

U.S. DEPARTMENT OF COMMERCE

FY 2009 PERFORMANCE & ACCOUNTABILITY REPORT

.....
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

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

International Trade Administration Strategic Plan
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
- ◆ 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
- ◆ 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
<http://www.oig.doc.gov/>

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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.

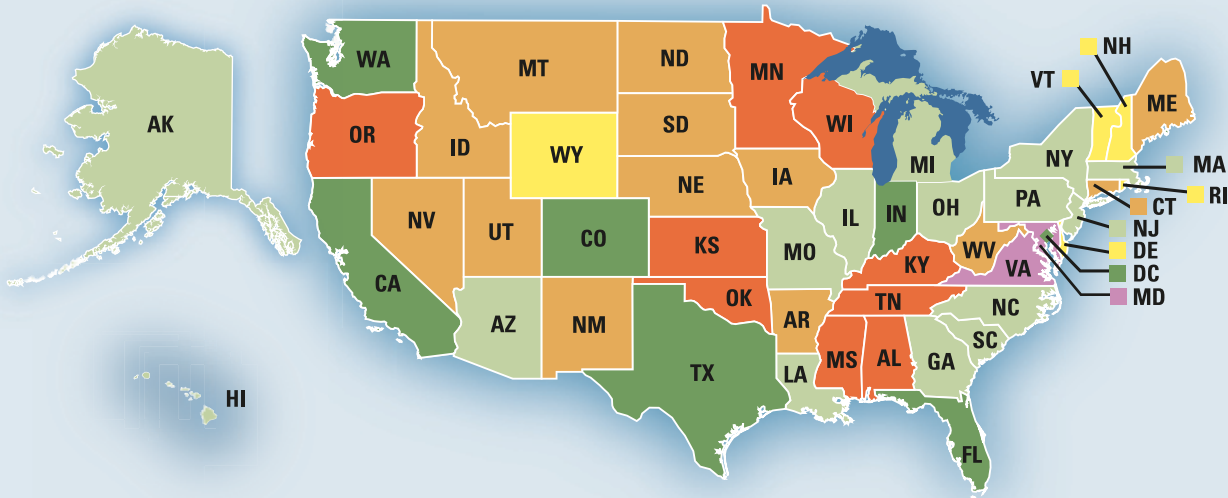
FINANCIAL RESOURCES

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

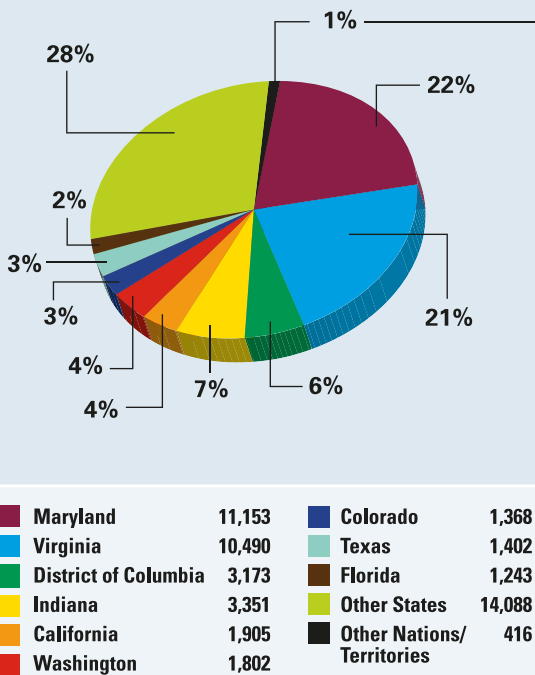
INTERNET

The Department’s Internet address is www.commerce.gov.

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

This 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. 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 or Steve Shapiro at SShapiro@doc.gov. A listing of Web addresses and email addresses of other Departmental and bureau staff appears on the inside front cover.





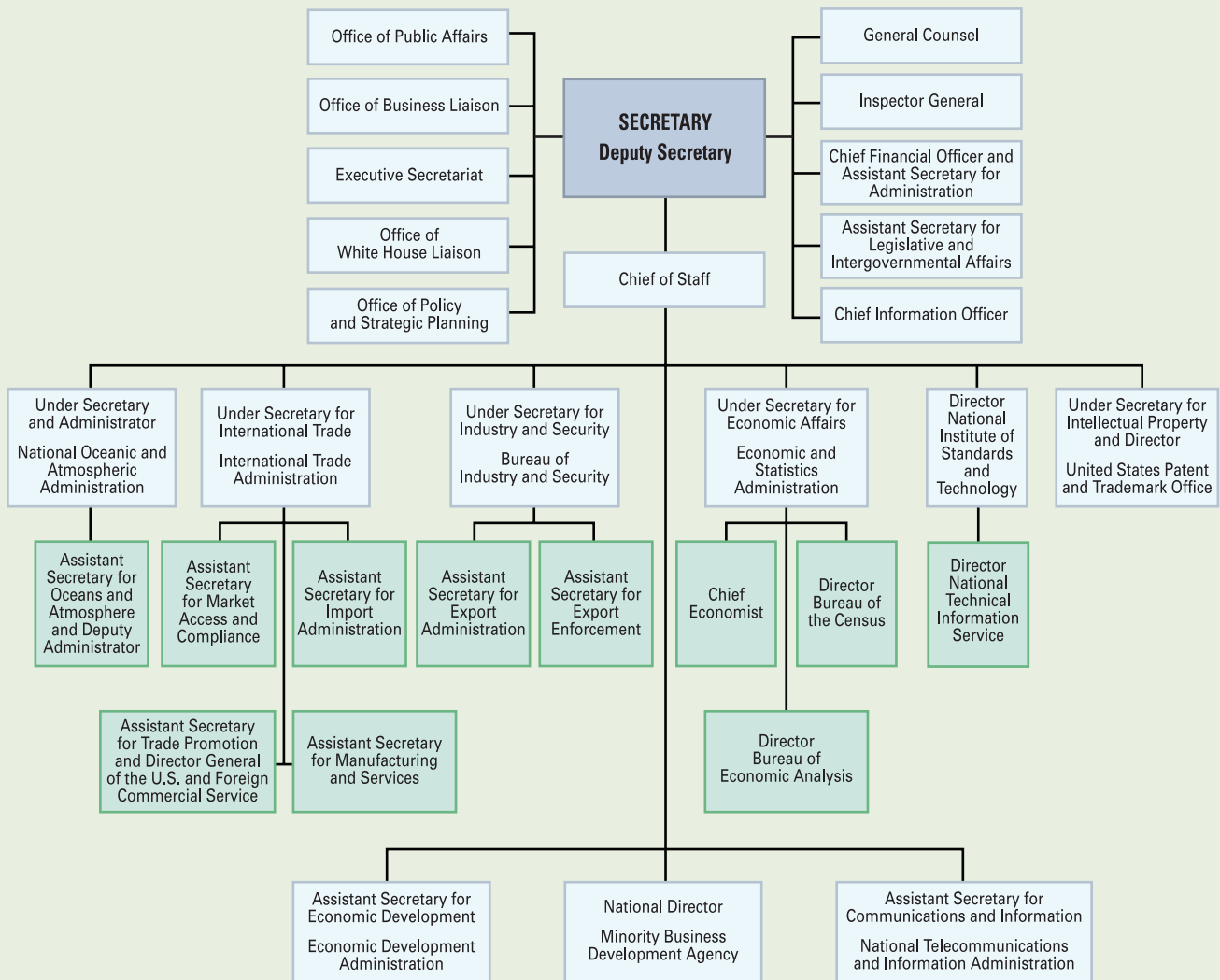
MANAGEMENT'S DISCUSSION & ANALYSIS

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

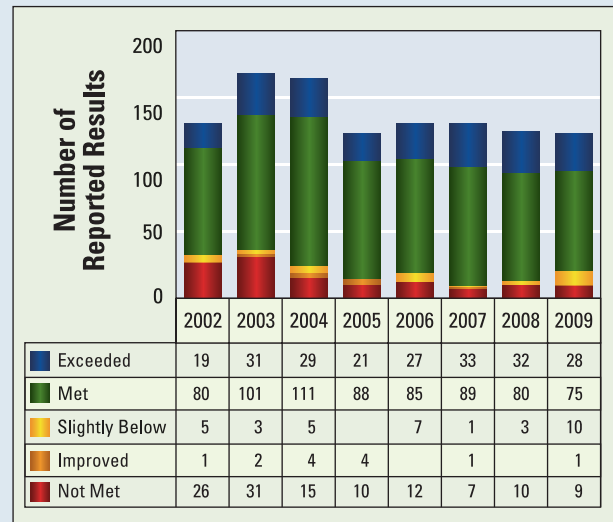


FY 2009 PERFORMANCE AND FINANCIAL HIGHLIGHTS

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) ¹	Percentage Change	FY 2009	FY 2008
For the Years Ended September 30, 2009 and 2008			
Obligations by Strategic Goal:			
<i>Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers²</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
TOTAL OBLIGATIONS	+27.4%	\$13,569.5	\$10,645.7
Full Time Equivalents (FTEs) by Strategic Goal:			
<i>Strategic Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers²</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
TOTAL FTEs	+46.5%	54,392	37,127

Total Obligations

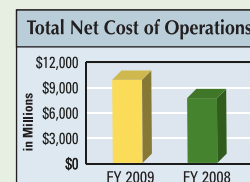
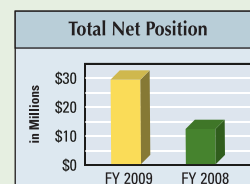
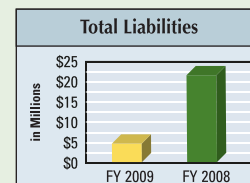
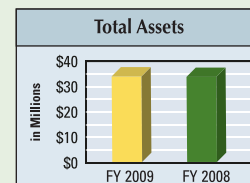
Total FTEs

¹Performance 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.

²For 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.

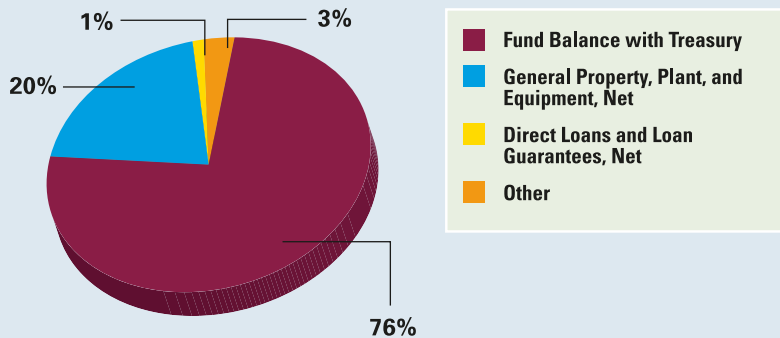
FINANCIAL HIGHLIGHTS

(Dollars in Thousands)	Percentage Change	FY 2009	FY 2008
As of September 30, 2009 and 2008			
Condensed Balance Sheets:			
ASSETS:			
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
TOTAL ASSETS	+1%	\$ 33,956,785	\$33,716,805
LIABILITIES:			
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
TOTAL LIABILITIES	-79%	\$ 4,620,765	\$ 21,500,968
NET POSITION:			
Unexpended Appropriations	+154%	\$ 13,136,522	\$ 5,180,387
Cumulative Results of Operations	+130%	16,199,498	7,035,450
TOTAL NET POSITION	+140%	\$ 29,336,020	\$ 12,215,837
TOTAL LIABILITIES AND NET POSITION	+1%	\$ 33,956,785	\$ 33,716,805
For the Years Ended September 30, 2009 and 2008			
Condensed Statements of Net Cost:			
<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
TOTAL NET COST OF OPERATIONS	+28%	\$ 9,826,739	\$ 7,698,813
Total Gross Costs	+21%	\$ 12,540,517	\$ 10,330,098
Less: Total Earned Revenue	+3%	(2,713,778)	(2,631,285)
Total Net Cost Of Operations		\$ 9,826,739	\$ 7,698,813

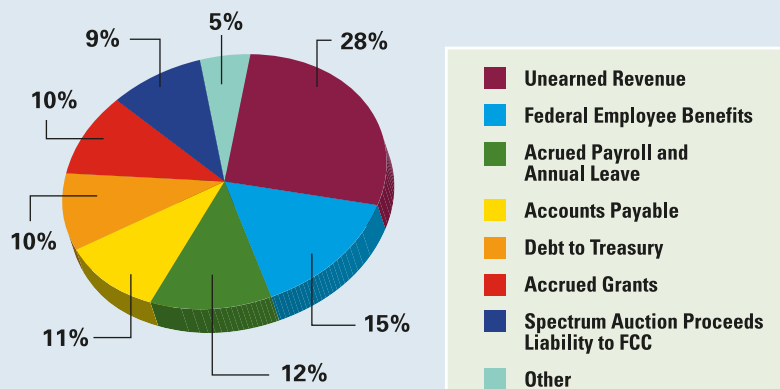


REVIEW OF FINANCIAL POSITION AND RESULTS

COMPOSITION OF THE DEPARTMENT'S FY 2009 ASSETS



COMPOSITION OF THE DEPARTMENT'S FY 2009 LIABILITIES

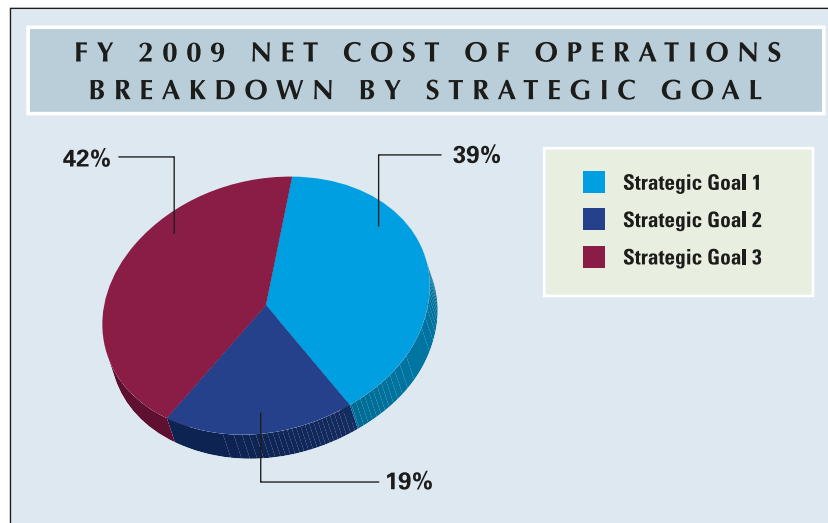


ASSETS

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

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. 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

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.

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

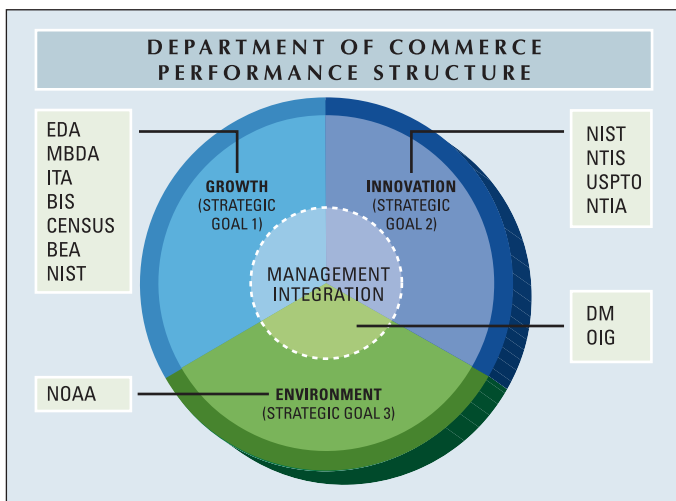
Leadership: In the past, the Department has conducted quarterly performance reviews, during which bureau heads report to the Deputy Secretary on the current status of bureau performance. While the change in administration has limited the amount of reviews that have occurred, the Department anticipates 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

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	
Strategic Goal 1: Maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers	Private Investment leveraged ¹ (EDA)	\$2,040M	\$2,210M	Met	
	Jobs created/retained ¹ (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	
	Strategic Goal 2: 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	

¹ 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 <i>(continued)</i>				
STRATEGIC GOAL	PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Strategic Goal 3: 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 ¹	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 ¹	Met
	Severe weather warnings for tornadoes (storm-based) – Accuracy (%) (NOAA)	69%	66% ¹	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 ²	Met
	Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity (NOAA)	69%	72%	Met
Management Integration Goal: 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"> Eliminate any significant deficiency within 1 year of determination Complete FY 2009 A-123 assessment of internal controls 	<ul style="list-style-type: none"> Completed FY 2009 A-123 assessment of internal controls for financial reporting One significant deficiency was not eliminated 	Not Met
	Improve the management of information technology (DM)	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place 	<ul style="list-style-type: none"> Cost/schedule overruns and performance shortfalls averaged under 10% CSAM C&A enhancements were deployed IT security compliance in all operating units and five FISMA systems in CSAM were reviewed 	Met
	Dollar value of financial benefits identified by the OIG (OIG)	\$28.0M	\$126.9M	Exceeded

² 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.

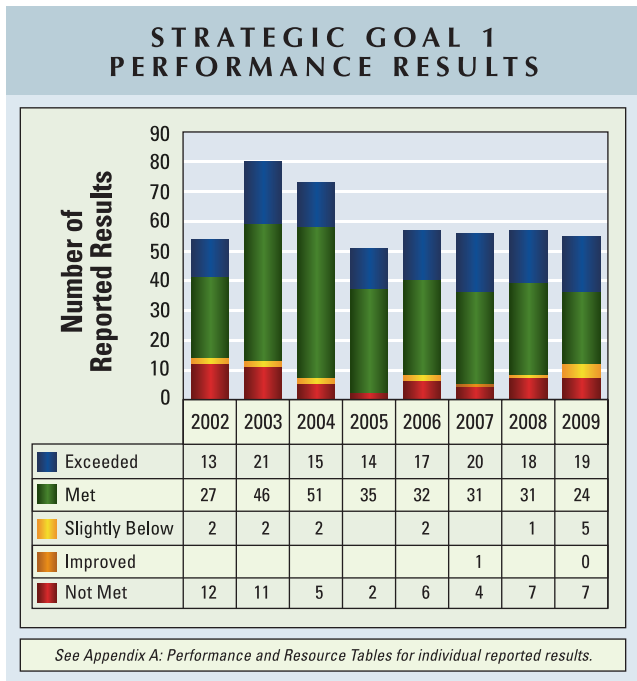
ACCOMPLISHMENTS AND BENEFITS

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,



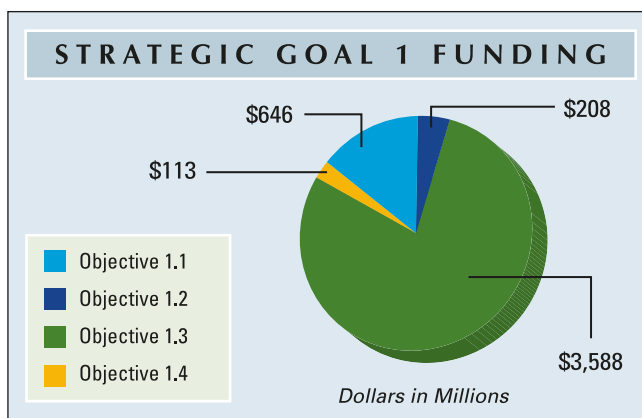
and Comerica Bank. In 2009, the Commercial Service maintained active cooperation with the District Export Councils and since inception, its outreach base has accelerated word-of-mouth from approximately 900 contacts representing 300 associations, leveling off at approximately 2,800 contacts representing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

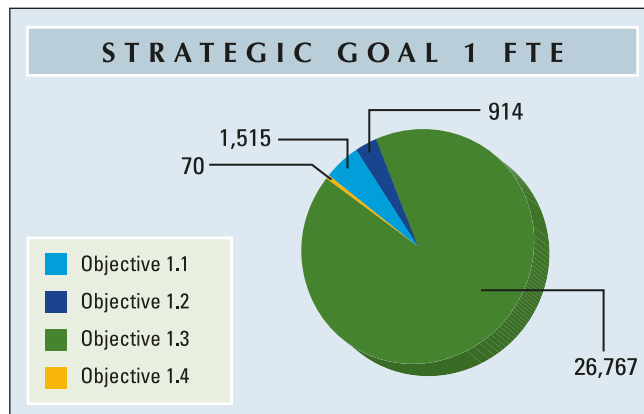
The Department, through the Census Bureau and the Bureau of Economic Analysis (BEA), provides vital statistical information on the economy and the demographics of the Nation. Statistics affect all aspects of public and private sectors, including the distribution of funds to various geographic districts. 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. 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
Strategic Objective 1.1: 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
Strategic Objective 1.2: 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
Strategic Objective 1.3: 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
Strategic Objective 1.4: 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. 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

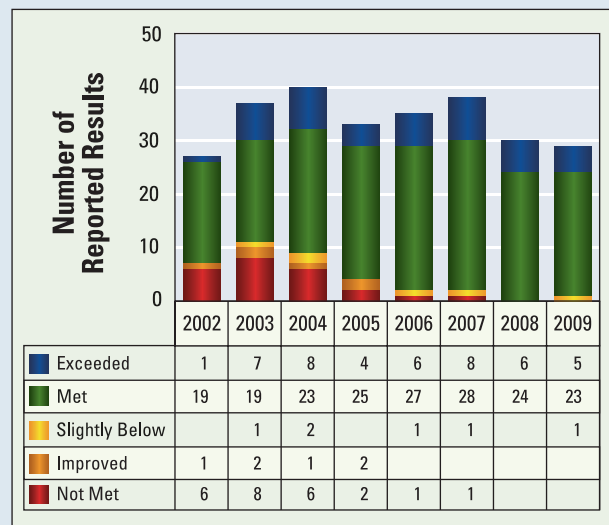
Some of the significant accomplishments, impacts, and benefits that the Department had on the U.S. public include the following:

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.

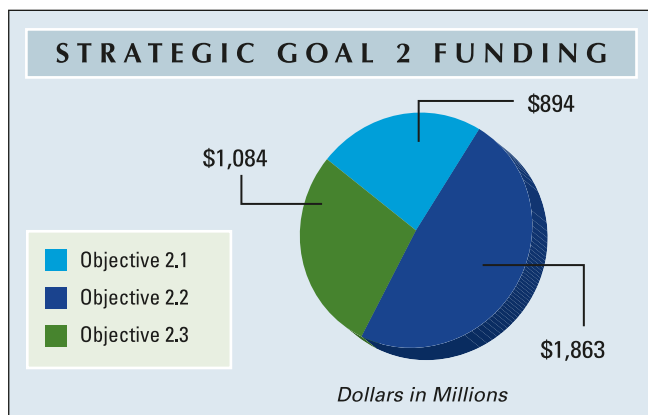
NIST's Technology Innovation Program (TIP) funded nine new high-risk, innovative projects in FY 2009 in the critical national need area of civil infrastructure with a focus on advanced sensing technologies. The unique multi-disciplinary approaches and teaming efforts of the 35 research participants involved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

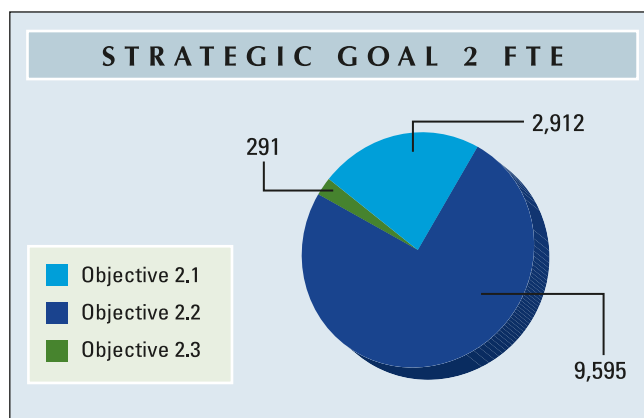
by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and 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
Strategic Objective 2.1: 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
Strategic Objective 2.2: 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
Strategic Objective 2.3: 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

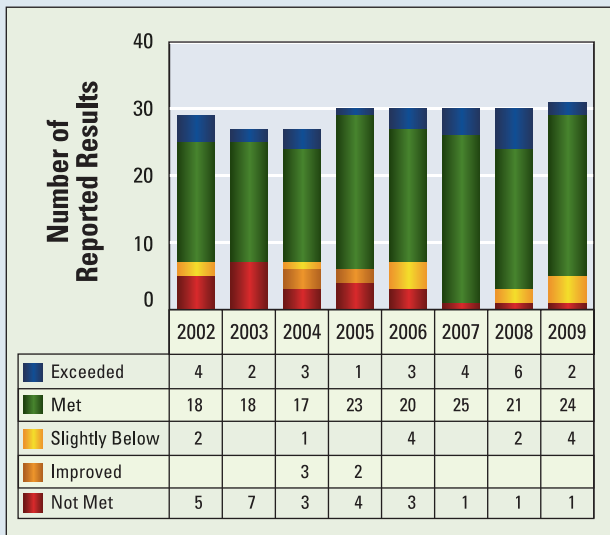
In FY 2009, the Department met or exceeded 84 percent of the targets it had set for the year. For this Strategic Goal, the Department has improved its performance since FY 2002, having met or exceeded 76 percent of its targets in 2002.

