b>SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES (STRS)</b>
<b>Amount</b>	\$220.0M
<b>Description</b>	<p>The ARRA includes \$220 million in STRS funding for "research, competitive grants, additional research fellowships and advanced research and measurement equipment and supplies," as stipulated in the conference report to P.L. 111-5. The ARRA also provides for NIST \$20 million from the Department of Health and Human Services (HHS) for health information technology (IT) and \$10 million from the Department of Energy (DOE) for Smart Grid.</p> <p>The following is a summary of the NIST activities funded in STRS appropriation by the ARRA: <i>Advanced Scientific Equipment</i> (\$108 million) to procure advanced research and measurement equipment to strengthen its measurement, standards, and technology programs; <i>Measurement Science and Engineering Grants</i> (\$35 million) to conduct a competitive grants program to support research to advance NIST measurements and standards research efforts; <i>Postdoctoral Research Fellowships</i> (\$22 million) to expand the NIST Postdoctoral Fellowship program to create up to 80 postdoctoral fellowships for recent Ph.D.s and retain up to 35 NIST National Research Council (NRC) postdoctoral fellows through the end of FY 2010 following the end of their tenure; <i>Measurement Science and Engineering Fellowship Program</i> (\$20 million) to establish a program for awarding a grant to organizations, which may include but are not limited to universities, non-for-profit research organizations, or scientific societies, who will provide fellowships for scientists and engineers to work at NIST; <i>Research Contracts</i> (\$15 million) to award competitive research contracts to small businesses under the Small Business Innovation Research (SBIR) program to develop new technologies supporting NIST's measurement and research mission; <i>IT Infrastructure Contracts</i> (\$9 million) to competitively procure critical new information systems and components to improve its IT infrastructure; and, <i>Management and Oversight</i> (\$11 million) to support critical staff such as contracts specialists, grants specialists, internal control specialists, and an ARRA Project Management Office to ensure that transparency, monitoring and evaluation, and accountability responsibilities under ARRA are implemented and followed.</p>
<b>Performance Measures/ Results</b>	Use of NIST ARRA funding is targeted to have maximum impact on meeting the goals of the ARRA, including: creating jobs; promoting economic recovery; providing investments needed to increase economic efficiency by spurring technological advances in science; and, making investments in areas of research that will provide long-term economic benefits.

(continued)

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) <i>(continued)</i>		
<b>Performance Measures/ Results</b> <i>(continued)</i>	MEASURES	FY 2009 TARGET	FY 2009 ACTUAL
	Advanced Scientific Equipment: <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of equipment purchased</li> </ul>	\$20,000K 15	\$22,458.5K 17
	Measurement Science and Engineering Grants program: <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of awards</li> <li>● Number of patent applications (lagging/outyear measure)</li> <li>● Number of peer-reviewed technical publications (lagging/outyear measure)</li> <li>● Number of licenses (lagging/outyear measure)</li> </ul>	\$0.00 K 0 0 0 0	\$0.00 K 0 0 0 0
	Postdoctoral Fellowships: <ul style="list-style-type: none"> <li>● Number of Postdoctoral Fellows</li> <li>● Number of Postdoctoral Fellows retained after completion of tenure</li> </ul>	48 23	52 19
	Measurement Science and Engineering Fellowship program: <ul style="list-style-type: none"> <li>● Dollars obligated</li> </ul>	\$0.00K	\$0.00K
	Research Contracts: <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of contracts awarded (SBIR, Smart Grid, Cyber Security)</li> </ul>	\$10,500K 34	\$7,536.4K 33
	Information Technology Infrastructure Contracts: <ul style="list-style-type: none"> <li>● Dollars obligated</li> </ul>	\$9,000K	\$7,588.5K
	<b>Comments</b>	The measurements, standards, and technologies that are the essence of the work done by NIST's laboratories help U.S. industry and science to invent and manufacture superior products and to provide services reliably. NIST's programs are driven by six investment priority areas that address national priorities: Energy, Environment, Manufacturing, Health Care, Physical Infrastructure, and Information Technology. Funds provided by the ARRA will enhance NIST's efforts on the six investment priority areas by providing the "tools" and knowledge base needed to make progress. Focus will be on the eight activities noted in the earlier description section.	