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

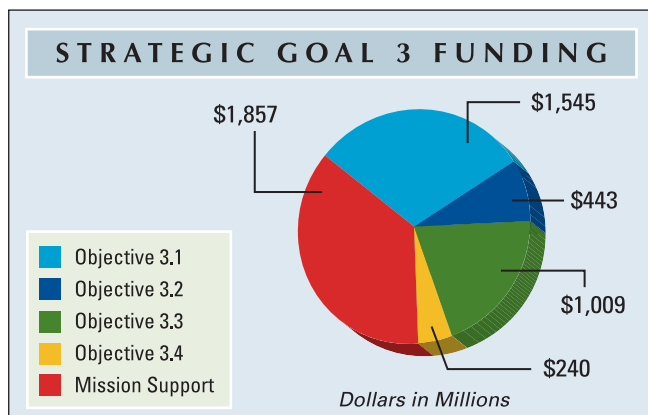
STRATEGIC GOAL 3 PERFORMANCE RESULTS



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



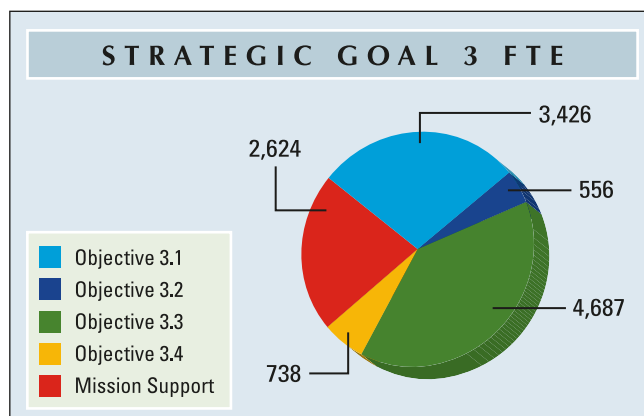
to, and mitigate the effects of climate change on the Nation's water resources. NOAA and the U.S. Geological Survey collaborated with the U.S. Army Corps of Engineers and the Bureau of Reclamation to explore strategies for improved water management. The report suggests processes that will improve tracking, 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
Strategic Objective 3.1: Protect, restore, and manage the use of coastal and ocean resources (NOAA)	N/A	8 of 8
Strategic Objective 3.2: Advance understanding of climate variability and change (NOAA)	N/A	6 of 6
Strategic Objective 3.3: Provide accurate and timely weather and water information (NOAA)	N/A	7 of 11
Strategic Objective 3.4: Support safe, efficient, and environmentally sound commercial navigation (NOAA)	N/A	5 of 6
Mission Support: 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

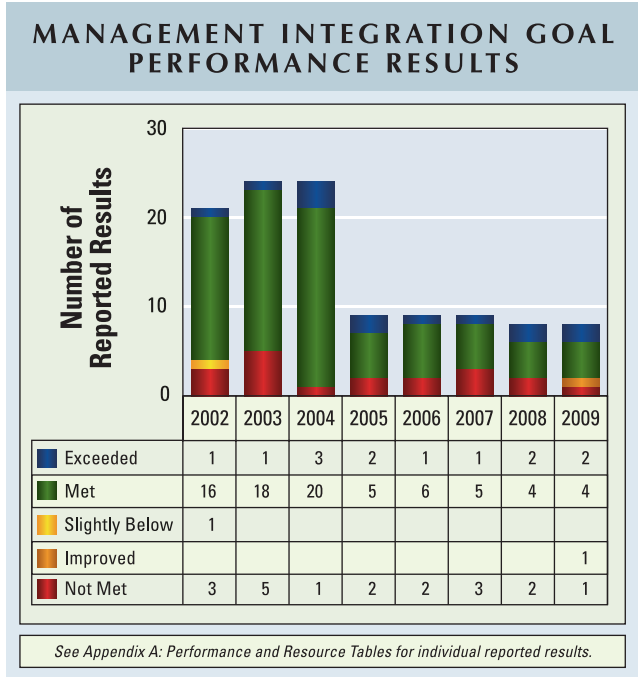
PERFORMANCE SUMMARY

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
Management Integration Goal: 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

Under 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

The 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 ¹		FUNDS TO BE PUT TO BETTER USE ²		NONMONETARY REPORTS ³	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

OMB 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.																																							
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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: www.census.gov/recovery or www.recovery.gov.</p>

(continued)

BUREAU	CENSUS BUREAU <i>(continued)</i>
Comments	<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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #1f4e79; color: white;">MEASURES</th> <th style="background-color: #1f4e79; color: white;">FY 2009 TARGET</th> <th style="background-color: #1f4e79; color: white;">FY 2009 ACTUAL</th> </tr> </thead> <tbody> <tr> <td>Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)</td> <td style="text-align: center;">1,400</td> <td style="text-align: center;">1,459</td> </tr> <tr> <td>Percentage of ARRA funds obligated</td> <td style="text-align: center;">90%</td> <td style="text-align: center;">TBD</td> </tr> <tr> <td>Percentage of consultations performed with ARRA funds completed on schedule</td> <td style="text-align: center;">70%</td> <td style="text-align: center;">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)

BUREAU	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) <i>(continued)</i>
PROGRAM	OPERATIONS, RESEARCH, AND FACILITIES <i>(continued)</i>
Comments	<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>
PROGRAM	PROCUREMENT, ACQUISITION, AND CONSTRUCTION
Amount	\$600.0M
Description	<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>Description <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>Performance Measures/ Results</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>Comments</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>

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
PROGRAM	SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES (STRS)
Amount	\$220.0M
Description	<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>
Performance Measures/ Results	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>		
Performance Measures/ Results <i>(continued)</i>	MEASURES	FY 2009 TARGET	FY 2009 ACTUAL
	Advanced Scientific Equipment: <ul style="list-style-type: none"> ● Dollars obligated ● Number of equipment purchased 	\$20,000K 15	\$22,458.5K 17
	Measurement Science and Engineering Grants program: <ul style="list-style-type: none"> ● Dollars obligated ● Number of awards ● Number of patent applications (lagging/outyear measure) ● Number of peer-reviewed technical publications (lagging/outyear measure) ● Number of licenses (lagging/outyear measure) 	\$0.00 K 0 0 0 0	\$0.00 K 0 0 0 0
	Postdoctoral Fellowships: <ul style="list-style-type: none"> ● Number of Postdoctoral Fellows ● Number of Postdoctoral Fellows retained after completion of tenure 	48 23	52 19
	Measurement Science and Engineering Fellowship program: <ul style="list-style-type: none"> ● Dollars obligated 	\$0.00K	\$0.00K
	Research Contracts: <ul style="list-style-type: none"> ● Dollars obligated ● Number of contracts awarded (SBIR, Smart Grid, Cyber Security) 	\$10,500K 34	\$7,536.4K 33
	Information Technology Infrastructure Contracts: <ul style="list-style-type: none"> ● Dollars obligated 	\$9,000K	\$7,588.5K
	Comments	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.	

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BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) <i>(continued)</i>
PROGRAM	CONSTRUCTION OF RESEARCH FACILITIES
Amount	\$360.0M
Description	<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>		
Performance Measures/ Results	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"> ● Dollars obligated ● Number of facilities renovated ● Number of facilities constructed 	\$26,300K 0 0	\$10,956.1K 0 0
	Construction Grants (up to \$60M): <ul style="list-style-type: none"> ● Dollars obligated ● Number of grants awards ● Number of research science facilities completed 	\$60,000K 5 0	\$55,537.0K 4 0
	Construction Grants (approximately \$120M): <ul style="list-style-type: none"> ● Dollars obligated ● Number of grants awarded ● Number of research science facilities completed 	\$0.00K 0 0	\$0.00K 0 0
Comments	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.		

BUREAU	NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)
PROGRAM	BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)
Amount	\$4,700.0M
Description	BTOP will provide grant support to enable consumers in unserved and underserved areas of the United States to access broadband services.
Performance Measures/ Results	<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>
Comments	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.
PROGRAM	DIGITAL-TO-ANALOG CONVERTER BOX PROGRAM
Amount	\$650.0M
Description	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.
Performance Measures/ Results	<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>
Comments	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



Automation 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

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

CHALLENGES/ACTIONS

- **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

The 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.





PERFORMANCE SECTION



INTRODUCTION TO THE PERFORMANCE SECTION

In fiscal year (FY) 2009, the Department accomplished its mission through three strategic goals and an overarching management integration goal that articulate long-term goals, as well as performance outcomes and objectives that represent shorter-term outcomes and priorities. Performance outcomes include specific targets designed to achieve specific performance results within a given fiscal year.

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

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

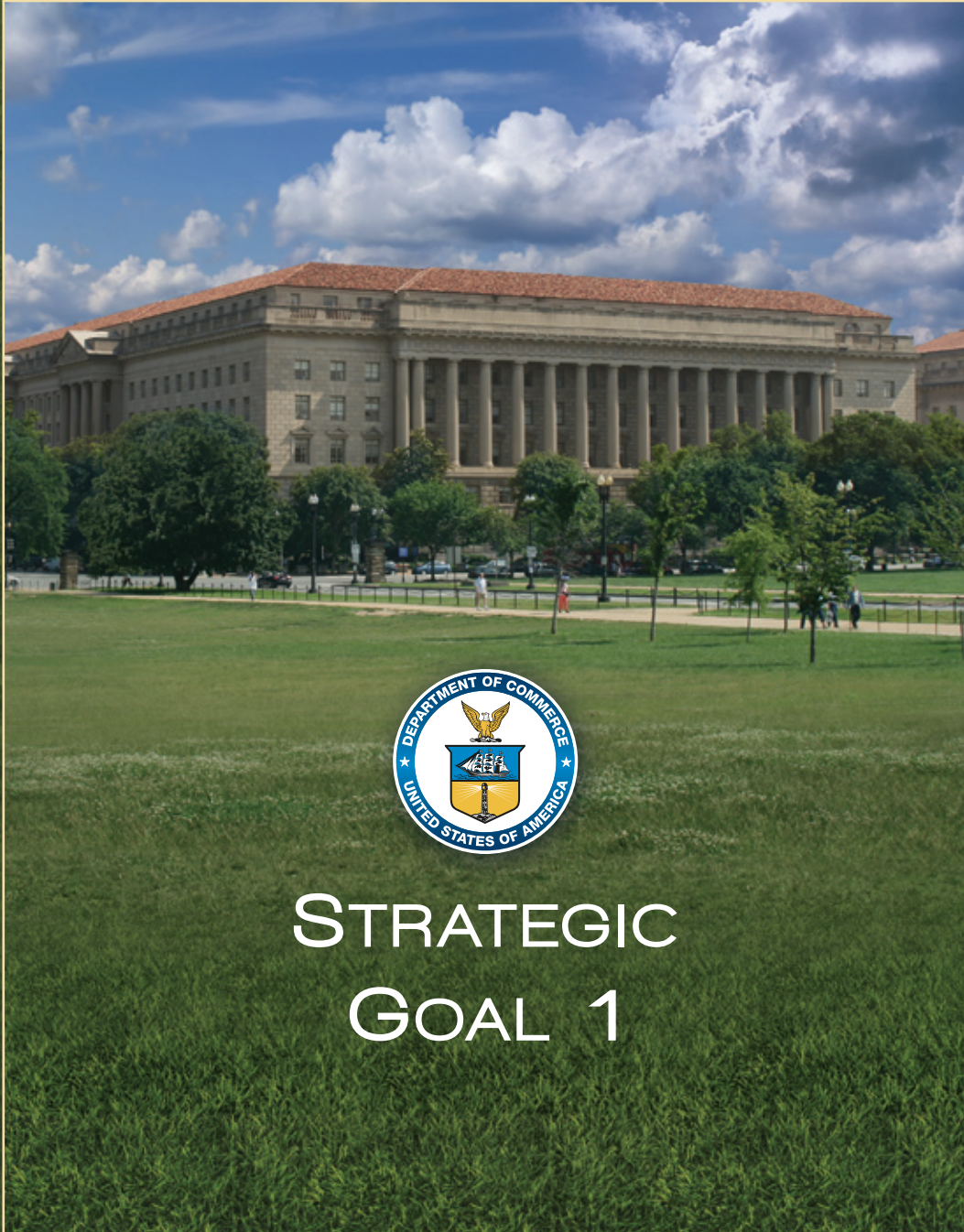
Within each strategic goal section there are summary charts that provide the historical trend data for financial obligations and full-time equivalents (FTE) resources, and overall performance results. At the beginning of each strategic goal section and each objective section is a table summarizing the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

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

Note that the FY 2009 targets were developed prior to having the FY 2008 actuals. Often the FY 2009 targets were made based on prior year trends. Therefore, in some cases it may be that the FY 2008 actuals exceed the FY 2009 targets, especially if they exceeded the original FY 2008 targets.

"Strategies, Plans, and Challenges for the Future" are no longer included in the Performance Section since they are more forward in nature as opposed to this Performance and Accountability Report (PAR) which reports on FY 2009 performance. Strategies, Plans, and Challenges for the Future are included in the Annual Performance Plans of the bureaus (part of the Budget Submission) and the Departmental Strategic Plan.

P E R F O R M A N C E S E C T I O N



STRATEGIC
GOAL 1

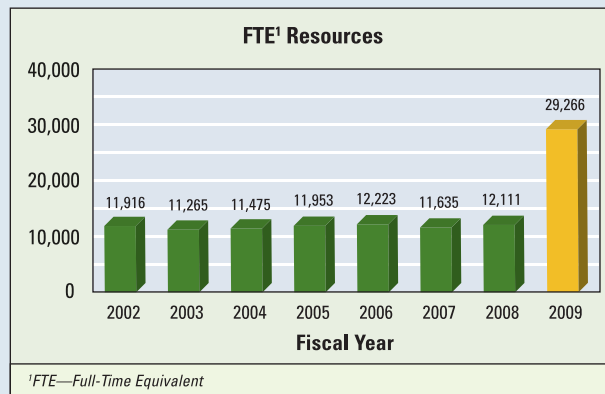
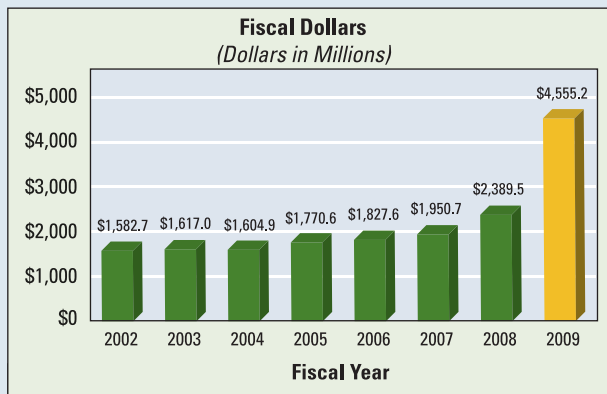
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote private investment and job creation in economically distressed communities (EDA)	5 of 6
Improve community capacity to achieve and sustain economic growth (EDA)	2 of 6
Strengthen U.S. competitiveness in domestic and international markets (ITA)	3 of 4
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
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
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
Increase the productivity, profitability, and competitiveness of manufacturers (NIST)	4 of 4



STRATEGIC GOAL 1

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

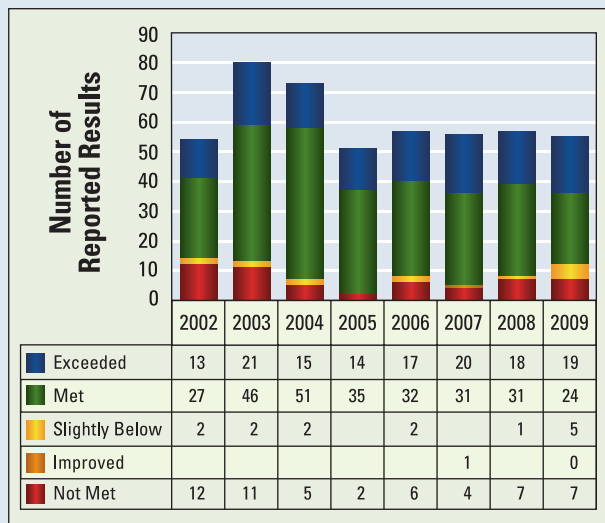
STRATEGIC GOAL 1 TOTAL RESOURCES



PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

STRATEGIC GOAL 1 PERFORMANCE RESULTS



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

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

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

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

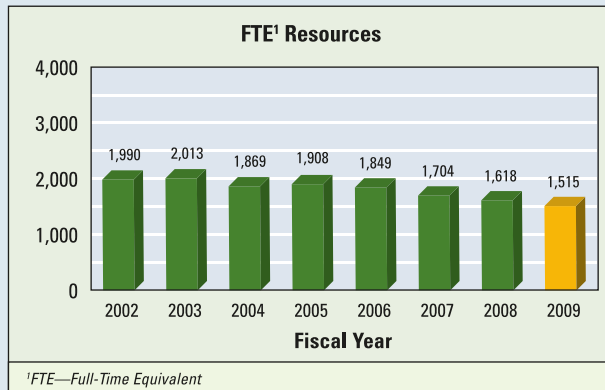
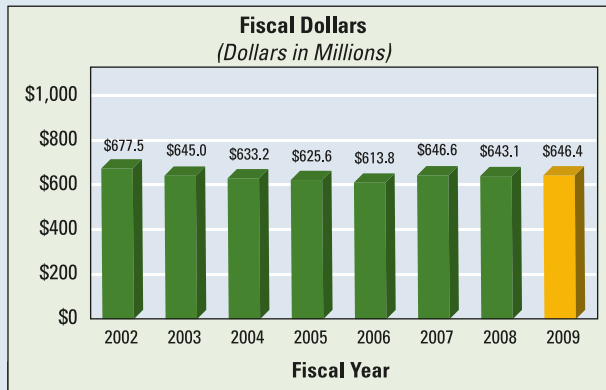
In support of manufacturing against a backdrop of coping with accelerating technological change and global competition, the National Institute of Standards and Technology (NIST), through the Hollings Manufacturing Extension Partnership (MEP) program's nationwide network of manufacturing centers, helps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

Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 86 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 to FY 2009 with 74 percent of targets met or exceeded in FY 2002 to 78 percent met or exceeded in FY 2009.

STRATEGIC OBJECTIVE 1.1

Foster domestic economic development as well as export opportunities

STRATEGIC OBJECTIVE 1.1 TOTAL RESOURCES

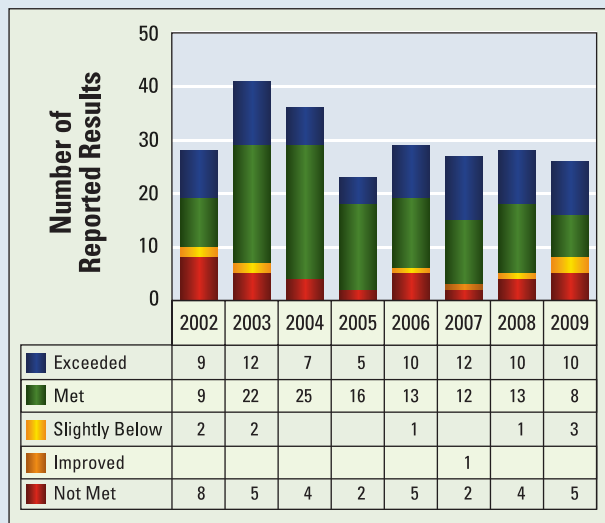


¹FTE—Full-Time Equivalent

PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

This objective focuses on increasing private enterprise and job creation in economically distressed communities and regions, improving community capacity to achieve and sustain economic growth, increasing trade opportunities for U.S. firms to advance U.S. international commercial and strategic interests, expanding the U.S. exporter base, improving the U.S. competitive advantage through global e-commerce, and increasing opportunities and access for minority-owned businesses to the marketplace and financing. EDA, ITA, and MBDA all support this objective. Overall performance within this objective has been fairly strong, meeting or exceeding targets on average 83 percent of the time from FY 2002 to FY 2009. Performance improved slightly from FY 2002 to FY 2009 with 64 percent of targets met or exceeded in FY 2002 to 69 percent met or exceeded in FY 2009.

STRATEGIC OBJECTIVE 1.1 PERFORMANCE RESULTS



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

Performance Outcome: Promote private investment and job creation in economically distressed communities (EDA)

FY 2009 Funding Level **\$203.9M**

EDA tracks the amount of private investment generated and jobs created or retained as a result of EDA investments at three, six, and nine-year intervals. Preliminary data collected through the Government Performance and Results Act (GPRA) process for investments made in FY 2000, FY 2003, and FY 2006 indicate that these EDA investments have helped generate more than \$3.5 billion in private sector investment and create and retain 79,536 jobs.

The following table shows the targets and actuals for the amount of private investment generated and jobs created or retained for funding provided in FY 2000, FY 2003, and FY 2006.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
EDA FY 2000 Funding			
Private investment leveraged – 9 year totals (in millions)	\$2,040	\$2,210	Met
Jobs created/retained – 9 year totals	56,500	45,866	Not Met
EDA FY 2003 Funding			
Private investment leveraged – 6 year totals (in millions)	\$810	\$855	Met
Jobs created/retained – 6 year totals	22,900	24,533	Met
EDA FY 2006 Funding			
Private investment leveraged – 3 year totals (in millions)	\$265	\$484	Exceeded
Jobs created/retained – 3 year totals	7,019	9,137	Exceeded

FY 2009 MISSED TARGETS

MEASURE	JOBS CREATED/RETAINED – 9 YEAR TOTALS
Explanation	The low jobs created/retained figure appears to be an anomaly for this year. EDA met the 3-year and 6-year targets for these investments, in addition to meeting this year’s private-investment-leveraged target, indicating that this target was possibly missed for reasons outside of EDA’s control. More information as to why EDA did not meet this target will not be available until EDA conducts a review of investments made in the year 2000 to determine possible causes.
Action	EDA will conduct a review of investments made in the year 2000 and apply any lessons learned to its review and approval of future investments.

HISTORICAL TRENDS

EDA consistently exceeds its 3-year targets for private investment leveraged and jobs created/retained. These targets are currently equal to 20 percent of the 9 year targets set for EDA investments. Future targets could possibly be set higher.

ACHIEVEMENTS

A series of EDA planning and implementation investments are assisting the development of North Dakota State University's Research and Technology Park in Fargo, ND. The park hosts a wide range of innovative firms. In the incubator, Appareo Systems develops solutions that build on innovation in augmented reality and advanced electronics. Pedigree Technologies is a leader in the field of intelligent asset management systems that enable organizations to deliver remote, real-time product performance information, and post-sale support for serviceable machinery and equipment worldwide. The park also hosts the North Dakota State University's Center for Nanoscale Science and Engineering where 70 scientists, engineers, and support staff work in an environment that brings entrepreneurs and university researchers together to create globally competitive products and companies. The research park provides competitive positions and business opportunities that are stemming the exodus of young, educated people from the state.

In Flint, MI, EDA's investments are helping Kettering University's Fuel Cell Systems and Powertrain Integration Center build on the university's research and engineering assets to develop new products and services in the alternative energy market. The EDA investment is an example of federal-state-academic partnership; EDA's funds were matched by the state and Kettering University. The center is incubating three fuel-cell companies and is developing an agreement to commercially license technology developed in the center.