*(continued)*



<b>BUREAU</b>	<b>NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) <i>(continued)</i></b>
<b>PROGRAM</b>	<b>CONSTRUCTION OF RESEARCH FACILITIES</b>
<b>Amount</b>	\$360.0M
<b>Description</b>	<p>The following is a summary of the NIST activities funded in the Construction of Research Facilities appropriation by the ARRA.</p> <p><i>NIST Construction Projects (\$180.0 million):</i> includes complete the funding of the Precision Measurement Laboratory formerly known as the NIST Boulder Building 1 Extension (\$43.5 million); enhance the performance of the Precision Measurement Laboratory (\$25.0 million); carry out energy-efficient Safety, Capacity, Maintenance, and Major Repairs Program projects (\$31.0 million); high-efficiency cooling system, associated support infrastructure for the cooling system, and other support infrastructure for the NIST Center for Neutron Research (\$16.0 million); fund the design and construction of a National Structural Fire Resistance Laboratory (\$16.0 million); fund the design and construction of new time-code radio broadcast stations in separate locations around the country (\$15.0 million); relocation and consolidation of advanced robotics and logistics operations from a decommissioned NIKE missile site to the NIST Gaithersburg site (\$9.0 million); fund the construction of a Liquid Helium Recovery System for the NIST Gaithersburg site (\$5.0 million); fund the construction of a Liquid Helium Recovery System for the NIST Boulder site (\$2.5 million); design and construct an Emergency Services Consolidated Facility in Gaithersburg (\$7.0 million); a Net-Zero-Energy Residential Test Facility at NIST Gaithersburg (\$2.0 million); and in-house oversight and construction management support of NIST construction projects (\$8.0 million).</p> <p><i>Competitive Construction Grants Program (\$180.0 million):</i> provides competitively awarded grants to U.S. universities, colleges, and not-for-profit research organizations for research science buildings through the construction of new buildings or expansion of existing buildings.</p>

*(continued)*

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) <i>(continued)</i>		
<b>Performance Measures/ Results</b>	Use of NIST ARRA funding was targeted to have maximal impact on meeting the goals of ARRA, including creating jobs, promoting economic recovery, providing investments needed to increase economic efficiency by spurring technological advances in science, and making investments in areas of research that will provide long-term economic benefits.		
	MEASURES	FY 2009 TARGET	FY 2009 ACTUAL
	NIST construction projects: <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of facilities renovated</li> <li>● Number of facilities constructed</li> </ul>	\$26,300K 0 0	\$10,956.1K 0 0
	Construction Grants (up to \$60M): <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of grants awards</li> <li>● Number of research science facilities completed</li> </ul>	\$60,000K 5 0	\$55,537.0K 4 0
	Construction Grants (approximately \$120M): <ul style="list-style-type: none"> <li>● Dollars obligated</li> <li>● Number of grants awarded</li> <li>● Number of research science facilities completed</li> </ul>	\$0.00K 0 0	\$0.00K 0 0
<b>Comments</b>	The measurements, standards, and technologies that are the essence of the work done by NIST's laboratories help U.S. industry and science to invent and manufacture superior products and to provide services reliably. NIST manages some of the world's most specialized measurement facilities where cutting-edge research is done in areas such as new and improved materials, advanced fuel cells, and biotechnology. Critically needed research facilities will help keep the Nation at the forefront of cutting-edge research and ensure that U.S. industry has the tools it needs to continually improve products and services. The investment now in these advanced research facilities will be recouped many times over in increased U.S. innovation, a critical ingredient for improved productivity and job creation. The NIST construction projects will use green technologies where possible, and will improve energy efficiency and environmental performance of NIST.		