<i>Performance Outcome: Improve community capacity to achieve and sustain economic growth (EDA)</i>	
FY 2009 Funding Level	\$75.0M

EDA continues to build upon partnerships with local development officials: economic development districts (EDD); University Centers; faith-based and community-based organizations; and local, state, and federal agencies. Through these partnerships, EDA supports local planning and long-term partnerships with state and regional organizations that can assist distressed communities with strategic planning and investment activities. This process helps communities set priorities, determine the viability of projects, and leverage outside resources to improve the local economy to sustain long-term economic growth. EDD funding supports local officials to develop or revise and implement their comprehensive economic development strategy (CEDDS). The CEDDS is a long-term strategic plan for the economic growth of the region, and communities therein, that identifies projects that will attract private investment, and create and retain higher-skill, higher-wage jobs, particularly for the unemployed and underemployed in the Nation's most economically distressed regions. EDA's 11 Trade Adjustment Assistance Centers (TAAC) provide technical assistance to manufacturers and producers that have lost employment, sales, or production due to increased imports of competitive goods. The goal of the technical assistance is to assist these U.S. companies to become more competitive in the global economy.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percentage of economic development districts (EDD) and Indian tribes implementing economic development projects from the comprehensive economic development strategy (CEDs) that lead to private investment and jobs	95%	93%	Slightly Below
Percentage of sub-state jurisdiction members actively participating in the economic development district (EDD) program	89-93%	92%	Met
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	75%	70%	Not Met
Percentage of those actions taken by University Center clients that achieved the expected results	80%	92%	Met
Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs	90%	88%	Slightly Below
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	95%	93%	Slightly Below

FY 2009 MISSED TARGETS

MEASURE	PERCENTAGE OF EDDS AND INDIAN TRIBES IMPLEMENTING ECONOMIC DEVELOPMENT PROJECTS FROM THE CEDS THAT LEAD TO PRIVATE INVESTMENT AND JOBS
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.
MEASURE	PERCENTAGE OF UNIVERSITY CENTER CLIENTS TAKING ACTION AS A RESULT OF THE ASSISTANCE FACILITATED BY THE UNIVERSITY CENTER
Explanation	The annual target for University Center clients taking action as a result of the assistance facilitated by the University Center were impacted by four University Centers who each served more than four times the average number of clients served by other University Centers. Though these centers did not successfully get the same percentage of clients to take action, they did get significantly more clients to take action than other centers.
Action	EDA will work with these University Centers to determine if they need additional assistance to help them with the higher volume of clients coming to their centers.
MEASURE	PERCENTAGE OF TAAC CLIENTS TAKING ACTION AS A RESULT OF THE ASSISTANCE FACILITATED BY THE TAACS
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.
MEASURE	PERCENTAGE OF THOSE ACTIONS TAKEN BY TAAC CLIENTS THAT ACHIEVED EXPECTED RESULTS
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.

HISTORICAL TRENDS

Over several years, EDA has consistently met the targets for these measures.

ACHIEVEMENTS

Confronted with a significant decline in its traditional manufacturing and commodity-based industries over past decades, Maine's Governor Baldacci turned to the six EDA EDDs to facilitate and coordinate the state's response. Governor Baldacci believes that their leadership will "enable our distinctive regions to be proactive and to prepare and execute their own comprehensive development activities" and build a strong, growing, and sustainable knowledge-based economy for all of Maine.

Performance Outcome: Strengthen U.S. competitiveness in domestic and international markets (ITA)

FY 2009 Funding Level	\$51.7M
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ITA's Manufacturing and Services (MAS) program provides the Administration, Congress, and U.S. businesses the data and analysis needed to make informed decisions on issues impinging on U.S. competitiveness and employment. The data program is especially valuable to policymakers who require trade information at sub-national (state and metropolitan) and the small and medium exporters levels. By making these unique data sources available online to both the public and private sectors through user-friendly systems, MAS is also a key contributor to the Administration's data accessibility initiative. Information is power and MAS's data program continually strives to empower those interested in issues affecting U.S. business competitiveness in the ever-changing global market.

To be competitive in today's global economy, U.S. companies need to be able to move products and services securely, quickly, and efficiently within U.S. borders and beyond. MAS launched a national dialogue to explore supply chain infrastructure issues that cut across the broad range of national priorities. MAS is framing the issues and prioritizing what needs to be done to improve U.S. competitiveness, especially through developing a national intermodal/freight policy. The goal is to achieve a faster, safer, more environmentally sound, more efficient national intermodal network that will meet the needs of the Nation in the 21st century.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations contained in MAS studies and analysis	\$350M	\$552M	Exceeded
Percent of industry-specific trade barriers addressed that were removed or prevented	20%	30%	Exceeded
Percent of industry-specific trade barrier milestones completed	55%	72%	Exceeded
Percent of agreement milestones completed	100%	23%	Not Met

FY 2009 MISSED TARGETS

MEASURE	PERCENT OF AGREEMENT MILESTONES COMPLETED
Explanation	MAS has completed fewer milestones due to external factors, which have placed a decreased emphasis on eliminating trade barriers.
Action	To be determined.

ACHIEVEMENTS

The MAS program expanded its key initiative on sustainable manufacturing to include sustainable supply chains. Sustainable manufacturing practices and supply chains, including energy sources, transportation, and components, have become increasingly important as companies look for ways to reduce operational costs while limiting greenhouse gas emissions and changing behaviors that negatively impact the environment. As the trend toward sustainable practices grows, so does its implications for U.S. global competitiveness and firm profitability.

In order to provide effective support to U.S. companies in their sustainable manufacturing and supply chain efforts, MAS expanded a Sustainable Manufacturing Initiative and Public-Private Dialogue that coordinates public and private sector efforts to address these challenges and provides tools for U.S. companies to identify and adopt sustainable and competitive practices.

MAS is focused on identifying domestic and export opportunities in the clean energy technology sector (smart grid, renewable, nuclear, clean coal). New more sustainable and efficient technologies will have a significant impact on the 100-year-old system by which energy is produced, transmitted, and consumed in the United States. Also there will be increasing export opportunities for U.S. technologies as other countries shift to greater reliance on clean energy. MAS is also examining the impact of various climate change policy options on energy-intensive, export-exposed industries. MAS is uniquely positioned to act as a clearinghouse for U.S. industry input into climate change policy and international negotiations.

Performance Outcome: Broaden and deepen U.S. exporter base (ITA)

FY 2009 Funding Level

\$286.0M

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Export success firms/active client firms (annual)	10.50%	23.3%	Exceeded
US&FCS small and medium-sized enterprises (SME) new-to-export (NTE)/total change in SME exporters (annual)	12.37%	15.22%	Exceeded
Number of SME new-to-market (NTM) firms/number of SME firms exporting to two to nine markets (annual)	3.81%	3.49%	Not Met
Commercial diplomacy success (cases) (annual)	162	196	Met
Increase in the percent of small and medium-sized firms that export	2.75%	4.69%	Exceeded

FY 2009 MISSED TARGETS

MEASURE	NUMBER OF SME NTM FIRMS/NUMBER OF SME FIRMS EXPORTING TO TWO TO NINE FOREIGN MARKETS
Explanation	Performance was close to the target. The global economic recession—credit crisis, market contractions, increased foreign competition for fewer opportunities—depressed NTM export opportunities. The Commercial Service increased the number of SME NTM firms by 31 percent (2,197 to 2,870) compared to FY 2008 even though the Commercial Service was not able to reach its target.
Action	To be determined.

ACHIEVEMENTS

The U.S. and Foreign Commercial Service (US&FCS) continues to help U.S. businesses maximize their export potential, enabling them to diversify their customer base, remain globally competitive, and maintain jobs for Americans. In 2009, US&FCS helped generate over 11,000 export successes worth billions of dollars in U.S. export sales, including firms that exported for the first time, entered a new market, or increased their market share in an existing market.

The focus of the US&FCS is on small businesses and so it continued its efforts to work with corporate and non-profit export promotion organizations to leverage more support for small business exporting. In 2009, US&FCS increased the number of corporate partners from 12 in 2008 to 19 in 2009, including AON Consulting, FITA Online, Gartner, Lufthansa, REED Exhibitions, ThinkGlobal Inc., Trade Center Management Associates, and TÜVRheinland. These partners join US&FCS's ongoing partnerships with Baker & McKenzie, City National Bank, Comerica Incorporated, Federal Express Corporation, Google, Inc., M&T Bank, PNC Bank, TD Bank, United Parcel Service, Inc., U.S. Postal Service, and Zions First National Bank.

Performance Outcome: Increase access to the marketplace and financing for minority-owned businesses (MBDA)

FY 2009 Funding Level **\$29.8M**

MBDA's strategic programs and management objectives have been aligned to successfully execute its tasks and assignments. A large measure of its continued success has been a result of the performance of its national network of funded projects and the support provided by its regional staff.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Dollar value of contract awards obtained (billions)	\$0.90	\$2.11	Exceeded
Dollar value of financial awards obtained (billions)	\$0.50	\$0.81	Exceeded
Number of new job opportunities created	3,000	3,024	Met
Percent increase in client gross receipts	6.0%	6.0%	Met
Satisfaction rating for the American Customer Satisfaction Index (ACSI)	75%	67%	Not Met

FY 2009 MISSED TARGETS

MEASURE	SATISFACTION RATING FOR THE AMERICAN CUSTOMER SATISFACTION INDEX (ACSI)
Explanation	The ACSI survey occurs every other year.
Action	MBDA is working with its federal partner, the Federal Consulting Group, to focus efforts on improved customer satisfaction. Specific focus will be paid to electronic tools; however, ratings associated with centers and direct client services were over 75 percent.

HISTORICAL TRENDS

Over several years, MBDA has consistently met or exceeded the targets for the "Number of new job opportunities created" measure. Historically, the targets appear to be stable or aggressive.

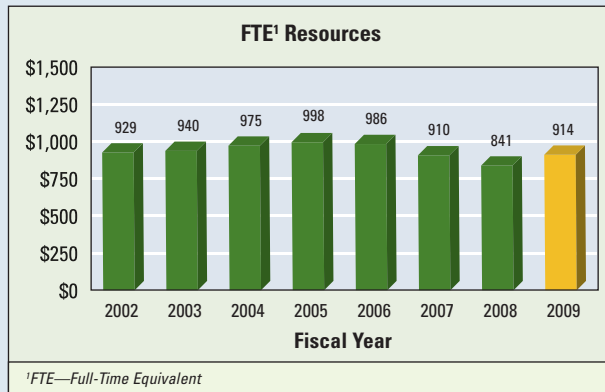
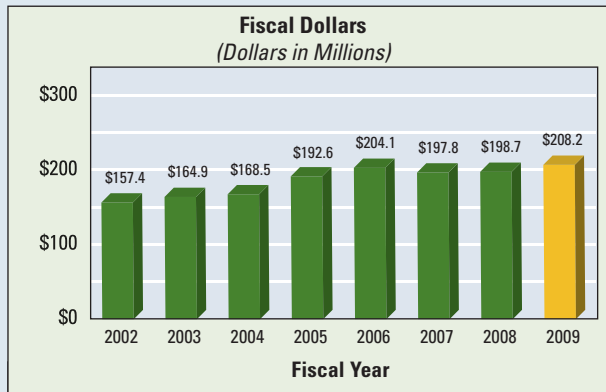
ACHIEVEMENTS

During the past year, MBDA was focused on ensuring minority business enterprises (MBE) had access to opportunities associated with the American Recovery and Reinvestment Act (ARRA) of 2009. MBDA immediately directed resources toward this effort and ensured that its funded network of centers and regional offices were working to assist MBEs in obtaining ARRA contracts. These entities met with state and local officials to discuss potential projects and matches with qualified and skilled MBEs in their area. MBDA also actively engaged with other Department bureaus and federal agencies, including Office of Small and Disadvantaged Business Utilization representatives to identify and potentially match ARRA opportunities with MBEs.

STRATEGIC OBJECTIVE 1.2

Advance responsible economic growth and trade while protecting American security

STRATEGIC OBJECTIVE 1.2 TOTAL RESOURCES



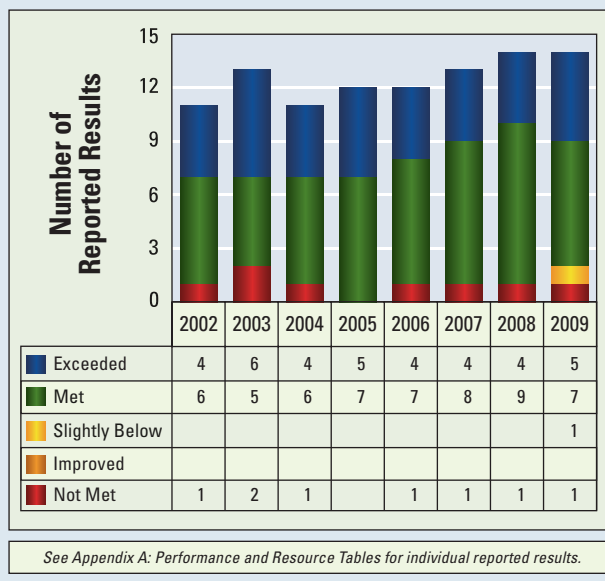
¹FTE—Full-Time Equivalent

PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

Supported by ITA and BIS, this objective focuses on the following tasks:

- Ensuring fair competition in international trade;
- Advancing U.S. national security and economic interests by enhancing the efficiency of the export control system;
- Preventing illegal exports;
- Identifying violators of export prohibitions and restrictions for prosecution;
- Enhancing the export and transit control systems of nations that lack effective control arrangements;
- Ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC) Agreement; and
- Undertaking a variety of functions to support the viability of the U.S. defense industrial base.

STRATEGIC OBJECTIVE 1.2 PERFORMANCE RESULTS



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

ITA supports the President's foreign policy goals to promote freedom and liberty through free and fair trade, while expanding profitable markets for U.S. goods and services. ITA works extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies. The Department takes appropriate actions against identified violations. The Unfair Trade Practices Team in ITA's Import Administration (IA) tracks, detects, and confronts unfair competition by monitoring economic data from U.S. global competitors and vigorously investigates evidence of unfair subsidization and production distortions.

Dual-use items, subject to the Department's regulatory jurisdiction, have predominantly civilian uses, but could also have conventional military, weapons of mass destruction (WMD), and terrorism-related applications. BIS administers the dual-use export control system by (1) writing and promulgating regulations, (2) processing license applications, (3) enforcing adherence to U.S. law and regulations, (4) conducting outreach to exporters, (5) strengthening the export control systems of other countries, (6) assessing the viability of key sectors of the defense industrial base, and (7) assuring the timely availability of industrial resources to meet national defense and emergency preparedness requirements. Further information on these tasks is available at www.bis.doc.gov/news/index.htm#annual. Overall performance within this objective has been strong, meeting or exceeding targets on average 91 percent of the time from FY 2002 to FY 2009.

<i>Performance Outcome: Identify and resolve unfair trade practices (ITA)</i>	
FY 2009 Funding Level	\$123.6M

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

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

MAC seeks to obtain market access for U.S. firms and workers and to achieve full compliance by foreign nations with trade agreements they sign with the United States. MAC ensures market access for U.S. businesses; advances the rule of law internationally; and creates a fair, open, and predictable trading environment. MAC also conducts critical trade policy analysis and negotiation support for the Office of the U.S. Trade Representative (USTR) and represents the Department in trade-related dealings with other U.S. government agencies. Based on customer needs, MAC has a sizable caseload from U.S. firms that have encountered a trade barrier.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent reduction in trade distorting foreign subsidy programs	>1%	1.8%	Exceeded
Percentage of AD/CVD determinations issued within statutory and/or regulatory deadlines	90%	86%	Slightly Below
Percent of ministerial errors in IA's dumping and subsidy calculations	< 11%	7%	Exceeded
Percentage of market access and compliance cases resolved successfully	35%	56%	Exceeded
Value of market access and compliance cases resolved successfully	\$2.0B	\$25.4B	Exceeded

FY 2009 MISSED TARGETS

MEASURE	PERCENTAGE OF AD/CVD DETERMINATIONS ISSUED WITHIN STATUTORY AND/OR REGULATORY DEADLINES
Explanation	Although overall target was not met, 100 percent of statutory deadlines were met. The primary contributing factor to the inability to meet this goal pertains to scope determinations, of which IA received over 300 requests in FY 2009, in addition to IA's AD/CVD casework.
Action	Regarding regulatory deadlines, the importance of these deadlines has been communicated to staff and all efforts will be made to improve performance in FY 2010.

ACHIEVEMENTS

Enforcement efforts in FY 2009 include the following: initiation of six CVD cases against China on a variety of products, including oil country tubular goods (covering several billion dollars in trade, the largest of any case from China to date); issuance of 120 determinations in AD and CVD cases; and application of the CVD law to Vietnam for the first time. IA's Antidumping Duty Enforcement Team also provided timely technical expertise and guidance to other agencies in their pursuit of criminal indictments to combat fraud among exporters and importers of fish fillets from Vietnam and honey from China. IA provided critical support to a U.S. Customs and Border Protection and Department of Justice (DOJ) investigation of the mislabeling of Vietnamese fish filets, resulting in a five-year prison sentence for the criminal party and \$12 million in duties and penalties. IA also provided specialized information in DOJ's May 2009 indictment of a Chinese honey exporter believed to have falsified the country of origin to avoid paying AD duties. The charges in the May 2009 indictment carry a maximum penalty of five years in prison and a \$250,000 fine, not including any retroactive duties and penalties on the honey imports.

IA actively assisted U.S. companies facing potential unfair trade problems arising from other countries' use of trade remedies and unfair trade practices. Working closely with USTR, IA helped resolve the World Trade Organization (WTO) dispute on over 70 prohibited Chinese subsidies. IA also coordinated the Department's efforts in the Interagency Working Group on Import Safety and worked closely with the U.S. Food and Drug Administration (FDA) and the U.S. Customs and Border Protection on risk assessment and trade trend analysis to respond to melamine-tainted dairy products from China.

IA was successful in resolving 81 percent of market access and trade compliance issues experienced by U.S. textile and apparel exporters. Extension of the highly praised Steel Import Monitoring and Analysis program provided the industry, government, and public with early and accurate data on steel imports in this trade-sensitive sector. Foreign-Trade Zones Board Staff processed 67 applications related to customs free zones, which can help improve U.S. facilities' international competitiveness.

MAC proposed, planned, and provided briefing materials for Secretary Locke's visit to Russia in July 2009 and in support of President Obama's participation in the summit with the Russian president. MAC also coordinated Secretary Locke's trip to China with Secretary of Energy Steven Chu and White House Cabinet Secretary Chris Lu. The joint visit highlighted potential for cooperation between China and the United States in clean energy and energy efficient technologies. Secretary Locke also traveled to Shanghai to break ground for the U.S. Pavilion at the Shanghai Expo 2010.

MAC's Afghanistan and Iraq Reconstruction Task Force is deeply involved with the Strategic Framework Agreement, which lays the groundwork for the new U.S.-Iraqi relationship in all non-security fields, including health, education, finance, and agriculture, and serves as the foundation for a long-term bilateral relationship. The Department's role includes promoting the expansion of bilateral trade through the U.S.-Iraq Business Dialogue, which the Secretary of Commerce co-chairs with the Iraqi Minister of Trade, and facilitating the U.S.-Iraq Business and Investment Conference.

MAC continued to work toward the elimination of non-tariff barriers in emerging markets, leveraging over \$1.1 million through partnerships with U.S. government agencies, foreign governments, and the private sector in support of 33 projects across the globe. Projects included a clean energy expansion program in Indonesia; a SME technology entrepreneur seminar in Malaysia; and an enhanced cooperation on standards, conformity assessment, and trade-related technical measures for the information technology sector in Korea and Taiwan. These programs also led to numerous market access and compliance case openings and resolutions.

Performance Outcome: Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)

FY 2009 Funding Level

\$73.9M

The Department administers and enforces controls on exports of dual-use goods and technologies to counter proliferation of WMDs, combat terrorism, and pursue other national security policy goals. The Department also serves as the lead agency for ensuring U.S. industry compliance with CWC. The Department processes export license applications for controlled commodities of U.S. companies engaged in international trade in accordance with Export Administration Regulations (EAR). The Department engages in activities to prevent violations before they occur and to investigate and prosecute violators to dismantle illicit proliferation networks. Preventive activities include screening license applications for enforcement concerns; conducting end-use checks abroad to confirm the *bona fides* of parties to export transactions, confirm compliance with license conditions, and uncover diversions to unauthorized end-users/uses; and reviewing Shippers Export Declarations and foreign visitors' visa applications to identify potential export control issues. Outreach activities include educating U.S. businesses on export control requirements and identifying suspicious transactions leading to successful preventative and investigative actions. Investigation and prosecution activities involve Department Special Agents conducting cases focused on significant proliferation, terrorism, and military end-use export violations, and the vigorous pursuit of criminal and administrative sanctions. Finally, an integral part of BIS's mission is to facilitate compliance with U.S. export controls by keeping U.S. firms informed of export control regulations through an extensive domestic and foreign outreach program.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent of licenses requiring interagency referral referred within 9 days	95%	99%	Met
Median processing time for new regime regulations (months)	3.0	2.0	Exceeded
Percent of attendees rating seminars highly	85%	93%	Met
Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time so the United States can meet its treaty obligations	100%	100%	Met
Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge	850	876	Met
Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR)	95%	96%	Met
Percentage of post-shipment verifications completed and categorized above the “unfavorable” classification	260 PSVs/85%	314 PSVs/88%	Met

HISTORICAL TRENDS

BIS has consistently met or exceeded the targets for this outcome.

ACHIEVEMENTS

The Department continued to process export license applications in a timely manner, thereby benefiting exporting companies and industries, while protecting national security and foreign policy interests.

In FY 2009, the Department exceeded its target by completing 876 actions that resulted in a deterrence or prevention of a violation. The Department also ensured that its investigation case load was targeted on the priority areas of WMDs, terrorism, and military diversion.

In FY 2009, the Department successfully promulgated regulations that adapted export controls to the evolving national security and economic situation. Noteworthy regulations published include Federal Register notice modifying the list of approved end-users and eligible items for the People’s Republic of China (PRC) under Authorization Validated End-User (VEU). This final rule amends EAR to add a new entity to the list of end-users in the PRC approved to receive exports, re-exports, and transfers of certain items under Authorization VEU (Section 748.15 of EAR); and adds and revises eligible items and destinations for two existing VEU authorizations. As a result of this modification, there are six VEUs approved in the PRC and a total of 20 eligible facilities. Since October 2007, over \$19 million of high technology items have been shipped from the United States to the PRC under Authorization VEU. Additionally, General Electric India (GE India) was tapped in FY 2009 as the first Indian company to qualify as a VEU in India, allowing the company to enter a pre-approved, export express lane as a trusted end-user. 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, 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.

Performance Outcome: Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)

FY 2009 Funding Level **\$5.1M**

The effectiveness of U.S. export controls is enhanced by strong controls in other nations that export or transship sensitive goods and technologies. BIS works to improve the participation and compliance of existing members of the multilateral export control regimes and cooperates with other countries to help them establish effective export control programs. The Department helps improve the effectiveness of the multilateral export control regimes (Australia Group for chemical and biological weapons items; Missile Control Regime, Nuclear Suppliers Group, and Wassenaar Arrangement for dual-use technologies and conventional weapons) by participating in U.S. efforts to update and adapt their control lists to the threats facing the United States.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of end-use checks completed	850	737	Not Met

FY 2009 MISSED TARGETS

MEASURE	NUMBER OF END-USE CHECKS COMPLETED
Explanation	FY 2009 total was approximately 87 percent of GPRA goal because of reduced number of Sentinel visits and personnel shortages due to funding constraints and hiring freeze throughout the year.
Action	To be determined.

ACHIEVEMENTS

In FY 2009, the Department continued its efforts with India and accelerated contacts with the United Arab Emirates. In addition, the Department assists in implementing its international activities by coordinating and managing BIS participation in the U.S. government's Export Control and Related Border Security Assistance (EXBS) program, which provides technical assistance to strengthen the export and transit control systems of nations lacking effective export control systems.

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

FY 2009 Funding Level **\$5.6M**

The Department works to ensure that the United States remains competitive in industry sectors and sub-sectors critical to national security. To this end, it analyzes the impact of export controls and trade policies—including deemed export policy—on strategic U.S. industries, studies the impact of defense trade offsets, advocates for U.S. defense companies competing for international sales opportunities, and evaluates the security impact of certain proposed foreign investments in U.S. companies. The Department also administers the federal government’s Defense Priorities and Allocations System (DPAS), which assures the timely availability of industrial resources to meet national defense and emergency preparedness program requirements and provides an operating system to support rapid industrial response in a national emergency.

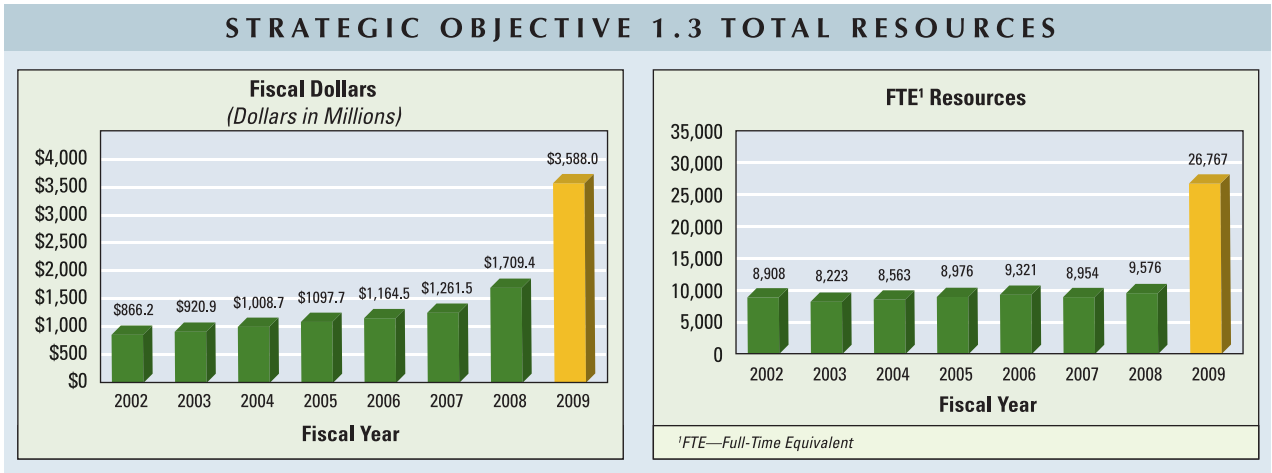
PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls	100%	100%	Met

ACHIEVEMENTS

In FY 2009, the Department announced the results of an important study on the Critical Technology Assessment of Five Axis Simultaneous Control Machine Tools from data collected and analyzed by BIS. In addition, the Department supported administratively the Secretary’s Deemed Export Advisory Committee, which will continue to provide U.S. industry, academia, and research institutions with access to talented foreign researchers while ensuring that U.S. security requirements are met. The Department also issued its annual report on the impact of defense offsets on U.S. industry and actively participated in an interagency committee to develop and implement policies for mitigating the use of offsets by U.S. trading partners, and issued the Defense Industrial Base Study of U.S. Industry’s Capability to Design and Fabricate Integrated Circuits.

STRATEGIC OBJECTIVE 1.3

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

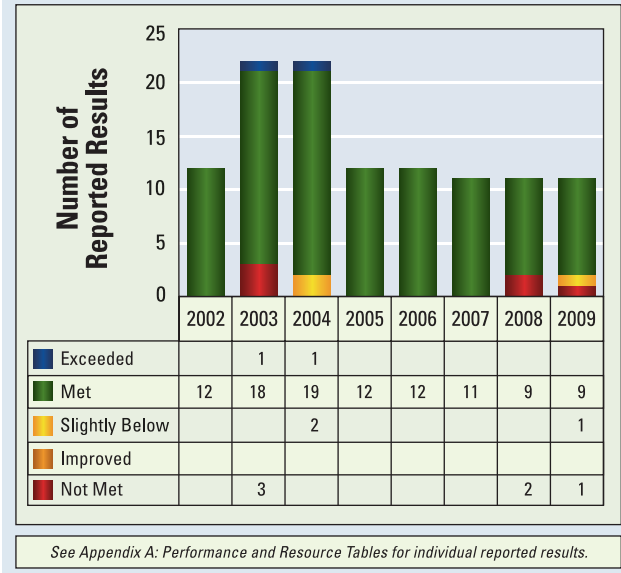


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

Current and benchmark measures of the U.S. population, economy, and governments play a vital role in the Nation's economic well being. This objective focuses on meeting the needs of policymakers, businesses and nonprofit organizations, and the public for this information while respecting individual privacy, ensuring confidentiality, and reducing respondent burden. The result of achieving this objective promotes a better understanding of the U.S. economy in that the activities involved provide timely, relevant, and accurate economic data in an objective and cost-effective manner.

The Department's statistical programs and services are widely used by policymakers, business leaders, and the U.S. public. As a primary source for measures of macroeconomic activity, the Department provides the Nation with the picture of its economic health.

STRATEGIC OBJECTIVE 1.3 PERFORMANCE RESULTS



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

Through investments in the improvement of the accuracy and relevance of the Gross Domestic Product (GDP), international trade in goods and services, industry economic measures, and regional and metropolitan statistics by BEA, the Department can supply the economic statistics essential to sound business forecasting and monetary policy.

Overall performance within this objective has been strong, meeting or exceeding targets on average 93 percent of the time from FY 2002 to FY 2009. The number of performance measures dipped from a high of 22 in FY 2003 to 11 beginning in FY 2007.

Performance Outcome: Provide benchmark measures of the U.S. population, economy, and governments (ESA/CENSUS)

FY 2009 Funding Level	\$2,773.4M
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The Census Bureau provides benchmark measures of the Nation's economy and population to help decisionmakers and the public make informed decisions. The Census Bureau's cyclical programs provide the foundation for critical national, state, and local data. These include the Economic Census and Census of Governments, which are conducted every five years, and the Decennial Census program, the Demographic Surveys Sample Redesign (DSSR) program, and the Intercensal Demographic Estimates program.

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 districts are defined for those seats. The Census Bureau provides to each state the data necessary to determine Congressional, state, and local legislative boundaries. The decennial census provides comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. The program also provides data for small geographic areas and population groups that federal agencies need to implement legally mandated programs. Approximately \$300 billion a year is distributed to state and local governments using formulas that are based on data such as state population and personal income.

The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy ranging from the national to the local level. The Economic Census covers nearly 29 million business locations and 84 percent of the Nation's economic activity.

The Census of Governments is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. The Census of Governments covers about 90,000 local governments, 12 percent of GDP and nearly 16 percent of the U.S. workforce.

The DSSR program designs and selects samples for the major national household surveys. The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships.

The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships in the years between the decennial censuses. Based on population estimates stakeholders' meetings, the Census Bureau continued to review alternative population estimate methodologies and alternative data sets during FY 2009.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Correct street features in the TIGER (geographic) database (number of counties completed) to more effectively support Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President's Management Agenda	Complete updates to eligible counties in the United States, Puerto Rico, and Island Areas	Completed	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	At least 90% of key prep activities completed on schedule	At least 90% of key prep activities completed on schedule	Met
Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI) <i>(This measure applies to the second performance outcome in this objective as well)</i>	75.2	68.0	Not Met

FY 2009 MISSED TARGETS

MEASURE	MEET OR EXCEED THE OVERALL FEDERAL SCORE OF CUSTOMER SATISFACTION ON THE E-GOVERNMENT AMERICAN CUSTOMER SATISFACTION INDEX (ACSI)
Explanation	The Census Bureau has worked aggressively to strengthen three of its Web site's primary elements of customer satisfaction and key performance indicators: search, navigation, and look and feel. Working groups within the Web Governance Council are addressing standards and policies, information architecture, technology, and process improvement.
Action	The Census Bureau plans to launch a new 2010 Census Web site in late October 2009.

ACHIEVEMENTS

In FY 2009, the Census Bureau completed updates to street features in the Topologically Integrated Geographic Encoding and Referencing System (TIGER) database for eligible counties in the United States, Puerto Rico, and Island Areas.

The 2010 Decennial Census program completed opening early Local Census Offices, and completed the Address Canvassing operation where over 140,000 household addresses were verified across the country. The program began the group quarters validation operations, an activity in which Census verifies the type and location of group quarters housing units such as college dormitories and residential care facilities. The Census Bureau continued to conduct preparatory activities for the 2010 Decennial Census including began opening Local Census Offices to support 2010 field operations, completed integrated system testing, and key activities in support of the 2010 Census Communications campaign.

Key accomplishments of the Economic Census during FY 2009 included:

- Beginning tabulation and macrodata analysis;
- Achieving an 86.7 percent overall unit response rate compared to the target of 86 percent;
- Issuing the 2007 Economic Census Advance Report on March 17, 2009; and
- Completing Industry Series releases for 494 of 646 covered industries.

During FY 2009, principal activities of the Census of Governments program included the release of the individual state descriptions, completing the organization phase of the Census of Governments, release of data from the employment phase of the Census of Governments, release of the state government finances and data on state and local government public employee retirement systems, and the completion of data collecting and processing activities for the local government finance phase.

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

Performance Outcome: Provide current measures of the U.S. population, economy, and governments (ESA/Census)

FY 2009 Funding Level	\$715.9M
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The Census Bureau collects and disseminates a wide range of current demographic and economic information to help decisionmakers and the public make informed decisions. The Census Bureau's current economic statistics program (as opposed to its cyclical programs) provides public and private data users with monthly, quarterly, and annual national statistical profiles of the U.S. economy. Agencies like the Federal Reserve Board and BEA are two of the major users of these data. These data are used to develop the GDP, production indexes, and Congressional economic projections. Also, these data allow users to gauge competition, calculate operating ratios, analyze changes in the Nation's economic structure, calculate market share, locate business markets, and design sales territories.

The Census Bureau's current demographic statistics program provides elected officials and government and business managers with reliable social and economic data to make informed and cost-effective decisions. Data from these programs are used to create official U.S. measures of employment, unemployment, and poverty, and widely used measures of income and health insurance coverage.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public	At least 90% of key censuses and surveys meet/exceed collection rates/ levels of reliability	Met percentages	Met
Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public	1) 100 of Economic Indicators released on schedule 2) At least 90% of other key censuses and surveys data released on time	1) 100 of Economic Indicators released on schedule 2) At least 90% of other key censuses and surveys data released on time	Met

HISTORICAL TRENDS

The Census Bureau has consistently met its percentage targets.

ACHIEVEMENTS

In FY 2009, the Census Bureau released nearly 400 economic reports, including 118 principal economic indicators, providing information on retail and wholesale trade and selected service industries, construction activity, quantity and value of industrial output, capital expenditure information, e-commerce sales, foreign trade, and state and local government activities. All targeted current survey programs achieved their response rate goals for FY 2009.

During FY 2009, the Census Bureau began the process of expanding the annual and quarterly surveys of service industries. Prior to the 2009 services expansion, Service Annual Survey (SAS) coverage accounted for 30 percent of GDP and Quarterly Services Survey (QSS) coverage comprised 17 percent of GDP. The SAS and the QSS, as fully expanded, each will achieve matching coverage with the services portion of the Economic Census (55 percent of GDP) by early 2011. In FY 2009, the first wave of the QSS expansion reduced the gap in quarterly data coverage by 50 percent while, at the same time, the Census Bureau completed preparatory steps for completely eliminating the annual data coverage gap with next year's collection of the 2009 SAS.

Also, during FY 2009, the Census Bureau completed the first full year of data collection for a new Survey of Income and Program Participation (SIPP) Panel, and continued work on all four components of the SIPP re-engineering project.

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

The American Community Survey (ACS), which collects and tabulates long-form data every year throughout the decade, exceeded the planned 92 percent weighted response rate by achieving a 98.1 weighted response rate, using three modes of data collection: mail-out, telephone, and personal interview. The ACS also released social and demographic data for all places with a population of 20,000 and larger for the third time.

<i>Performance Outcome: Provide timely, relevant, and accurate economic statistics (ESA/BEA)</i>	
FY 2009 Funding Level	\$98.7M

ESA's BEA produces some of the Nation's most important and closely-watched economic statistics, including the GDP, the broadest measure of economic activity. BEA produces economic statistics for four major program areas: National Economic Accounts, Industry Economic Accounts, Regional Economic Accounts, and International Economic Accounts. Greater descriptions of these accounts can be found on the BEA Web site at www.bea.gov. To produce the Nation's economic accounts, BEA draws on the data collection and analyses conducted by the Census Bureau, Bureau of Labor Statistics (BLS), Internal Revenue Service (IRS), Federal Reserve, and others to produce over 50 public releases of economic statistics a year. These statistics provide a comprehensive, integrated, and consistent measure of U.S. economic activity and are used as critical ingredients in budget appropriations and forecasts, international trade and policy formulation, and business and personal financial strategies. ESA's economists interpret statistics from BEA and other sources to assist the Nation's leaders in formulating monetary and fiscal policy and understanding the recovery and sustainability of growth in the U.S. economy.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time)	57 of 57	56 of 57	Slightly Below
Relevance: Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	> 4.0	4.2	Met
Accuracy: Percent of GDP estimates correct	> 85%	88%	Met
Improving GDP and the economic accounts	Completion of strategic plan milestones	Completed	Met
Meeting U.S. international obligations	Completion of strategic plan milestones	Completed	Met
Measuring the knowledge economy	Completion of strategic plan milestones	Completed	Met

FY 2009 MISSED TARGETS

MEASURE	TIMELINESS: RELIABILITY OF DELIVERY OF ECONOMIC DATA (NUMBER OF SCHEDULED RELEASES ISSUED ON TIME)
Explanation	For the first time in decades, BEA delayed a release because of concerns that the statistics did not meet BEA accuracy and best practices standards.
Action	BEA is reviewing the statistics and source data, and is currently taking steps to address the underlying statistical issues. The Regional Directorate staff are revising their best practices for updating methodologies to assure that any discrepancies are detected and resolved early in the production process. These updated methodologies will be in place by the end of calendar year 2009.

HISTORICAL TRENDS

BEA has consistently met its strategic plan milestones.

ACHIEVEMENTS

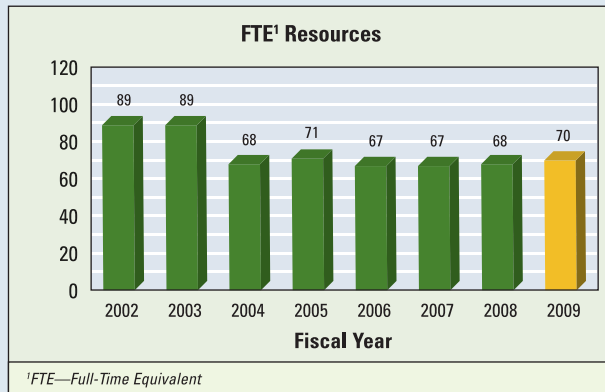
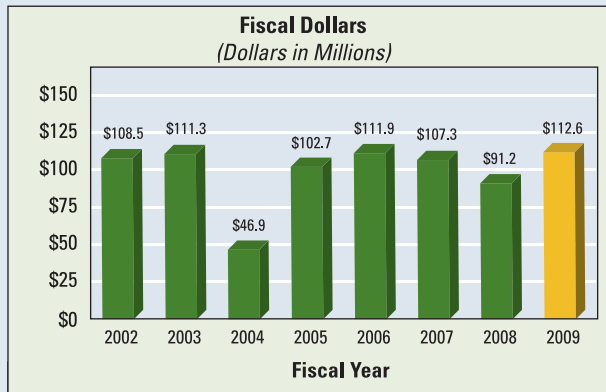
During FY 2009, BEA achieved a number of important data improvement and availability targets, including:

- Continued improvement of satellite accounts for innovation, including expansion of its research and development (R&D) satellite account to include investments in other intangibles;
- Continued development of a satellite account for healthcare that will provide a means to better assess the returns to various health treatments and the sources of changes in health care costs;
- Work on a national production account that is integrated with BLS measures of productivity;
- Improvements to the National Income and Product Accounts (NIPA) as a part of the 2009 Comprehensive Revision, including an improved treatment of disasters and a new classification system for personal consumption expenditures;
- The redesign of surveys of new foreign direct investments to improve their ability to capture important detail that allows better analysis of issues such as offshoring; and
- The expansion of the high-performance STATS-II processing system to further reduce statistical processing times and thus maximize the time available for analyzing results.

STRATEGIC OBJECTIVE 1.4

Position manufacturers to compete in a global economy

STRATEGIC OBJECTIVE 1.4 TOTAL RESOURCES

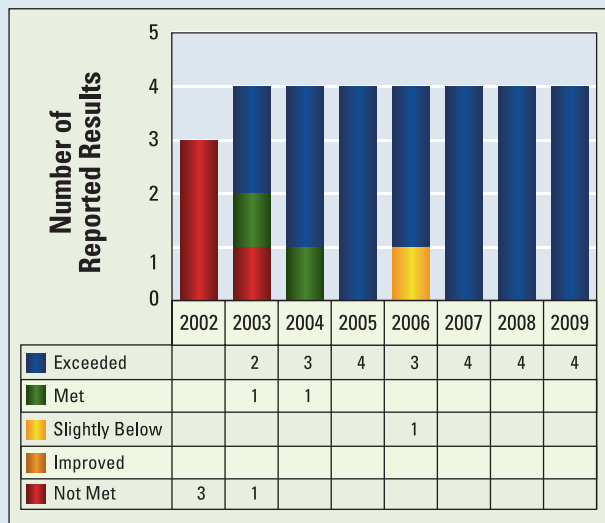


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

Overall performance within this objective has been fairly strong, meeting or exceeding targets on average 81 percent of the time from FY 2002 to FY 2009, with the last three years exceeding the targets for all of the measures. Actual performance greatly improved from FY 2002 (0 percent of targets met or exceeded) to FY 2009 (100 percent of targets met or exceeded).

STRATEGIC OBJECTIVE 1.4 PERFORMANCE RESULTS



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

Performance Outcome: Increase the productivity, profitability, and competitiveness of manufacturers (NIST)

FY 2009 Funding Level

\$112.6M

Manufacturers, particularly small and mid-sized firms, are facing new and significant challenges. While efficient shop floor operations are necessary to survive in today's economy, this alone is not enough to succeed in the global marketplace. Technology and globalization have fundamentally changed many manufacturing companies and products. The changes have resulted in an era of increased cost pressures, shortened product life cycles, rapidly diffusing technology, and production chains that involve a network of suppliers. Success in today's manufacturing environment requires not only an efficient production system but also developing business strategies that highlight the unique capabilities of a firm. Manufacturers must master innovative product design innovation, understand the benefits of adopting environmentally sustainable processes, invest in human and physical capital, leverage a range of financing options, realize international trade opportunities, and forecast future customer demands.

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

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

Through an annual client survey, the program obtains quantifiable impacts of MEP services on its clients' bottom line. MEP demonstrates the impact of its services on three key quantitative business indicators that, as a set, suggest the presence of business changes that are positively associated with productivity, revenue growth, and improved competitiveness. The measures include: (1) increased sales attributed to MEP assistance, (2) increased capital investment attributed to MEP assistance, and (3) cost savings attributed to MEP assistance.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of clients served by Hollings Manufacturing Extension Partnership (MEP) centers receiving federal funding	14,500 from FY 2008 funding	31,961 from FY 2008 funding	Exceeded
Increased sales attributed to Hollings MEP centers receiving federal funding	\$630M from FY 2008 funding	\$3,300M from FY 2008 funding	Exceeded
Capital investment attributed to Hollings MEP centers receiving federal funding	\$485M from FY 2008 funding	\$1,400M from FY 2008 funding	Exceeded
Cost savings attributed to Hollings MEP centers receiving federal funding	\$330M from FY 2008 funding	\$1,200M from FY 2008 funding	Exceeded

NOTE: Performance actuals for this outcome lagged at least six months. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which NIST reports actuals one year later. This date lag, coupled with the time line for producing the PAR, precludes the reporting of actual FY 2009 data. With the exception of the number of clients, the data reported in the current year PAR are an estimate based on three-quarters of actual client reported impacts and one-quarter estimated client impacts.

HISTORICAL TRENDS

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

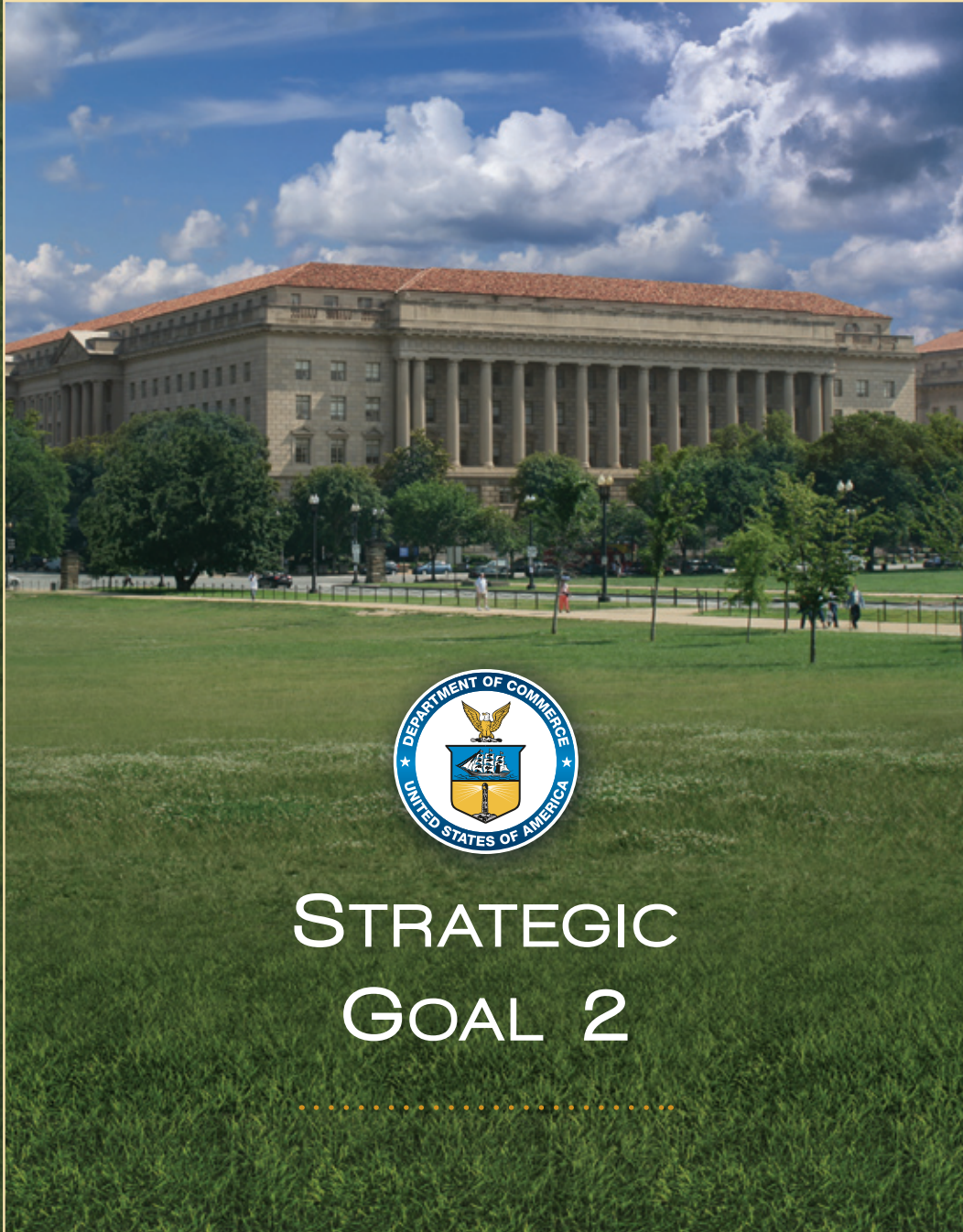
ACHIEVEMENTS

- **New Product Development:** Roper Pump, a supplier of industrial pumps, including pumping systems and solutions for the industrial, transport, power generation, and oil and gas industries, was interested in improving quality and reducing waste. Working with the Georgia MEP, the company adopted lean manufacturing practices that allowed it to reduce waste and build capacity. As a result, the company eliminated outsourcing a key heat treatment process, saving thousands of dollars. With the success of the continuous improvement work, Roper Pump used Georgia MEP to help with its product development program. The current process was resulting in too many projects ideas and lacked criteria for evaluating and prioritizing ideas. Working with the Georgia MEP, the company identified more than 150 ideas for new products involving new market entry, improved sales distribution channels, upgrading existing products and product processes, new technologies, and creative arrangements with potential partners. Decision guidelines were developed and more stringent evaluation criteria were adopted. As a result, Roper Pump is now pursuing a major product development for its main product line that will provide product sales for decades.
- **National Innovation Marketplace:** MEP, in collaboration with other organizations, is developing the National Innovation Marketplace (NIM) to facilitate manufacturers' connections to technology and business opportunities that can result in expansion into new markets and the development of new products necessary for success in the global marketplace. Secretary Locke and Vice President Biden announced support for expanding the NIM program in June 2009. NIM encourages the translation of emerging technologies first into business applications, second into market opportunities, and third into the adoption of new products. NIM provides opportunities for companies to access innovations, financing, distributors, or export opportunities. Once fully implemented, NIM combined with the MEP network of thousands of innovation experts will assist suppliers in connecting with opportunities and access a range of product development and commercialization assistance services to help rapidly move ideas from concept to investment, manufacturing, commercialization, and distribution.

STRATEGIC GOAL 1 PROGRAM EVALUATIONS

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
Program	Hollings Manufacturing Extension Partnership (MEP)
Strategic Objective	Position manufacturers to compete in a global economy
Name	MEP Non-Experimental Net Impact Evaluation
Findings	An external study is currently underway to evaluate the performance of MEP clients versus non-clients.
Actions as a Result of Evaluation	The study will be completed in early 2010 and MEP will assess the findings and implement any necessary actions.