<b>BUREAU</b>	<b>NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)</b>
<b>PROGRAM</b>	<b>BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)</b>
<b>Amount</b>	\$4,700.0M
<b>Description</b>	BTOP will provide grant support to enable consumers in unserved and underserved areas of the United States to access broadband services.
<b>Performance Measures/ Results</b>	<p>Current and planned performance measures include:</p> <p>Award contract for grants program support ..... 6-30-2009</p> <p>Initial grant awards made ..... 12-31-2009</p> <p>All awards to be made ..... 9-30-2010</p>
<b>Comments</b>	BTOP provides grants to support the deployment of broadband infrastructure in unserved and underserved areas, to enhance broadband capacity at public computer centers, and to encourage sustainable adoption of broadband service. Through this support, BTOP will also advance the ARRA's objectives to spur job creation and stimulate long-term economic growth and opportunity.
<b>PROGRAM</b>	<b>DIGITAL-TO-ANALOG CONVERTER BOX PROGRAM</b>
<b>Amount</b>	\$650.0M
<b>Description</b>	The TV Converter Box Coupon Program provides up to two coupons valued at \$40 each for requesting households to purchase converter boxes to continue receiving over-the-air broadcasts.
<b>Performance Measures/ Results</b>	<p>Current and planned performance measures include:</p> <p>90 percent of coupon requests mailed within six business days ..... Met</p> <p>100 percent of coupon requests from over-the-air households prioritized ..... Met for processing</p>
<b>Comments</b>	Enactment of the DTV Delay Act and the ARRA provided NTIA with the time and funds needed to meet the high demand for coupons experienced in late 2008 and early 2009, as well as to implement other important programmatic reforms. Up to 12.25 million additional coupons will be funded through the ARRA.

## HIGH RISK ISSUE/2010 DECENNIAL CENSUS

**A**utomation problems and uncertain costs and plans may jeopardize the success of the 2010 Decennial Census, and warrant immediate attention. The decennial census is a Constitutionally-mandated activity that produces critical data used to apportion Congressional seats and to allocate over \$200 billion in federal assistance each year.

### GOAL

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Strengthen management and oversight, and reduce risks for the 2010 Decennial Census.

### CHALLENGES/ACTIONS

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- **Develop an integrated and comprehensive plan to control costs and manage operations**
  - ◆ Continue to improve management practices and communications (both internal and external).
  - ◆ Continue to manage the schedule with weekly analysis of the activities and milestones contained in the integrated project schedule.
- **Strengthen risk management activities and systems testing**
  - ◆ Continue to develop mitigation and contingency plans to accompany the risk management plan.
  - ◆ Continue to review and update the risk register and ensure ongoing involvement of senior management in risk review.
  - ◆ Continue development of detailed testing plans, including gap analysis.
  - ◆ Implement and monitor system testing across the 2010 Decennial Census program.
- **Improve management of the Field Data Collection Automation (FDCA) effort**
  - ◆ Conduct and monitor extensive testing, including coding and unit testing, field testing, production integration testing, and operational readiness testing (by the Census Bureau and contractors).
  - ◆ Successfully completed Address Canvassing ahead of schedule, using automated handheld computers supplied by the FDCA contractor.
  - ◆ Continue to oversee deployment, by the FDCA contractor, of equipment and systems to the local census offices.

**ECONOMIC AND FINANCIAL UNCERTAINTY AT USPTO**

**T**he financial challenge that began last year in the United States has created issues for USPTO as the world economy has fallen into a recession. USPTO derives its budgetary resources from user fees and the recent economic downturn impacted patent and trademark operations and revealed vulnerability in the method for financing the Agency. The downturn in patent allowance, maintenance, and application fees stems directly from the financial constraints that even the Nation's most innovative companies face.

Patent and Trademark application filings, which historically increase year after year, declined between FY 2008 and FY 2009. Filing forecasts were lowered in expectation that the downturn in the economy would impact filings and revenues—specifically as they relate to the gross domestic product (GDP) and financial indicators such as venture capital. Continued uncertainty exists for the next two to three years in planning and managing staffing and budget requests that are supported by fee revenues, especially if current fee rates remain unchanged. USPTO sought legislation to enable it to temporarily use Trademark unobligated balances through June 2010 to forestall the need for a furlough.