PERFORMANCE SECTION



STRATEGIC
GOAL 2



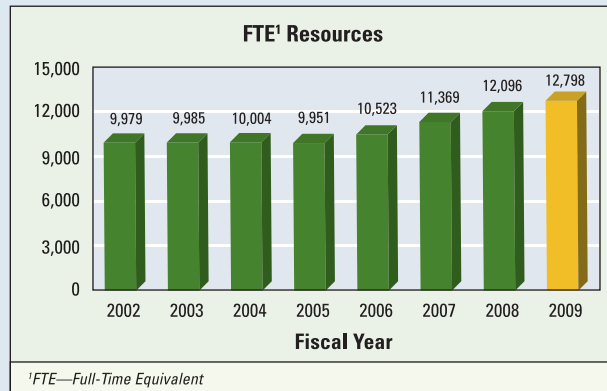
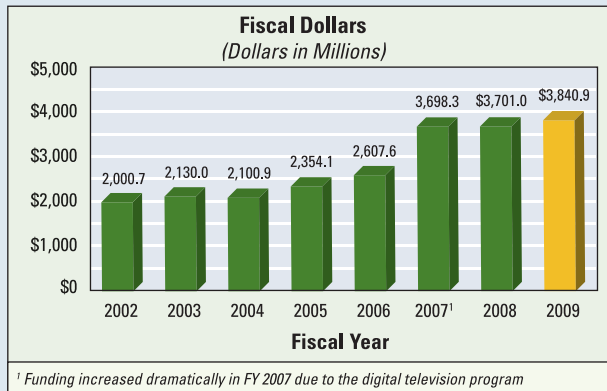
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)	5 of 6
Promote U.S. competitiveness by directing federal investment and R&D into areas of critical national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



STRATEGIC GOAL 2

Promote U.S. innovation and industrial competitiveness

STRATEGIC GOAL 2 TOTAL RESOURCES

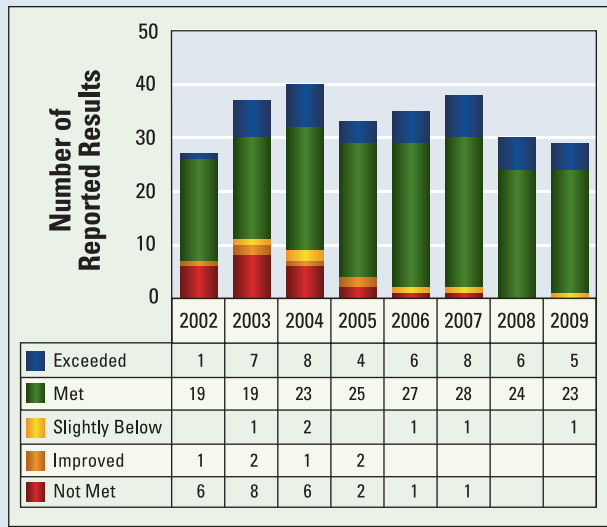


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

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

STRATEGIC GOAL 2 PERFORMANCE RESULTS



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

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

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

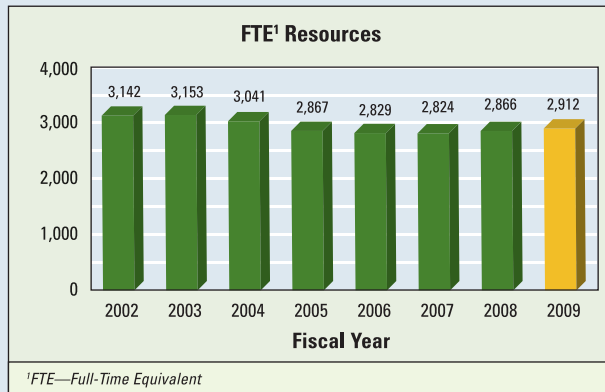
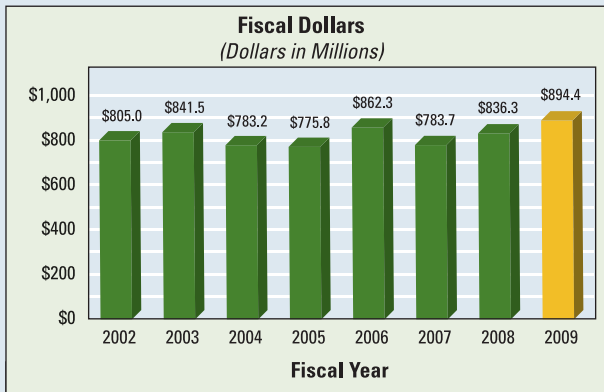
The Department through the National Telecommunications and Information Administration's (NTIA): (1) serves as the principal adviser to the President on domestic and international communications and information policy-making; (2) promotes access to telecommunications services for all Americans and competition in domestic and international markets; (3) manages all federal use of the electromagnetic spectrum and generally promotes efficient use of spectrum; and (4) conducts telecommunications technology research, including standards-setting in partnership with business and other federal agencies.

Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 87 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 to FY 2009 with 74 percent of targets met or exceeded in FY 2002 to 97 percent met or exceeded in FY 2009.

STRATEGIC OBJECTIVE 2.1

Advance measurement science and standards that drive technological change

STRATEGIC OBJECTIVE 2.1 TOTAL RESOURCES



PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

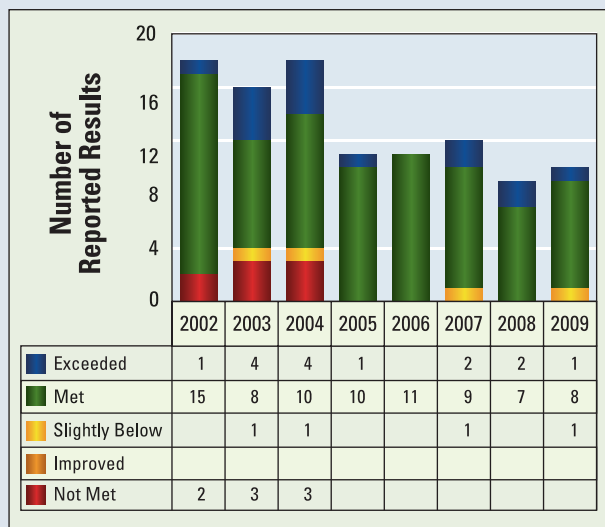
In its effort to achieve this objective, NIST works with U.S. industry and other stakeholders to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve quality of life. NIST leadership in measurement science research ensures that U.S. industry and universities will have the tools they need to remain at the leading edge of innovation and to secure “first-mover advantage” in bringing new technologies to market. NIST also invests in high-risk, innovative projects with the potential to produce transformational results in areas of critical national need.

As one of the agencies participating in the President’s Plan for Science and Innovation, NIST programs are recognized as critical to promoting U.S. innovation and competitiveness.

NIST’s laboratories and programs through their focus on measurement science, standards, and technology provided the tools and infrastructure critical to enable the innovation, development, and deployment of advanced technologies. The services and products provided by NIST are important to the manufacturing and service industry, and government institutions.

The Technology Innovation Program (TIP) at NIST supports, promotes, and accelerates innovation in the United States by making cost-shared awards for high-risk, high-reward research in areas of critical national need. These areas need government attention because the magnitude of the problem is large and societal challenges are not being sufficiently addressed. TIP complements and leverages—but does not duplicate—existing research and development (R&D) efforts by making targeted investments that are

STRATEGIC OBJECTIVE 2.1 PERFORMANCE RESULTS



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

within NIST's areas of technical competence but that are not possible by other government agencies or programs. TIP supports rich teaming through making awards to individual small or medium companies or to joint ventures that may additionally include universities, non-profit research organizations, national laboratories, or other organizations. TIP funds projects that have strong potential for advancing the state of the art and contributing significantly to the U.S. scientific and technology knowledge base, and that may result in the creation of IP vesting in a U.S. entity.

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

Overall performance within this objective has been strong, meeting or exceeding targets on average 90 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 (88 percent of targets met or exceeded) to FY 2009 (90 percent of targets met or exceeded).

Performance Outcome: Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurements and standards infrastructure (NIST)

FY 2009 Funding Level

\$812.3M

The Nation's ability to innovate and compete in a global economy depends on a robust scientific and technical infrastructure, including research, measurement tools, standards, data, and models. The NIST laboratories develop and disseminate measurement techniques, reference data, test methods, standards, and other infrastructural technologies and services required by U.S. industry to compete in the 21st century.

NIST evaluates progress on this outcome using an appropriate mix of specific output tracking and peer review. Together, these evaluation tools, combined with continual feedback from customers provide a comprehensive picture of performance toward this long-term goal. Additional information on these evaluation methods is available at http://www.nist.gov/director/planning/impact_assessment.htm.

Accomplishments and applicable quantitative data used to evaluate progress on this long-term performance outcome are reviewed quarterly. Quantitative data are collected and reported by NIST Technology Services. External and independent evaluation of the research and measurement standards work of the NIST laboratory programs is conducted regularly. This type of peer review, combined with quantitative evaluation metrics focused on dissemination of NIST's measurements and standards work, demonstrate the laboratories' contribution to the Nation's measurement and standards infrastructure.

In FY 2009, the National Research Council (NRC) continued with the assessment process initiated in FY 2007 in which approximately half of the NIST laboratory programs are reviewed each year by separate panels of independent experts. Their assessments attest to NIST's high quality programs, relevance of work in support of measurement science and standards needs, and impressive technical merit.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Qualitative assessment and review of technical quality and merit using peer review	Complete annual peer review	Completed	Met
Citation impact of NIST-authored publications	>1.1	>1.1 ¹	Met
Peer-reviewed technical publications produced	1,275	1,463	Met
Standard Reference Materials (SRM) sold	31,000	29,769	Slightly Below
NIST-maintained datasets downloaded	200,000,000	226,000,000	Met
Number of calibration tests performed	15,000	18,609	Met

¹ Actual for this measure lags nine months. The actual shown here is based on FY 2008 data.

FY 2009 MISSED TARGETS

MEASURE	STANDARD REFERENCE MATERIALS (SRM) SOLD
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	No action required.

ACHIEVEMENTS

Development of a Smart Grid Interoperability Standards Framework

Working with industry, government, and other stakeholders, NIST is expediting the identification and development of interoperability standards critical to achieving a reliable and robust Smart Grid. Accelerating the development of the Smart Grid is among the top priorities of the Obama Administration. In recognition of this urgency, in March 2009 NIST identified one of its senior executives to serve as National Coordinator for Smart Grid Interoperability to provide visible leadership at the national level. In April 2009, NIST launched a three-phase plan to expedite the development and promote widespread adoption of Smart Grid interoperability standards. This plan includes further engaging stakeholders to achieve consensus on Smart Grid standards, launching a formal private/public partnership to facilitate development of additional standards, and developing a plan for testing and certification to ensure that Smart Grid equipment and systems conform to standards for security and interoperability. To augment NIST staff resources, NIST awarded the Electric Power Research Institute a short-term contract to engage stakeholders, facilitate public workshops, and provide technical assistance in assessing standards needs and developing a draft interim standards roadmap. NIST used this report and public input in drafting Release 1.0 of the NIST Smart Grid Interoperability Standards Framework, released on September 24, 2009. NIST's expanded role in Smart Grid interoperability standards is supported by the Energy Independence and Security Act of 2007, which charges NIST with "primary responsibility to coordinate development of a framework that includes protocols and model standards for information management to achieve interoperability of Smart Grid devices and systems..."

NIST, DOD, Intelligence Agencies Join Forces to Secure U.S. Cyber Infrastructure

NIST, in partnership with the Department of Defense (DOD), the Intelligence Community, and the Committee on National Security Systems (CNSS), has released the first installment of a three-year effort to build a unified information security framework for the entire federal government. Historically, information systems at civilian agencies have operated under

different security controls than military and intelligence information systems. This installment is titled "NIST Special Publication 800-53, Revision 3, *Recommended Security Controls for Federal Information Systems and Organizations*." This revised security control catalog provides the most state-of-the-practice set of safeguards and countermeasures for information systems ever developed. The updated security controls—many addressing advanced cyber threats—were developed by a joint task force that included NIST, DOD, the Intelligence Community, and CNSS with specific information from databases of known cyber attacks and threat information.

JILA/NIST Scientists Get a Grip on Colliding Fermions to Enhance Atomic Clock Accuracy

NIST physicists have measured and controlled seemingly forbidden collisions between neutral strontium atoms—a class of antisocial atoms known as fermions, which are not supposed to collide when in identical energy states. The advance makes possible a significant boost in the accuracy of atomic clocks based on hundreds or thousands of neutral atoms. Beyond atomic clocks, the high precision of JILA's experimental setup is expected to be useful in other applications requiring exquisite control of atoms, such as quantum computing—potentially ultra-powerful computers based on quantum physics—and simulations to improve understanding of other quantum phenomena such as superconductivity.

New Building Code Revisions Adopt NIST Recommendations from World Trade Center Study

Future buildings—especially tall structures—should be increasingly resistant to fire, more easily evacuated in emergencies, and safer overall thanks to 23 major and far-reaching building and fire code changes approved recently by the International Code Council based on recommendations from NIST. The recommendations were part of NIST's investigation of the collapses of New York City's World Trade Center towers on September 11, 2001. The new codes address areas such as increasing structural resistance to building collapse from fire and other incidents, requiring a third exit stairway for tall buildings, increasing the width of all stairways by 50 percent in new high-rises, and ensuring effective coverage throughout a building for emergency responder radio communications. NIST also released its final report on the September 11, 2001 collapse of the 47-story World Trade Center building 7 in New York City.

Neutron Researchers Discover Widely Sought Property in Magnetic Semiconductor

Researchers from NIST, Korea University, and the University of Notre Dame have confirmed theorists' hopes that thin magnetic layers of semiconductor material could exhibit a prized property known as antiferromagnetic coupling—in which one layer spontaneously aligns its magnetic pole in the opposite direction as the next magnetic layer. This discovery raises hopes for even smaller and faster gadgets that could result from magnetic data storage in a semiconductor material, which could then quickly process the data through built-in logic circuits controlled by electric fields. The team conducted their studies at the NIST Center for Neutron Research (NCNR) using a technique known as polarized neutron reflectometry.

Performance Indicators

NIST measurement services, including calibration services, are critical for ensuring product performance and quality, improving production processes, making marketplace transactions fair and efficient, and leveling the playing field for international trade. NIST offers more than 500 different types of physical calibrations in areas as diverse as radiance temperature, surface finish characterization, and electrical impedance. SRMs are the definitive source of measurement traceability in the United

States and are certified in the NIST laboratories for their specific chemical and material properties. Customers use SRMs to achieve measurement quality and conformance to process requirements that address both national and international needs for commerce and trade and public safety and health. Technical publications represent one of the major mechanisms NIST uses to transfer the results of its research to support the Nation's technical infrastructure and provide measurements and standards to those in industry, academia, and other government agencies. Each year NIST's technical staff produces a total of 2,000 to 2,200 publications with approximately 50 to 60 percent appearing in prestigious scientific peer-reviewed journals. Citation impact of NIST-authored publications demonstrates that NIST consistently produces relevant scientific and technical publications. Citation analysis provides an independent and objective validation of peer review findings as research has shown that high citation rates—the cumulative number of citations per publication—correlate with peer review judgment in terms of scientific quality and relevance. NIST also provides online access to over 80 critically evaluated scientific and technical databases to academia, industry, other government agencies, and the general public.

Performance Outcome: 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)

FY 2009 Funding Level **\$50.2M**

As established by the America COMPETES Act of 2007, TIP makes cost-shared awards for high-risk, innovative research in areas of critical national need. TIP makes awards through publicly announced competitive funding opportunities in areas of critical national need that may be addressed through high-risk, high-reward research. Awards may be made to individual small or medium businesses, or to joint ventures that additionally may include institutions of higher education, non-profit research organizations, national laboratories, or other organizations. Awards of up to \$3 million total to individual companies may be made over three years, and of up to \$9 million total to joint ventures over five years.

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Cumulative number of TIP projects funded	9	9	Met

HISTORICAL TRENDS

This is a new outcome and measure so there are no historical trends.

ACHIEVEMENTS

Infrastructure Monitoring and Inspection Techniques

In January 2009, NIST announced TIP's first nine new projects selected for cost-shared awards in the critical national need area of civil infrastructure. If successful, these awards will generate \$88.2 million in new research during the active life of the projects (three to five years), \$42.5 million of which would be funded by TIP. These awards were made in response to TIP's inaugural solicitation for funding, titled "Advanced Sensing Technologies for the Infrastructure: Roads, Highways, Bridges and Water Systems." The solicitation called for implementable, usable, and accurate sensing systems for the effective measurement of infrastructure performance characteristics such as fatigue, corrosion, stress, usage, damage, etc. These new sensing technologies could provide increased security and safety of key elements of critical infrastructure.

Awarded projects from the first competition demonstrated TIP's commitment to multi-disciplinary approaches and to encouraging broad teaming arrangements. Thirty-five research participants are involved in the nine projects. TIP emphasized system validation for this competition, and there are 14 public sector entities (e.g., state agencies, water authorities, transportation authorities) involved (formally or informally) as testing partners to ensure the usability of the resulting systems. This unique involvement helps the projects toward achieving a transformative impact for infrastructure monitoring and inspection. Additional details on the first TIP competition are available at http://www.nist.gov/public_affairs/releases/20090106_TIP_2008_award_announce.html.

Performance Outcome: Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)

FY 2009 Funding Level **\$31.9M**

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Number of updated items available (annual)	745,000	893,138	Met
Number of information products disseminated (annual)	32,850,000	49,430,840	Exceeded
Customer satisfaction	95-98%	98%	Met

HISTORICAL TRENDS

NTIS has consistently met its targets.

ACHIEVEMENTS

NTIS deployed the National Technical Reports Library in 2009. The library was deployed as a subscription product with an advanced search engine and direct access to full abstracts and to full text documents. The National Technical Reports Library allows advanced search of the NTIS database of more than 2.5 million documents and includes links directly to the full text of the document, when available. Full text documents are viewable, printable, and may be downloaded by the user. Additionally, NTIS was asked to develop and host two major applications in support of the American Recovery and Reinvestment Act (ARRA) of 2009. The Department is a major participant in the ARRA and now NTIS hosts the application providing visibility to the public regarding where Department ARRA dollars are allocated. The Web site lists communities receiving the benefits and also serves as an archive for news releases and financial updates. Also, NTIS hosts the Broadband USA effort at www.broadbandusa.gov. The ARRA appropriated \$7.2 billion and directed the U.S. Department of Agriculture's (USDA) Rural Utilities Service (RUS) and the Department's National Telecommunications and Information Administration (NTIA) to expand broadband access to unserved and underserved communities across the United States, increase jobs, spur investments in technology and infrastructure, and provide long-term economic benefits.

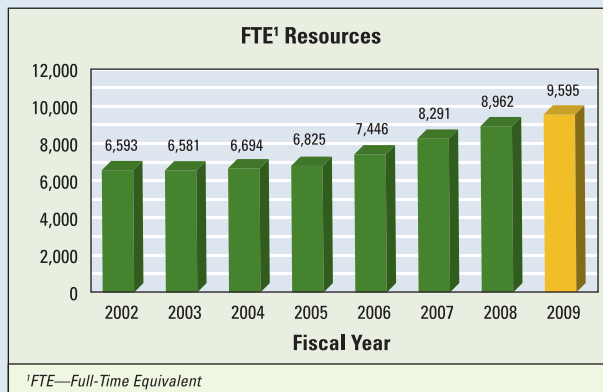
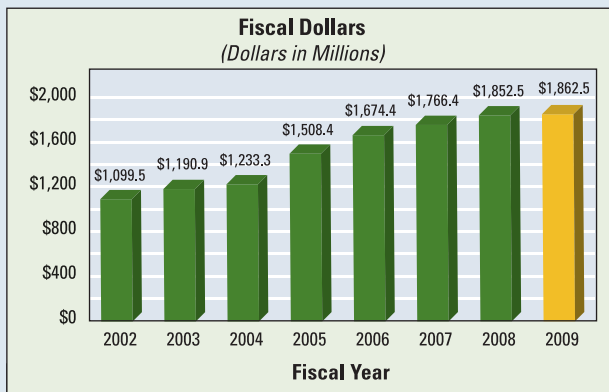
NTIS also continued its long association with the USDA Team Nutrition and Food Stamp programs by distributing free materials to states and citizens promoting healthy nutrition. In FY 2009, NTIS distributed more than 10 million brochures, pamphlets, and kits in both English and Spanish.

NTIS supported the Department of Health and Human Services (HHS) again this year to provide support for the "Health Start, Grow Smart" program by distributing easily understood information booklets to parents and caregivers about the best practices in early childhood development. The information pertains to health, safety, nutritional needs, and early cognitive development. NTIS managed the storage and distribution of over 10 million booklets in FY 2009.

STRATEGIC OBJECTIVE 2.2

Protect intellectual property and improve the patent and trademark system

STRATEGIC OBJECTIVE 2.2 TOTAL RESOURCES

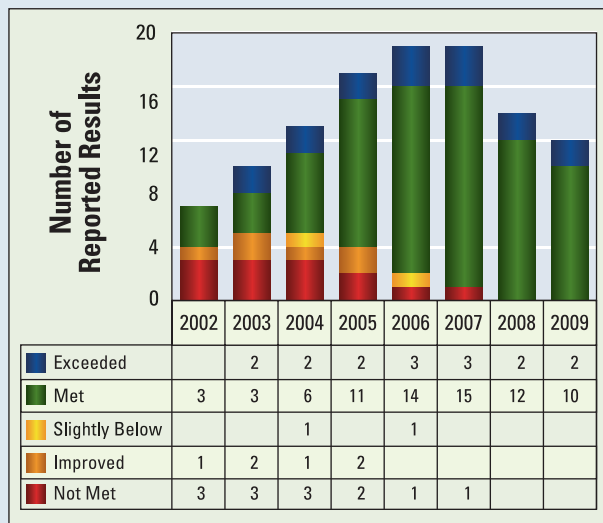


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

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

STRATEGIC OBJECTIVE 2.2 PERFORMANCE RESULTS



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

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

Overall performance within this objective has been good, meeting or exceeding targets on average 77 percent of the time from FY 2002 to FY 2009. Performance greatly improved from FY 2002 (43 percent of targets met or exceeded) to FY 2009 (100 percent of targets met or exceeded). However, pendency remains a concern with patent applications taking on average three years to conclude.

Performance Outcome: Optimize patent quality and timeliness (USPTO)

FY 2009 Funding Level

\$1,633.4M

The most significant activity under this outcome is the examination of an inventor's application for a patent by comparing the claimed subject matter of the application to a large body of technological information to determine whether the claimed invention is new, useful, and non-obvious to someone knowledgeable in that subject matter. To that end, not only is it important that a patent or trademark be issued in a timely manner, but that it is of high quality. Finally contributing to both timeliness and quality is the patent and trademark process being fully automated with an ultimate goal of all patents and trademarks being filed and managed electronically.

Providing quality services and products is the U.S. Patent and Trademark Office's (USPTO) foremost priority. USPTO's commitment to the continuous refinement and expansion of quality initiatives is outlined in the Agency's 2007-2012 Strategic Plan. Patent examinations are subjected to both end-product allowance and in-process reviews that evaluate the quality of the substantive basis for examiner decisions, applicability of publications found by the examiner, or the quality reviewer; evidence; and clarity of communications with applicants. Findings produced by these reviews are shared individually with examiners, are collected in a database for ongoing analysis, serve as the basis for the development of training programs, and are used to strengthen the review process. USPTO continues its effort to better define and identify appropriate criteria to gauge quality.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Patent allowance compliance rate	96.5%	96.9%	Met
Patent in-process examination compliance rate	93.0%	93.2%	Met
Patent average first action pendency (months)	27.5	25.8	Met
Patent average total pendency (months)	37.9	34.6	Met
Patent applications filed electronically	80.0%	82.5%	Met

ACHIEVEMENTS

The patent allowance compliance rate is the percentage of applications allowed by examiners with no errors after being reviewed by the Office of Patent Quality Assurance. An error is defined as at least one claim within a randomly selected allowed application that would be held invalid in a court of law if the application were to issue without the required correction. In FY 2009, efforts to improve quality resulted in an allowance compliance rate of 96.9 percent, slightly better than the target of 96.5 percent. The in-process examination compliance rate is a ratio derived from the number of office actions void of deficiencies that would significantly impact the applicant's ability to advance the prosecution on the merits of the application, divided by the total number of office actions reviewed. At 93.2 percent in-process examination compliance, USPTO met its goal of 93.0 percent.

The time to process a patent application is measured in two ways: (1) first action pendency—the average time in months from filing until an examiner's initial determination is made of the patentability of an invention, and (2) total pendency—the average time in months from filing until the application issues as a patent, or is abandoned by the applicant. USPTO strives to meet its goals of reducing pendency through a multi-pronged approach that includes hiring sufficient numbers of new examiners, retention of experienced staff, employee flexibility regarding when and where work is performed, exploring work-sharing with other patent offices, training, and electronic tools.

The growth and increasing experience and productivity of USPTO's 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 many cost saving measures were implemented, which may negatively impact patent pendency in the future if applications growth rebounds strongly in the future. Furthermore, the Department has made it a priority to lower the patent pendency rate to an acceptable level. Electronic filings did exceed this year's goal, reaching 82.5 percent of total filings.

Performance Outcome: Optimize trademark quality and timeliness (USPTO)
FY 2009 Funding Level **\$185.5M**

The process involved in reaching this outcome is the examination of trademark applications by trademark attorneys who determine registrability under the provisions of the Trademark Act of 1946, as amended. The examination of trademark applications comprises many elements, including the utilization of electronic databases to determine whether the mark in an application is confusingly similar to any pending or registered mark, the preparation of an office action to inform applicants of the attorney's findings, the approval of applications to be published for opposition, and the examination of Statements of Use filed under the Intent to Use provisions of the Trademark Act.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Trademark first action compliance rate	95.5%	96.4%	Met
Trademark final compliance rate	97.0%	97.6%	Met
Trademark first action pendency (months)	2.5-3.5	2.7	Met
Trademark average total pendency excluding suspended and inter partes proceedings (months)	13.0	11.2	Met
Trademark applications processed electronically	62.0%	62.0%	Met

ACHIEVEMENTS

In FY 2009, the trademark first action compliance rate was 96.4 percent, above the 95.5 percent compliance target. Similarly, the final compliance rate was 97.6 percent, also better than the 97.0 percent target.

The two primary measures used to determine trademark application processing time are: (1) first action pendency, which measures the average time, in months, from the filing date to when the examiner's first action is taken; and (2) average total pendency, which is based on the average time, in months, from the filing date until the notice of abandonment, notice of allowance, or registration for applications based on use excluding cases that were previously suspended or were involved in inter partes proceedings at the Trademark Trial and Appeal Board. USPTO met its FY 2009 target of 2.5-3.5 months by achieving a first action pendency of 2.7 months. Trademark average total pendency results were 11.2 months. USPTO met its FY 2009 target of 13.0 months.

The Trademark organization has created an electronic trademark application record management process by capturing nearly 100 percent of the application inventory as an electronic file that includes text and image of the initial application and subsequent applicant and office correspondence. Examining attorneys use the electronic record to process and examine applications, manage their dockets of pending work, and take action on applications.

A new measure was introduced in 2009 to address the major USPTO strategic challenge to complete full electronic workflow and file management for receiving and processing trademark applications and related documents. This measure reports the percentage of trademark applications that were filed, processed, and disposed relying completely on electronic systems and communications. This measure replaced the electronic filing target which has been achieved.

Performance Outcome: Improve intellectual property protection and enforcement domestically and abroad (USPTO)

FY 2009 Funding Level **\$43.6M**

USPTO plays a leadership role in promoting effective domestic and international protection and enforcement of intellectual property rights (IPR) by advocating U.S. government IPR policy, working to develop unified standards for international IPR, providing policy guidance on domestic IPR issues, and fostering innovation. USPTO advises the President and federal agencies on national and international IPR policy matters and trade-related aspects of IPR, and conducts technical assistance and capacity-building programs for foreign governments seeking to develop or improve their IPR regulatory and enforcement mechanisms.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percentage of countries on the USTR 301 list, awaiting World Trade Organization (WTO) accession, or targeted by the Office of Intellectual Property Policy and Enforcement (OIPPE) for improvements that have positively amended or improved their IP systems	40.0%	54.0%	Exceeded
Number of countries that implemented at least 75% of action steps which improve IP protections in the joint cooperation, action, or work plans	4	5	Exceeded

ACHIEVEMENTS

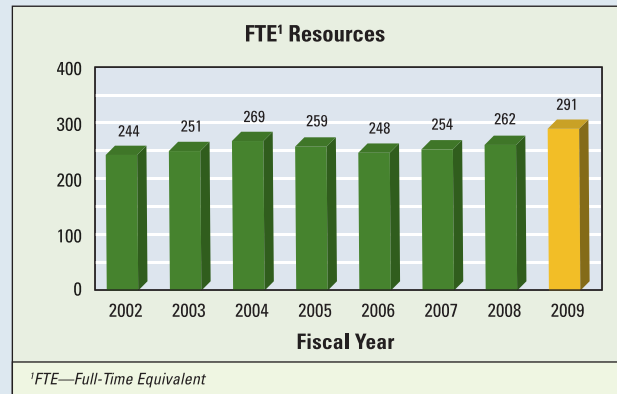
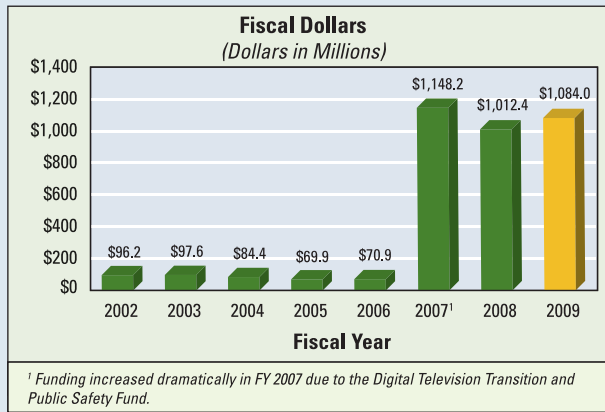
During FY 2009, USPTO continued to improve the enforcement of IP rights in the United States and around the world. USPTO supported the Office of the U.S. Trade Representative (USTR), Department of State, and other U.S. government agencies in international negotiations and consultations throughout the year. USPTO attorneys assisted with the drafting, reviewing, and implementation of IP obligations in bilateral and multilateral treaties and trade agreements, such as Oman's implementation of its free trade agreement (FTA) commitments, and ongoing review of Malaysia's IP regime. In addition, USPTO also continued to participate in the ongoing negotiations to establish an Anti-Counterfeiting Trade Agreement, a state-of-the art agreement to combat counterfeiting and piracy, which is intended to assist in the efforts of governments around the world to more effectively combat the proliferation of counterfeit and pirated goods.

USPTO's IP experts and their teams posted at American embassies in key locations around the world continued to develop long-term and direct working relationships with the foreign government agencies and the private sector. They also delivered targeted capacity-building programs for foreign officials and continuously pressed for stronger legal frameworks for IPR protection, improved IPR enforcement, greater certainty for U.S. innovators and creators, and enhanced public awareness and support for IPR.

STRATEGIC OBJECTIVE 2.3

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

STRATEGIC OBJECTIVE 2.3 TOTAL RESOURCES



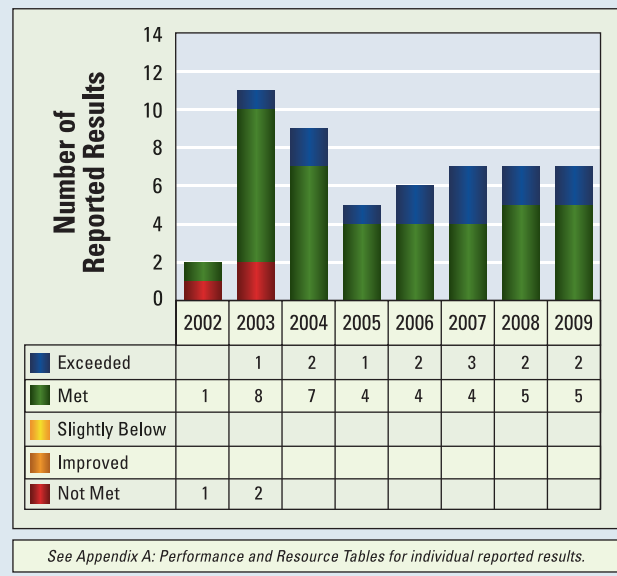
PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

This objective focuses on NTIA's role in radio frequency (RF) spectrum management and telecommunications standards, and as an advisor to the President on communications policy matters; Internet domain names, wireless telecommunications standards, and technology; and high-speed Internet services.

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

Achievement of this objective will continue to further the technological advances for wireless communication, Internet services, domain name management issues, and other advances in technology.

STRATEGIC OBJECTIVE 2.3 PERFORMANCE RESULTS



NTIA's responsibilities have expanded considerably with the enactment of the Deficit Reduction Act of 2005. Specifically, the act charged NTIA to administer a number of new one-time programs to be funded from anticipated spectrum auction proceeds associated with the transition to digital television (DTV) broadcasts through the Digital Television Transition and Public Safety Fund. These programs include the (1) Public Safety Interoperable Communications (PSIC) Grant Program, and the Digital-to-Analog Converter Box Coupon Program, (2) the Digital-to-Analog Converter Box Program, and (3) the Low-Power Television (LPTV) and translator digital conversion and upgrade programs. NTIA also leads Department activities in the areas of next-generation Internet Protocols, ultrawideband (UWB) technology, wireless broadband applications, wireless sensor technologies, and Internet technical functions.

Overall performance within this objective has been very strong, meeting or exceeding targets on average 92 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 (50 percent of targets met or exceeded) to FY 2009 (100 percent of targets met or exceeded). It should be noted, however, that in FY 2002 there were only two measures with one of the targets missed, hence the 50 percent.

Performance Outcome: Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)

FY 2009 Funding Level **\$37.3M**

NTIA examined an array of spectrum management policy issues in FY 2008 dealing with innovative approaches to spectrum management and the effectiveness of current processes. The availability of the RF spectrum is key to the development and implementation of innovative telecommunications technologies.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Frequency assignment processing time (days)	9 or fewer	9	Met
Certification request processing time (months)	2 or fewer	2	Met
Space system coordination request processing time	90% in 14 days or fewer	98%	Met
Spectrum plans and policies processing time	Comments in 15 days or fewer	11 days	Exceeded
Milestones completed from the implementation plan of the President's Spectrum Policy Initiative	14 milestones	14 milestones	Met

ACHIEVEMENTS

NTIA coordinated with federal agencies on the Spectrum Reform Initiative implementation plan with 54 milestones to be completed by FY 2010. This initiative will fundamentally change the business of spectrum management over the next five years. This initiative promotes the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure U.S. national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas such as public safety, scientific research, federal transportation infrastructure, and law enforcement. One result is the first National Strategic Spectrum Plan.

NTIA released the "Second Annual Progress Report on the Relocation of Federal Systems from the 1710-1755 MHz Spectrum Band," which details progress from the commencement of relocation activity in March 2007 through December 2008. This is the first federal spectrum band selected for relocation pursuant to the Commercial Spectrum Enhancement Act. The Federal Strategic Spectrum Plan, which is a major result of the Spectrum Reform Initiative, provides extensive data on federal spectrum use and plans, including frequency bands, radiocommunication services, and spectrum-dependent systems. Based on the plan, within the next five years, NTIA will upgrade the federal spectrum management system, consider possible user fees for federal use of spectrum, develop improved interference models for optimizing spectrum use, implement methods to better forecast future requirements, and continue to promote interagency and federal/private sector coordination.

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

NTIA and the Department of Transportation's (DOT) National Highway Traffic Safety Administration (NHTSA) issued a joint Final Rule implementing the E-911 grant program authorized under the Ensuring Needed Help Arrives Near Callers Employing 911 (ENHANCE 911) Act of 2004. The act authorizes grants for the implementation and operation of Phase II enhanced 911 services and for migration to an Internet Protocol-enabled emergency network.

At the end of FY 2009, NHTSA and NTIA announced more than \$40 million in grants to 30 states and U.S. territories to help 911 call centers across the country improve the ability to locate people calling from wireless and Internet-connected telephones. The funds could be used to implement advanced technologies to deliver 9-1-1 calls with automatic crash location information as well as evacuation alerts to people using wireless services, warning them of dangerous situations like a bridge being washed out or a toxic spill.

Performance Outcome: Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)

FY 2009 Funding Level **\$1,046.7M**

NTIA participated on behalf of the Administration in Federal Communications Commission (FCC) and Congressional proceedings on telecommunications policies, including the development of appropriate regulatory treatment for broadband services deployment. NTIA made significant progress in implementation of programs required under the Digital Television Transition and Public Safety Fund. A number of Internet related policy issues required NTIA action, including continuing Internet privatization, domain name management both domestically and internationally, next generation Internet Protocols, and the combination of Internet and telecommunications addressing (ENUM). All of these activities required substantial coordination among NTIA's program offices, as well as interagency coordination to develop the Administration's positions.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
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	5 dockets and proceedings	12	Exceeded
Number of Web site views for research publications	75,000/month	75,000/month	Met

ACHIEVEMENTS

NTIA successfully launched the DTV Coupon Program on January 1, 2008. The June 12, 2009 DTV transition is now making available an improved viewing experience, with enhanced picture and sound quality and more programming choices, for consumers with over-the-air television service. The fact that the 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, 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 DTV 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.

ARRA directs NTIA, in consultation with FCC, to establish a grant program designed to increase broadband penetration and adoption in unserved and underserved areas of the United States; provide broadband training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband and economic growth. In addition, the \$4.7 billion in funding provided under the act is intended to create jobs and stimulate economic growth.

On July 1, NTIA released the first Notice of Funds Availability (NOFA) describing the availability of funds and application requirements for the Broadband Technology Opportunities Program (BTOP) and the USDA's Rural Utilities Service (RUS) Broadband Initiatives Program. The NOFA provides detailed information regarding eligibility, definitions, award terms, application submission, evaluation and selection, and award administration that will guide the disbursement of BTOP funding in the first round. Up to \$1.6 billion in BTOP funds will be available in the first grant round. NTIA is preparing for subsequent rounds of BTOP funding before all awards are obligated by September 30, 2010. In response to the NOFA, NTIA and RUS have received almost 2,200 applications requesting nearly \$28 billion in funding for proposed broadband projects reaching all 50 U.S. states and territories and the District of Columbia. Awards in the first grant round will be made in the first quarter of FY 2010.

NTIA, on behalf of the Department, published a Notice of Inquiry seeking public comment regarding the September 30, 2009, expiration date of its Joint Project Agreement (JPA) with the Internet Corporation for Assigned Names and Numbers (ICANN). This JPA extended a Memorandum of Understanding (MOU) between the Department and ICANN regarding transitioning the technical management of the Domain Name System (DNS) to the private sector. The DNS translates numeric Internet addresses into words, allowing people to navigate the Internet easier.

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.

NTIA awarded \$19.95 million in funding from the Public Telecommunications Facilities Program (PTFP) account to assist public radio, public television, and nonbroadcast (distance learning) projects across the country. Almost \$11.5 million of the \$19.95 million awarded by NTIA went to 39 grantees to assist in the digital conversion of public television facilities.

Thirty-five grants, totaling almost \$4.9 million, were awarded to extend new public radio service. These projects will provide first public radio service to over 400,000 people and provide additional service to almost two million people.

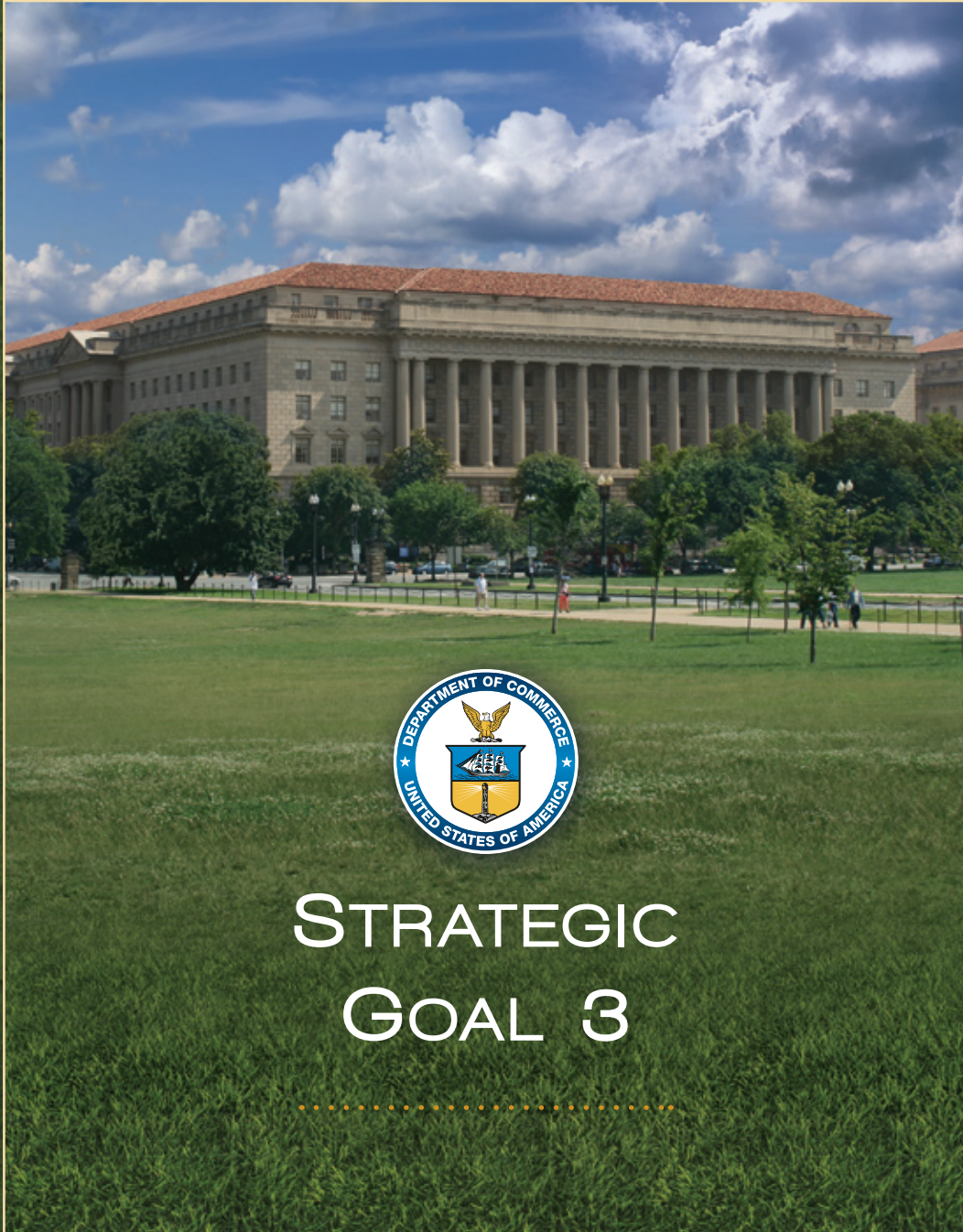
Other awards include 34 projects for almost \$2.8 million that will replace urgently needed equipment at public radio and television stations. Other grants include an award for digital conversion of repeater stations operated by Spokane Public Radio and a distance learning grant to Rowan-Cabarrus Community College in Salisbury, NC. One grant was made to National Public Radio for a planning project to determine the feasibility of digital conversion of radio reading services from the sideband channels of analog FM radio (Subsidiary Communications Authorization service), using consumer HD radio receivers. Included in the 112 awards is one grant awarded to the University of Hawaii for \$499,641 for the PEACESAT (Pan-Pacific Educational and Cultural Experiments by Satellite) Program.

STRATEGIC GOAL 2 PROGRAM EVALUATIONS

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
Program	National Measurement and Standards Laboratories
Strategic Objective	Advance measurement science and standards that drive technological change
Name	National Research Council (NRC) FY 2009 Assessments
Findings	<p>Overall, the 2009 NRC assessments attest to NIST's high quality programs, relevance of work to the measurement and standards needs, and impressive technical merit, as illustrated by the following quotes:</p> <ul style="list-style-type: none"> ● Center for Nanoscale Science and Technology (CNST) – “The more mature parts of the CNST are outstanding, especially in terms of the quality and productivity of the staff, the uniqueness of the capabilities, and the alignment with the overall NIST mission. The vector of the newer parts of CNST is positive, with excellent new staff and outstanding laboratories, but there is still significant work to be done to achieve the same level of impact currently enjoyed by the more established efforts.” ● Chemical Science and Technology Laboratory (CSTL) – CSTL “is meeting its obligations, objectives and desired impacts, and its priorities are appropriate and aligned with NIST’s mission and priorities.” ● Electronics and Electrical Engineering Laboratory (EEEL) – “The EEEL, equipped with diverse professional skills and comprehensive technical expertise, has demonstrated significant accomplishments in crucial programs and is ready to take on challenging national strategic programs.” ● Information Technology Laboratory (ITL) – “Many ITL activities can be characterized as being a national or international resource. In many cases, ITL staff are the only such resource available. In others, they have established a role as the neutral party that is appropriately charged with evenhanded measurement or evaluation of the quality of products.” ● NIST Center for Neutron Research (NCNR) – “The NCNR has been an extremely reliable and comprehensive neutron scattering facility and will continue to be a vital resource for meeting the broad spectrum of users’ scientific objectives and needs for neutron scattering in the future. During the past year, the NCNR has continued to sustain a high level of creativity, productivity, and quality in science and research to service in industry, academic and government agency users. Half of U.S. neutron scatterers used the facility during the past year, demonstrating the scientific role that the NCNR plays in the country.” <p>The FY 2009 NRC Assessment Reports are available at http://www.nist.gov/director/nrc/.</p>
Actions as a Result of Evaluation	The findings and comments by the NRC assessment panels are critical components of the NIST performance evaluation system. NIST values this input and works to assure that any identified issues are addressed.

BUREAU	NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)
Program	Broadband Technology Opportunities Program (BTOP)
Strategic Objective	N/A
Name	The Office of Inspector General (OIG) Recovery Act Flash Report (ARR-19583)
Findings	NTIA should apply lessons learned from Public Safety Interoperable Communications (PSIC) Program to ensure sound management and timely execution of the \$4.7 billion BTOP
Actions as a Result of Evaluation	As NTIA implements the broadband program, it will consider the lessons learned from its administration of PSIC.

P E R F O R M A N C E S E C T I O N



STRATEGIC
GOAL 3



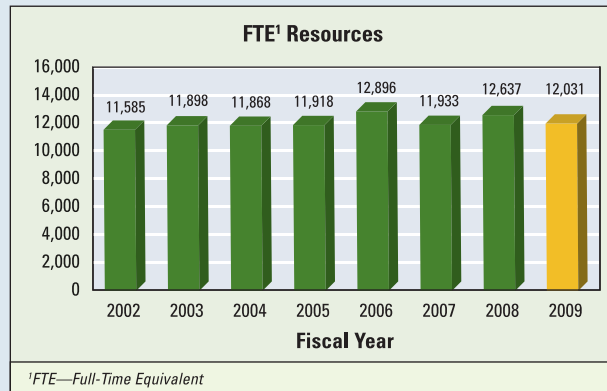
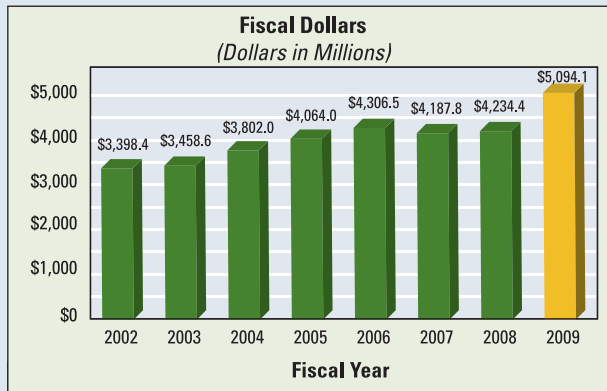
STRATEGIC OBJECTIVE	TARGETS MET OR EXCEEDED
Protect, restore, and manage the use of coastal and ocean resources (NOAA)	8 of 8
Advance understanding of climate variability and change (NOAA)	6 of 6
Provide accurate and timely weather and water information (NOAA)	7 of 11
Support safe, efficient, and environmentally sound commercial navigation (NOAA)	5 of 6



STRATEGIC GOAL 3

Promote environmental stewardship

STRATEGIC GOAL 3 TOTAL RESOURCES

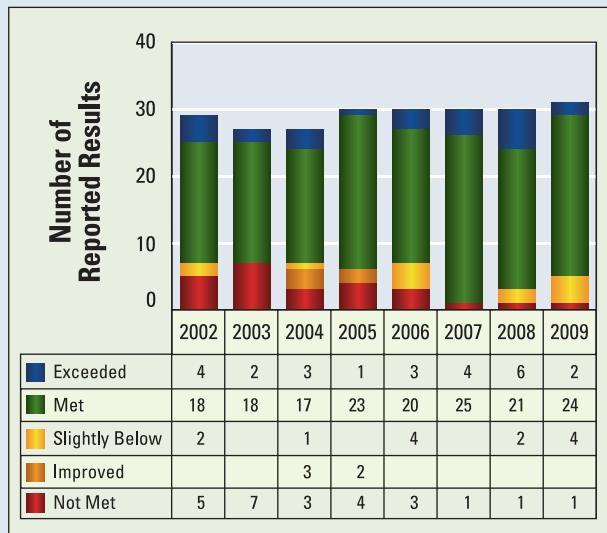


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

Together the Department and its partners provide weather and climate services; conduct atmospheric, climate, and ecosystems

STRATEGIC GOAL 3 PERFORMANCE RESULTS



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

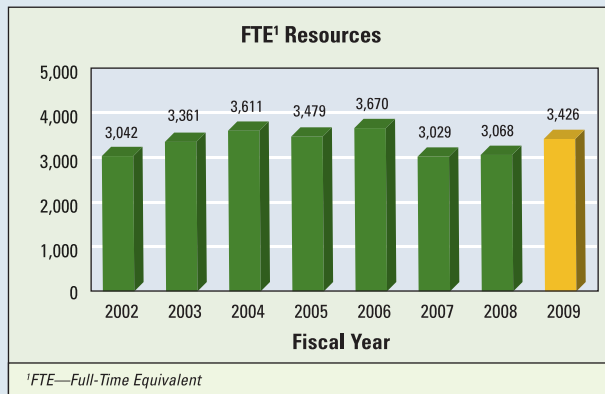
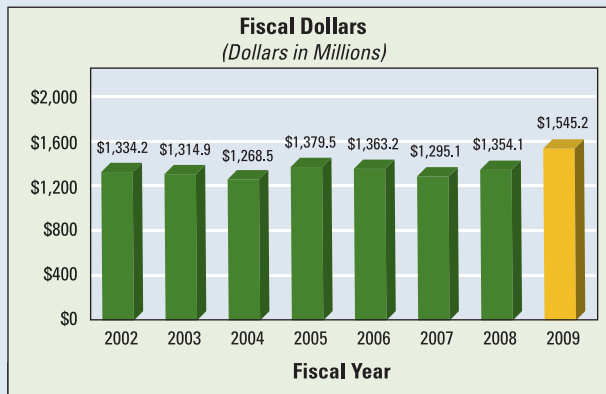
research; manage and protect fisheries and sensitive marine ecosystems; promote efficient and environmentally safe commerce and transportation; and provide emergency response and vital information in support of homeland security. The breadth and scope of these services require the Department to be responsive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

Overall performance within this goal has been fairly strong, meeting or exceeding targets on average 76 percent of the time from FY 2002 to FY 2009. Performance remained fairly consistent from FY 2002 to FY 2009 rising from 76 percent of targets met or exceeded in FY 2002 to 84 percent met or exceeded in FY 2009.

STRATEGIC OBJECTIVE 3.1

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

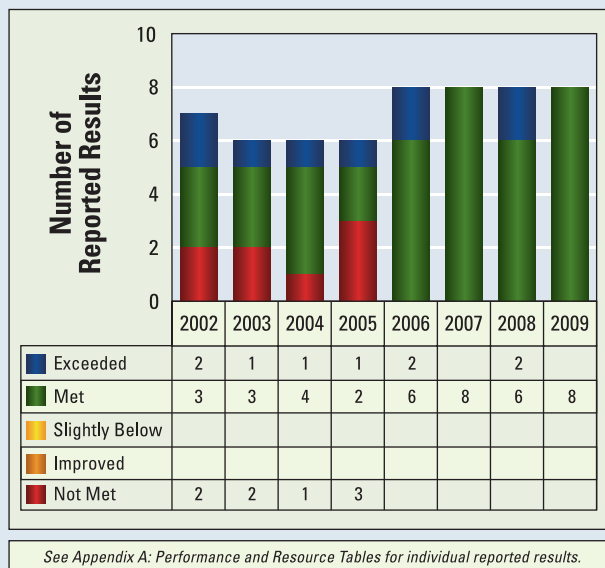
STRATEGIC OBJECTIVE 3.1 TOTAL RESOURCES



PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

STRATEGIC OBJECTIVE 3.1 PERFORMANCE RESULTS



Overall performance within this objective has been fairly strong, meeting or exceeding targets on average 84 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 (71 percent of targets met or exceeded) to FY 2009 (100 percent of targets met or exceeded).

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Fish stock sustainability index (FSSI)	548.5	565.5	Met
Percentage of living marine resources (LMR) with adequate population assessments and forecasts	42.1%	43.7%	Met
Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels	22	25	Met
Number of habitat acres restored (annual/cumulative)	9,000/58,742	9,232/58,974	Met
Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs	50	50	Met
Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management	41	41	Met
Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management	86%	86%	Met
Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection	2,000	2,243 ¹	Met
¹ Estimate.			

HISTORICAL TRENDS

For the most part, NOAA has consistently met or exceeded its targets for this outcome.

ACHIEVEMENTS

NOAA Takes Crucial Steps Toward Sustainable Fisheries

Working with the regional Fishery Management Councils (FMC), NOAA has made significant progress toward ending overfishing through the implementation of annual catch limits and accountability measures. NOAA published guidelines for the FMCs to use in implementing annual catch limits and accountability measures, which became effective February 17, 2009. NOAA successfully worked with the Gulf of Mexico FMC to define annual catch limits and accountability measures for all stocks classified as experiencing overfishing in the Gulf of Mexico one year in advance of the 2010 deadline. NOAA also published a proposed rule regarding certification procedures to address illegal, unregulated, and unreported fishing activities and bycatch of protected living marine resources; published guidelines and procedures for referenda required to establish Limited Access Privilege programs in the Northeast and Gulf of Mexico fisheries; published proposed regulations to govern the requests for determinations of fishery resource disasters; and drafted a proposed rule to revise National Standard 2 guidelines that mandate the use of the best available science. Overall, 54 of 79 specific tasks (68 percent) required by the Magnuson-Stevens Act have been completed, including 83 percent with a specific deadline. Just five percent have been delayed, and only five percent have had no action taken.

NOAA Assists New England Transition to New Groundfish Management Regime

Beginning May 1, 2009, NOAA implemented interim measures to govern Northeast groundfish fisheries. The interim measures strive to reduce overfishing, continue rebuilding groundfish stocks, and provide more options for fishing businesses trying to mitigate the economic effects of the measures. The measures will protect the stocks most in trouble while allowing the fishing industry to target healthier stocks as the fishery rebuilds. They will remain in place until the Council completes and NOAA implements new measures for Northeast groundfish fishery management, tentatively expected by May 2010. The Council and NOAA are working together 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. NOAA committed \$16.7 million to assist the Northeast fishing industry with the transition to management of the fishery by sectors and catch shares. The funds will be used both to develop data reporting and fishery monitoring systems that will allow transparent and near real-time management of the fishery, and to sponsor cooperative research, with fishermen and scientists working together to improve surveys of fish stocks and to develop and test fishing gear.

NOAA Awards 50 Grants to Restore Habitat through the American Recovery and Reinvestment Act

On June 30, 2009, NOAA awarded 50 grants for habitat restoration with funds received from the American Recovery and Reinvestment Act (ARRA) of 2009. The projects will restore thousands of acres of coastal habitat and help jumpstart the Nation's economy by supporting thousands of jobs. When complete, the projects will have restored more than 8,700 acres of habitat and removed obsolete and unsafe dams that will open more than 700 stream miles where fish migrate and spawn. The projects will also remove more than 850 metric tons of marine debris, rebuild oyster and other shellfish habitat, and protect 11,750 acres to reduce threats to coral reefs. These projects are located in 22 states and two territories, many in areas of high unemployment, including California, Oregon, and Michigan. The selected projects will employ Americans with a range of skills including laborers, nursery workers, design engineers, restoration ecologists, landscape architects, hydrologists, and specialized botanists, and will create indirect jobs in industries that supply materials and administrative, clerical, and managerial services.

Four Fish Stocks Declared Fully Rebuilt

NOAA reported to Congress in May that four stocks—Atlantic bluefish, Gulf of Mexico king mackerel, and two stocks of monkfish in the Atlantic—were rebuilt to allow for continued sustainable fishing. This is the largest number of stocks to be declared rebuilt in a single year since NOAA declared the first stock successfully rebuilt in 2001. Under the Magnuson-Stevens Fishery Conservation and Management Act, NOAA and the regional FMCs are required to end overfishing and prevent future overfishing, and to establish rebuilding schedules for overfished stocks. Federal fishery management plans must establish annual catch limits and accountability measures by 2010 for stocks subject to overfishing, and by 2011 for all other stocks. Overall, 40 stocks remained subject to overfishing, and 46 were overfished as of June 30, 2009. These represent 16 percent and 23 percent respectively of those stocks for which the status is known. There were 519 total stocks and stock complexes.

NOAA Takes Key Actions to Protect Endangered North Atlantic Right Whales from Ship Strikes

NOAA implemented several new measures in FY 2009 to protect highly endangered North Atlantic right whales from ship strikes. The new ship strike reduction measures combined with existing protective actions, including surveying whale migration routes by aircraft and mandatory ship reporting systems that provide advisories and information on right whale locations to mariners, form a comprehensive approach to help right whales recover. With approximately 300 whales in the population, these are among the most endangered whales in the world. Right whales are slow moving and highly vulnerable to ship collisions, since their migration

routes cross major East Coast shipping lanes. Thus, the two changes—requiring large ships to reduce speeds to 10 knots in areas where the whales feed and reproduce, and moving shipping lanes into Boston—are estimated to reduce the risk of right whale ship strikes by 74 percent during April–July. Approximately 3,500 ships move through the entire Boston shipping lanes area every year, and more than half of the world’s North Atlantic right whales are known to be in this area during the spring. NOAA researchers used more than 20 years of sighting data to determine the risk of whales being struck by ships in and around the Boston shipping lanes to help develop these changes.

NOAA Works With Partners To Deliver Recommendations for Implementing the Executive Order for Chesapeake Bay Protection and Restoration

NOAA launched three interagency teams in June 2009 to develop strategies and actions to meet the charge of Executive Order 13508, Chesapeake Bay Protection and Restoration. The Executive Order calls for greater shared federal leadership and acceleration of efforts to restore and protect the Chesapeake Bay. In September 2009, NOAA delivered three reports to the Executive Order’s Federal Leadership Committee for integration into a coordinated implementation strategy designed to transform the Bay’s restoration activities into a true application of ecosystem-based management for the Nation’s largest estuary. These reports emphasized actions to connect timely and accurate science to management decisions via a recommended ecosystem-based management framework; established priorities to deliver climate information and adaptation strategies to managers and jurisdictions for realistic adaptation planning; and drew the connections between protecting and restoring habitats to promoting sustainable resources and communities in the watershed. Three overarching actions include the development of a regional climate center, introduction of Bay-wide spatial management, and the implementation of ecological forecasting in the Chesapeake Bay watershed. Following interagency comment, the final reports and a draft strategy will be published for public comment in November 2009.

NOAA is Proactive Regarding the Effects of Climate Change on Living Marine Resources

NOAA and the National Science Foundation commissioned the first comprehensive national study of how carbon dioxide emissions may be altering fisheries, marine mammals, coral reefs, and other natural resources by reducing the pH of the oceans. Some of the most vulnerable species, like clams, crabs, lobsters, mussels, shrimp, and scallops, represent half of the \$4 billion value of fish harvested annually in U.S. waters. Decline of these species would also have profound effects on entire ecosystems, as shellfish and crustaceans provide food for many other species, and coral provides habitat for fish.

NOAA has initiated a study in collaboration with Louisiana State University and the Naval Research Laboratory to develop an ocean model with the capability of predicting the effects of onshore wind-induced movement of water near the ocean surface on the distribution of larval fish and shrimp in the northern Gulf of Mexico. Future uses for the model include an assessment of the potential effect of climate change on larval fish and shrimp recruitment in the northern Gulf of Mexico.

New NOAA Report Offers In-depth Look at Northwestern Hawaiian Islands Marine Life, Ecosystems, and New Coral Species

A new NOAA report on the Northwestern Hawaiian Islands (NWHI), protected by the Papahānaumokuākea Marine National Monument, provides the sharpest picture yet of the region’s marine life and ecosystems. The report, *A Marine Biogeographic Assessment of the Northwestern Hawaiian Islands*, examines the geographic distribution of the island chain’s marine life and habitats, and the conditions that determine where they are found. Significant findings include 80 types of coral and 15 whale species. Scientists also identified seven new species of bamboo coral discovered on a NOAA-funded mission in the deep waters of

the Papahānaumokuākea Marine National Monument, a five-foot tall yellow bamboo coral tree never described before, new beds of living deepwater coral and sponges, a giant "cauldron sponge," and other sponges that may represent new species or genera.

Gulf of Mexico Marine Debris Project

The NOAA Marine Debris Program with the Office of Coast Survey completed the Gulf of Mexico Marine Debris Project—surveys and maps of over 1,550 square nautical miles from Mobile Bay, AL to the Louisiana/Texas border—that located over 7,000 debris items in offshore fishing and shrimping grounds impacted by Hurricanes Katrina and Rita. The submerged marine debris posed a hazard to vessel traffic and could have adversely affected commercially viable fishing grounds. NOAA worked closely with the U.S. Coast Guard, Federal Emergency Management Agency (FEMA), and Louisiana Department of Natural Resources to survey offshore areas in Louisiana, map the new sonar contacts, and post them on the project Web site providing static maps and global positioning system (GPS) coordinates easily downloaded and printed, and an interactive mapping option where users can zoom into a specific area and point on a contact icon for more information.

NOAA and Public/Private Partners Restored Wetlands in Port Arthur, TX

NOAA, the U.S. Fish and Wildlife Service, Texas Commission on Environmental Quality, Texas Parks and Wildlife Department, and the Texas General Land Office worked with the Chevron Corporation to restore coastal wetlands in Port Arthur, TX, habitats injured by releases from refinery operations that took place decades ago. The largest restoration occurred in the Lower Neches Wildlife Management Area near the Gulf of Mexico, where a project restored historic water flow conditions to coastal wetlands. Estuarine intertidal marsh and coastal wet prairie were created. At the J.D. Murphree Wildlife Management Area, coastal emergent marsh plant communities have been restored to historical conditions through the installation of berms and other water control structures. These habitats were restored to compensate the public for the natural resources that were harmed by historical releases of hazardous substances from the original Clark Chevron refinery in Port Arthur, TX.

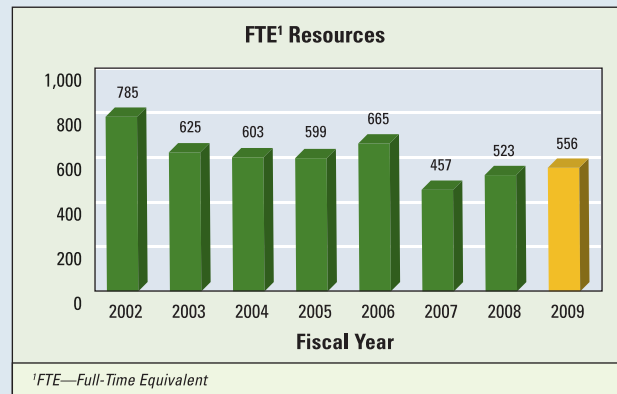
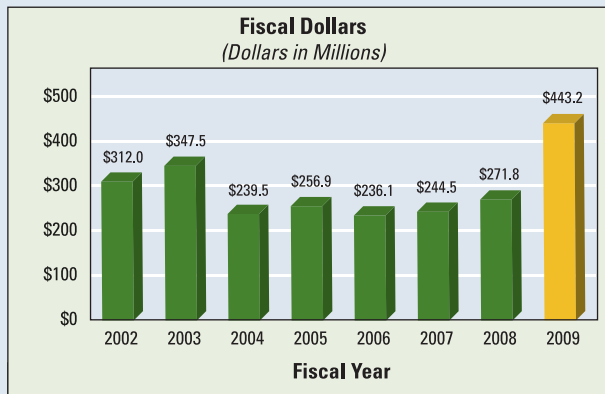
New NOAA Condition Reports Describe Resource Conditions at Four Sites of the National Marine Sanctuary System

Condition reports were published for Flower Garden Banks, Channel Islands, Cordell Bank national marine sanctuaries and the Papahānaumokuākea Marine National Monument. Condition reports are the latest in a new series of publications by the Office of National Marine Sanctuaries (ONMS) to provide resource managers and the public with a summary of sanctuary resources, pressures on those resources, current conditions and trends, and management responses to the pressures that threaten the integrity of the marine environment. Specifically, the reports include information on the status and trends of water quality, habitat, living resources and maritime archaeological resources, and the human activities that affect them. The reports serve as a vital and unique tool to determine if the sanctuaries are achieving their resource protection and improvement goals as reflected in ONMS performance measures established by OMB during a 2004 Program Assessment Rating Tool (PART) evaluation. Additionally, the reports help identify gaps in current monitoring efforts and highlights areas where additional information is needed. The data discussed in the reports enables sanctuary staff to not only acknowledge prior changes in resource status, but also provide guidance for future management challenges.

STRATEGIC OBJECTIVE 3.2

Advance understanding of climate variability and change

STRATEGIC OBJECTIVE 3.2 TOTAL RESOURCES

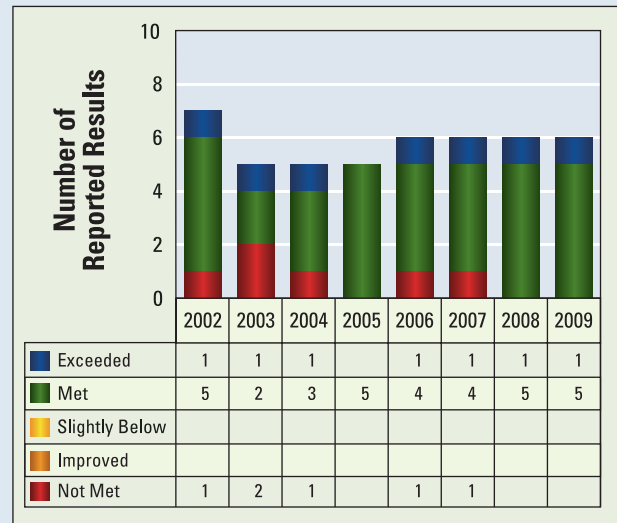


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

Overall performance within this objective has been fairly strong, meeting or exceeding targets on average 87 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 (86 percent of targets met or exceeded) to FY 2009 (100 percent of targets met or exceeded).

STRATEGIC OBJECTIVE 3.2 PERFORMANCE RESULTS



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

In FY 2009, NOAA continued its efforts to obtain the best science through the U.S. Global Change Research Program (USGCRP, formerly the Climate Change Science Program) and NOAA Climate Program. NOAA accomplished this through its continuing role as lead agency of the interagency USGCRP. In addition, NOAA increased the production of climate information and services for decisions, including completion of the USGCRP Synthesis and Assessment Reports, and implementation of the National Integrated Drought Information System (NIDIS).

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made)	20	27.5	Exceeded
Uncertainty in the magnitude of the North American carbon uptake	0.40 GtC/year	0.40 GtC/year ¹	Met
Uncertainty in model simulations of the influence of aerosols on climate	20% improvement	20% improvement	Met
Determine the national explained variance (%) for temperature and precipitation for the contiguous United States using U.S. Climate Reference Network (USCRN) stations	Temperature-98.0% Precipitation-95.0%	Temperature-98.3% Precipitation-95.1%	Met
Error in global measurement of sea surface temperature	0.50°C	0.50°C	Met
Regionally focused climate impacts and adaptation studies communicated to decisionmakers	37 assessments/ evaluations	37 assessments/ evaluations	Met
¹ Estimate.			

ACHIEVEMENTS

New Authoritative Assessment of National, Regional Impacts of Global Climate Change

On June 16, 2009, the USGCRP 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 the Nation and its people. The document is an authoritative scientific report written so as to better inform public and private decision-making at all levels. The report draws from a large body of scientific information, including the set of 21 Synthesis and Assessment Products from the USGCRP and the assessments of the Intergovernmental Panel on Climate Change. This report provides a single coherent analysis of the current understanding of climate change science and identifies gaps that remain in climate science.

USGCRP Completes Suite of 21 Climate Assessment Reports

In 2009, the USGCRP released four NOAA-led Synthesis and Assessment Products that completed the suite of 21 USGCRP assessments. These reports are richly illustrated documents that provide climate information useful to policymakers and resource managers across the United States and its territories. These reports join the large body of scientific information included in the set of 21 Synthesis and Assessment Products from the USGCRP to which NOAA substantially contributed.

New Observing Network in Indian Ocean to Improve Monsoon Prediction

A new array of moored buoys in the Indian Ocean will provide critical climate and ocean data to help scientists predict the dramatic variations between seasonal monsoon rains and droughts. NOAA's Pacific Marine Environmental Laboratory in Seattle, and nine partners from Australia, China, France, India, Indonesia, Japan, and the United States are deploying the Research Moored Array for African-Asian-Australian Monsoon Analysis and Prediction (RAMA) program. This effort is part of the implementation of a memorandum of understanding (MOU) signed in April 2008. By the end of 2008, instruments had been deployed at 22 of the RAMA mooring sites. Contributing organizations intend to complete the full array of 46 moorings by 2012.

The new, multi-national network of buoys sited across the historically data-sparse Indian Ocean is designed to address unresolved questions related to Indian Ocean variability and to advance monsoon research and forecasting. The research will offer direct benefits to society, as monsoon rain is critical to agricultural production that supports a third of the world's population.

Guidance for Water Management in a Changing Climate

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 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.

Adaptation Planning Course Aids International Stakeholders

NOAA staff members developed and delivered a 10-day training program, Planning for Climate Change in the Coastal and Marine Environment, in Vietnam, the Philippines, and the Galapagos Islands. The course was completed by approximately 150 participants from local marine protected areas and from national, regional, and local governments. NOAA is adapting the curriculum for U.S. communities. Climate change adaptation training programs help build resilient communities by educating local governments on climate change and its impacts on the marine environment. Training in the Philippines focused specifically in the area of the Verde Island Passage, considered to be the world's center of marine biodiversity. Participants learned strategies for conducting vulnerability and risk assessments and varied methods of adaptation planning.

NOAA Establishes a New Cooperative Institute for Climate and Satellites

On May 28, 2009, NOAA scientists teamed up with experts from the University of Maryland and North Carolina State University to establish a new Cooperative Institute for Climate and Satellites (CICS). The new institute will use satellite observations to detect, monitor, and forecast climate change and its impact on the environment, including ecosystems. The CICS will also create new climate data records for the Geostationary Operational Environmental Satellite-R series (GOES-R) and the National Polar-orbiting Operational Environmental Satellite System (NPOESS). The institute will have two locations, College Park, MD, (CICS-MD) and NOAA's National Climatic Data Center in Asheville, NC (CICS-NC). Other partners include: Howard University, Princeton University, Duke University, the University of California at Irvine, Columbia University, the University of Miami, the University of North Carolina at Chapel Hill, Oregon State University, Colorado State University, Remote Sensing Systems in Santa Rosa, CA, and the City University of New York.

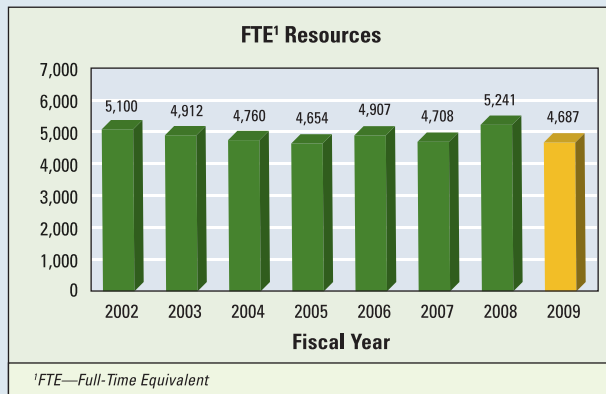
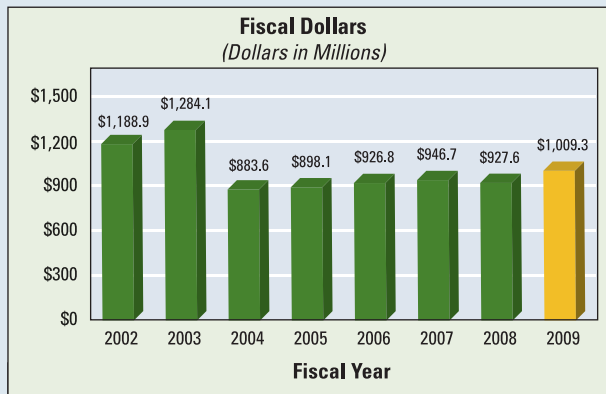
New Guide to Improve Climate Literacy

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 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 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 teaching the concepts of climate science. The release of the guide was announced at the National Science Teachers Association's 2009 National Conference in New Orleans, LA.

STRATEGIC OBJECTIVE 3.3

Provide accurate and timely weather and water information

STRATEGIC OBJECTIVE 3.3 TOTAL RESOURCES

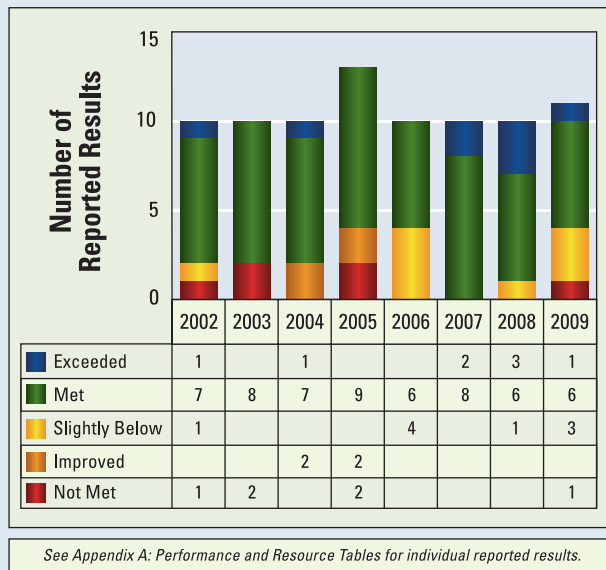


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

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

STRATEGIC OBJECTIVE 3.3 PERFORMANCE RESULTS



Overall performance within this objective has been good, meeting or exceeding targets on average 79 percent of the time from FY 2002 to FY 2009. Performance dipped from FY 2002 (80 percent of targets met or exceeded) to FY 2009 (64 percent of targets met or exceeded).

PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Cumulative percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts	32%	32%	Met
Severe weather warnings for tornadoes (storm-based) – Lead time (minutes)	12	12 ¹	Met
Severe weather warnings for tornadoes (storm-based) – Accuracy (%)	69%	66% ¹	Slightly Below
Severe weather warnings for tornadoes (storm-based) – False alarm rate (%)	72%	77% ¹	Not Met
Severe weather warnings for flash floods – Lead time (minutes)	49	73	Exceeded
Severe weather warnings for flash floods – Accuracy (%)	90%	91%	Met
Hurricane forecast track error (48 hours) (nautical miles)	108	86 ²	Met
Hurricane forecast intensity error (48 hours) (difference in knots)	13	14 ²	Slightly Below
Accuracy (%) (threat score) of day 1 precipitation forecasts	29%	30%	Met
Winter storm warnings – Lead time (hours)	16	18	Met
Winter storm warnings – Accuracy (%)	91%	90%	Slightly Below

¹ Estimate.
² Reflects 2008 target and actual results. 2009 results not available until February 2010.

FY 2009 MISSED TARGETS

MEASURE	SEVERE WEATHER WARNINGS FOR TORNADOES (STORM-BASED) – ACCURACY
Explanation	Accuracy has fallen slightly below the FY 2009 goal. The observed performance is typical of other severe weather seasons similar to 2009. These total numbers for the year are much lower than normal. Even through peak tornado season, the very low number of warnings issued do not provide a representative sample of tornado warning performance. The few tornado events observed generally occurred in marginal tornado environments, with most being brief and weak tornadoes reported. These types of events are generally quite challenging for warning forecasters. The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.

MEASURE	SEVERE WEATHER WARNINGS FOR TORNADOES (STORM-BASED) – FALSE ALARM RATE
Explanation	FY 2009 has been characterized by an unusually high proportion of weak, brief tornadoes occurring in marginal environments. The number of tornado events through peak season of FY 2009 is low at 1,018 events, compared to the total number of events (1,800) for a typical fiscal year. There have been some improvements in false alarms, though this statistic is still above the goal of 72 percent. The observed performance is typical of other severe weather seasons similar to 2009. The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.
MEASURE	HURRICANE FORECAST INTENSITY ERROR
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.
MEASURE	WINTER STORM WARNINGS – ACCURACY
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.

HISTORICAL TRENDS

NOAA has either consistently met or been slightly below the targets for nearly all its measures since FY 2002.

ACHIEVEMENTS

National Tornado Experiment

In the spring of 2009, a collaborative nationwide project exploring the origins, structure, and evolution of tornadoes occurred. The project, Verification of Origin of Rotation in Tornadoes EXperiment2 (VORTEX2 or V2), is the largest and most ambitious attempt to study tornadoes in history and involves more than 50 scientists and 40 research vehicles, including 10 mobile radars. Scientists sampled (and will do so again in 2010) the environment of supercell thunderstorms—violent thunderstorms capable of producing damaging winds, large hail, and tornadoes—that form over more than 900 miles of the central Great Plains. Areas of focus include southern South Dakota, western Iowa, eastern Colorado, Nebraska, Kansas, the Texas panhandle and western Oklahoma. The V2 Operations Center will be at the National Weather Center in Norman, OK.

The VORTEX2 teams will be looking to understand how, when, and why tornadoes form. V2 is a program funded by NOAA, the National Science Foundation, 10 universities, and three non-profit organizations. The original VORTEX program, operated in the central Great Plains during 1994 and 1995, documented the entire life cycle of a tornado for the first time in history. Recent improvements in National Weather Service (NWS) severe weather warning statistics may be partly due to the application of VORTEX findings. V2 will build on the progress made during VORTEX and further improve tornado warnings and short-term severe weather forecasts.

First Wintertime Observations Find Ozone Soaring near Natural Gas Field

During the past three winters, ozone—normally linked to hot weather and urban pollution—has soared to health-threatening levels near a remote natural gas field in northwestern Wyoming. Scientists at NOAA's Earth System Research Laboratory have solved the problem of how ozone can form in cold weather at levels threatening to human health. Their results, published January 18 in the journal *Nature Geosciences*, are forcing researchers to rethink the mechanics of ground-level ozone production. The NOAA analysis, the first ever for rapid ozone production in cold temperatures, suggests the problem could be more widespread. Among other likely areas are Russia, Kazakhstan, Mongolia, and China. Ozone measurements in most of these regions are limited or nonexistent in winter.

The NOAA team found ozone was rapidly produced on frigid February days in 2008 when three factors converged: ozone-forming chemicals from the natural gas field, a strong temperature inversion that trapped the chemicals close to the ground, and extensive snow cover, which provided enough reflected sunlight to jump-start the needed chemical reactions. Besides motor vehicle exhaust, industrial gases, and other urban emissions, it was previously thought that direct sunlight and hot weather were also required for high ozone concentrations to occur. Thus, ozone is routinely monitored only between April and October in the United States. But from January to March 2008, instruments near the Jonah and Pinedale Anticline natural gas field showed that (in 14 days) ozone exceeded the U.S. Environmental Protection Agency's (EPA) limit of 75 parts per billion averaged over eight hours. At times, single-hour averages topped 140 parts per billion—rivaling peak summertime levels of 150 parts per billion measured in highly polluted cities. The state of Wyoming issued its first ever wintertime ozone advisories during those months.

Hurricane Paloma Provides Opportunity for First Rapid Intensity Experiment

The Atlantic Oceanographic and Meteorological Laboratory's (AOML) Hurricane Research Division conducted the first-ever coordinated rapid intensity experiment in Hurricane Paloma, the second strongest November Atlantic hurricane on record. Better understanding how and why hurricanes undergo rapid intensification is important for improving the ability to better predict these storms, especially prior to landfall. Improving prediction of rapidly intensifying hurricanes is also a goal of NOAA's Hurricane Forecast Improvement Project. Three NOAA P-3 missions were flown into the core of Paloma while two G-4 research missions were conducted in the near-storm environment, Paloma's maximum winds increased by 50 knots and the mean sea level pressure dropped by 38 millibars over 24 hours while the experiment was being conducted. One hundred fifteen GPS drop wind sondes were released and data from most of them were transmitted from the aircraft. Fifty-four airborne expendable bathythermographs (water temperature probes) were used to sample the upper ocean beneath Paloma. Fourteen Doppler analyses were performed and transmitted during the P-3 flights and multiple sets of Super Obs (observations that are reduced by 90 percent for efficient model assimilation) were generated for model initialization. Five real-time runs of the high-resolution research model HRS were also completed at AOML.

Storm Surge Model Improved

To estimate storm surge heights and winds, NOAA's NWS forecasters and emergency managers can now call up time series graphs and display along with surge information from the Sea, Lake and Overland Surges from Hurricanes (SLOSH) program, a computerized model run by NOAA's National Hurricane Center. Other improvements provide additional Geographic Information System (GIS) capabilities and options for displaying roads, populated areas, and city boundaries to assist NWS's Tropical Prediction Center to make better use of the SLOSH display for media briefings. To better support NOAA's Integrated Ocean Observing System (IOOS), NOAA delivered real-time water levels and predictions for the SLOSH enhancements to National Hurricane Center's Center for Operational Oceanographic Products and Services (CO-OPS) also provided the Lowest Astronomical Tide/Highest Astronomical Tide values statistical tools which are used in the National Hurricane Center storm surge model and are relied upon by Weather Forecast Offices and Emergency Managers for public warnings and evacuations.

Tool Bolsters Hawaii's Capacity to Respond to Floods

The Hawaii Flood Response Tool was installed at the Pacific Disaster Center in August 2009. This application assists emergency managers by improving the state's ability to respond to floods and flood threats. The application provides centralized access to real-time data from multiple sources, such as imagery from satellite and radar and data on precipitation, and streamflow. This information can be easily paired with local GIS data to help emergency managers and first responders make critical decisions related to flood events.

Tsunami Program

Tsunamis are infrequent, but high-impact natural hazards that have the potential to cause considerable numbers of fatalities, inflict major damage to infrastructure, and result in significant social upheaval, economic disruption, and environmental degradation to large coastal sections of the United States. The cost of the economic disruption as a result of a major tsunami damaging the ports of Los Angeles and Long Beach, CA is estimated to be \$1 billion each day the port is closed. As coastal economic growth and population density increase, so does the risk of economic damage and harm to people from tsunamis. Specific 2009 accomplishments include: (1) published a Tsunami Data Management Plan, a U.S. Tsunami Hazard Assessment Plan, and a Tsunami Strategic Plan; and (2) developed nine new Coastal Relief Grids for Adak, AK; Wake Island; Midway Atoll; Taholah, WA; Shemya, AK; Eureka, CA; Ocean City, MD; Pago Pago; and Arena Cove, CA.

For the first time, NOAA scientists have demonstrated that tsunamis in the open ocean can change sea surface texture in a way that can be measured by satellite-borne radars. The finding could one day help save lives through improved detection and forecasting of tsunami intensity and direction at the ocean surface. Large tsunamis crossing the open ocean stir up and darken the surface waters along the leading edge of the wave, according to the study. The rougher water forms a long, shadow-like strip parallel to the wave and proportional to the strength of the tsunami. That shadow can be measured by orbiting radars and may one day help scientists improve early warning systems. The research is published online in the journal, *Natural Hazards and Earth System Sciences*.

NOAA Installs Dual Polarization Radar Production Prototype

Following the successful completion of the Integration Test Readiness Review in May 2009, NOAA installed the Dual Polarization modification production prototype on a development radar system in Norman, OK. The Dual Polarization modification represents the single most significant improvement in weather radar technology since the completion of the Doppler radar deployment in the mid 1990s and will significantly improve radar precipitation estimation accuracy; its capability to differentiate hail, snow, and rain; and the general quality of data the radar produces. These improvements will lead to improved severe weather and flood forecasts.

NOAA Introduces El Niño-Southern Oscillation Alert System

NOAA rolled out its new El Niño-Southern Oscillation (ENSO) Alert System in February 2009. Issued each month, the Alert System will succinctly describe the onset and status of the ENSO in order to increase understanding among federal and state agencies, academia, the private sector, and the general public. Climate watches and advisories are a way to heighten awareness in the user community that a significant climate anomaly exists or might develop and that preparedness measures should be initiated. Recently the ENSO Alert System was used to communicate accurate and timely forecasts of the 2009 El Niño conditions a month in advance, and can provide up to a six-month advance notice under certain circumstances. NOAA issued an El Niño watch in June and an advisory in July. The information from these products promoted early awareness among NWS personnel, customers, and partners of potential impacts to the 2009 Atlantic Hurricane season and to the Nation for the upcoming winter season 2009-2010.

NOAA Deploys the Community Hydrologic Prediction System to Four River Forecast Centers

In February 2009, NOAA deployed the Community Hydrologic Prediction System (CHPS) to the first four River Forecast Centers (RFC). This system provides valued science, software, and information, thus helping manage water resources and save lives. As part of a risk-reduction activity, four RFCs (in Sacramento, CA (California Nevada RFC), Portland, OR (Northwest RFC), Tulsa, OK (Arkansas-Red Basin RFC), and Taunton, MA (Northeast RFC)) were migrated to CHPS one year ahead of the remaining nine RFCs. This deployment began the next phase in replacing the existing, aging NWS river forecast modeling software system, which has been in use since the 1970s. This modernization will enable all 13 RFCs to provide expanded and improved services to their partners and customers.

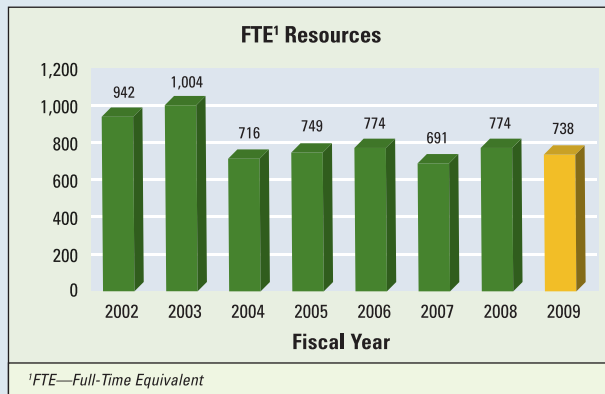
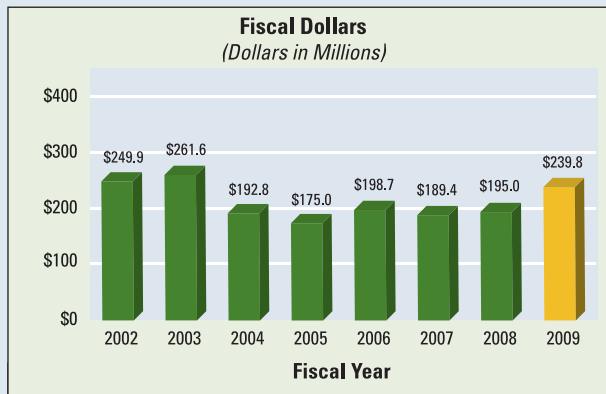
NOAA Helps Implement International Flash Flood Guidance System

NOAA has signed an agreement with the Hydrologic Research Center, the U.S. Agency for International Development (USAID), and the World Meteorological Organization to implement an International Flash Flood Guidance System. This system is composed of 22 regional servers that collect data, run models, and provide developing National Meteorological and Hydrological Services around the world with products needed to issue warnings for very small flash flood prone river basins where communities are at risk for potential catastrophic flash flooding. The first regional system was funded by USAID and implemented in Central America. The second system implemented was in the Mekong countries in Southeast Asia. Two additional systems have been funded and are now in the early stages of development with the third system in southern Africa and the fourth in the Middle East.

STRATEGIC OBJECTIVE 3.4

Support safe, efficient, and environmentally sound commercial navigation

STRATEGIC OBJECTIVE 3.4 TOTAL RESOURCES

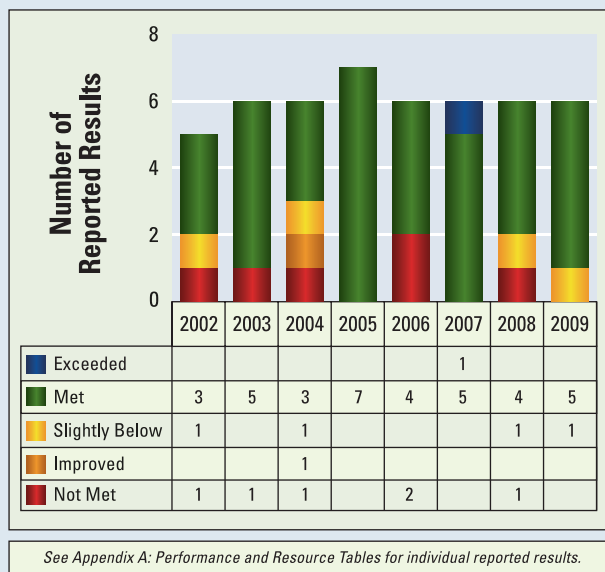


PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

U.S. transportation systems are economic lifelines for the Nation. As U.S. dependence on surface and air transportation grows over the next 20 years, and as maritime trade doubles, better navigation and weather information provided by NOAA will be critical to protect lives, cargo, and the environment. For example, better aviation weather information could significantly reduce the \$4 billion lost through economic inefficiencies as a result of weather-related air traffic delays. Improved surface forecasts and specific user warnings would likely reduce the 7,000 weather-related fatalities and 800,000 injuries annually from vehicle crashes.

Overall performance within this objective has been good, meeting or exceeding targets on average 76 percent of the time from FY 2002 to FY 2009. Performance improved from FY 2002 (60 percent of targets met or exceeded) to FY 2009 (83 percent of targets met or exceeded).

STRATEGIC OBJECTIVE 3.4 PERFORMANCE RESULTS



PERFORMANCE MEASURE (NOAA)	TARGET	ACTUAL	STATUS
Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	3,000	3,219 ¹	Met
Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity	69.0%	72.0%	Met
Marine wind speed accuracy (%)	69%	73%	Met
Marine wave height accuracy (%)	74%	77%	Met
Aviation forecast accuracy of ceiling/visibility (3 mile/1,000 feet or less) (%)	64%	63%	Slightly Below
Aviation forecast FAR for ceiling/visibility (3 mile/1,000 feet or less) (%)	43%	38%	Met

¹ Estimate.

FY 2009 MISSED TARGETS

MEASURE	AVIATION FORECAST ACCURACY OF CEILING/VISIBILITY
Explanation	The performance target was set at an approximate target level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.
Action	See above. No remedial action taken.

ACHIEVEMENTS

NOAA Satellites Helped Rescue 184 People in 2009

NOAA satellites were key factors in the rescues of 184 people throughout the United States and its surrounding waters in 2009 thanks to the Search and Rescue Satellite-Aided Tracking (SARSAT) program. In each incident, NOAA satellites detected and located a distress signal from an emergency beacon and relayed the information to first responders on the ground. The international SARSAT system, called COSPAS-SARSAT, uses a network of satellites to quickly detect and locate distress signals from emergency beacons on board aircraft and boats and from handheld personal locator beacons. When a satellite finds the location of a distress signal within the United States or its surrounding waters, it is relayed to the SARSAT Mission Control Center at NOAA's Satellite Operations Facility in Suitland, MD, then to a Rescue Coordination Center, operated by either the U.S. Air Force for land rescues, or the U.S. Coast Guard for water rescues. Now in its 27th year, COSPAS-SARSAT has been credited with supporting more than 25,000 rescues worldwide, including 6,134 in the United States and its surrounding waters.

NOAA's National Geophysical Data Center Supports Safe Navigation

NOAA Satellites and Information's National Geophysical Data Center has primary archive and data stewardship responsibility for NOAA's Marine Transportation System (MTS) program. In March 2009, NOAA developed a new, much higher resolution model of Earth's magnetic field. This new model and the resultant grid capture not only the field generated from the interior of Earth's core, but also the anomalous field in the crust, a major source of error when navigating by magnetic compass. The new and improved model will lead to more accurate navigational capability for ship and aircraft.

NOAA Expands International Reference Network Adding 43 GPS Stations

The NOAA Continuously Operating Reference Station (CORS) network now contains over 1,200 sites spanning the United States, its territories, and several foreign countries. NOAA's National Geodetic Survey (NGS) incorporated 43 new GPS tracking sites into the CORS network, including 13 new sites established by the Federal Aviation Administration (FAA) as part of their Wide Area Augmentation System (WAAS) in Alaska, Canada, and Mexico. WAAS provides differential GPS correctors for safe airline navigation across North America to help precisely determine a position and enable pilots to determine the three-dimensional location of their aircraft with an accuracy of a few meters. The WAAS network now contains 38 GPS tracking sites.

The CORS network is a critical NOAA product that helps ensure the consistency and accuracy of the Nation's spatial reference system. These additional stations are part of a continuing effort by NOAA's National Ocean Service (NOS) to improve the accuracy of the spatial reference system and be on the cutting edge of positioning technology. These new sites significantly improve the geographic coverage of the CORS network and the accuracy with which CORS users can position things, including property boundaries, transportation arteries, buildings, and other map-worthy objects. The expanded coverage will also benefit those organizations that apply CORS data to monitor the distribution of water vapor in the atmosphere and the distribution of free electrons in the ionosphere. Knowing the distribution of water vapor is critical for accurately forecasting severe weather such as hurricanes, tornadoes, and thunder storms. An overabundance of free electrons in the ionosphere can disrupt those communications services that involve satellite links. Alternatively, users can submit their GPS data to the Web-based Online Positioning User Service (OPUS) utility to have NOAA compute such coordinates automatically.

Study: Economic Value of NOAA's Geodetic Services at \$2.4 Billion

According to a new independent study by Leveson Consulting, Jackson, NJ, the National Spatial Reference System (NSRS), the official U.S. government source for precise latitude, longitude, and elevation measurements, provides more than \$2.4 billion in potential annual benefits to the U.S. economy. Refining and modernizing the system for measuring elevation has the potential to net an additional \$522 million in annual economic benefits. The study analyzed the total economic value of all revenue generated from private surveying and mapping as well as from related services in the government and non-profit sectors. It also assessed the potential cost savings due to improved accuracy of position and elevation data. The study found that NOAA's CORS network—part of NSRS—provides an estimated \$758 million per year in benefits. This advanced system marries the concept of reference stations on the ground with GPS technology to provide more precise positioning delivered via the Internet. Scientific, military, and engineering activities usually require accuracy of a few inches versus typical commercial GPS users requiring accuracy of a few yards.

New NOAA System Improves Safety and Efficiency of Ships in Lake Charles

Mariners can now get free real-time information on water and weather conditions for the Port of Lake Charles, LA, from a new NOAA ocean observing system at the port. The NOAA Physical Oceanographic Real-Time System (PORTS®) at Lake Charles provides observations of tides, currents, water and air temperature, barometric pressure, winds, and bridge clearance. PORTS® can significantly reduce the risk of vessel groundings and increase the amount of cargo moved through the port by enabling mariners to safely utilize every inch of dredged channel depth. The system also allows large ships to time their arrivals and departures more efficiently. Governed by the Lake Charles Harbor and Terminal District, the Port of Lake Charles covers 203 square miles in Calcasieu Parish and accommodates 58 million tons of cargo annually at its public facilities. The functioning of this port is vital to the national economy and is responsible for 160,498 jobs, \$8 billion in earnings, \$17 billion in spending, and \$800 million in taxes statewide.

NOAA's Survey Teams Respond Quickly to Keep Marine Transportation Moving Safely

NOAA Office of Coast Survey's Navigation Response Teams, survey vessels, and contract surveyors responded to survey requests in the Nation's busiest ports in several high risk situations such as:

- Locating the wreck of the 71-foot fishing vessel LADY MARY which sank 74 miles from the entrance of the Delaware River, tragically losing four crew members;
- Supporting the search for the missing engine of U.S. Airways Flight 1549, the 155-passenger commercial plane which made an emergency water landing on the Hudson River;
- Conducting surveys in Honolulu Harbor in response to reports of container ships "touching bottom" while docking because of uncharted and dangerous shoaling around certain pier faces within the harbor;
- Locating the submerged oil rig ENSCO, which was toppled by Hurricane Ike near Galveston, TX, and posed a real threat to oil tanker lightering operations; and
- Assisting the U.S. Coast Guard and Army Corps of Engineers with salvage operations of a 175-foot derelict barge in the Hylebos Waterway and Commencement Bay.

Coast Survey responds quickly to hydrographic survey needs which benefit both maritime commerce and environmental protection by reducing risk of maritime accident in U.S. ports and waterways.

NOAA Surveys and Maps Critical Coastal Areas with American Recovery and Reinvestment Act Funds

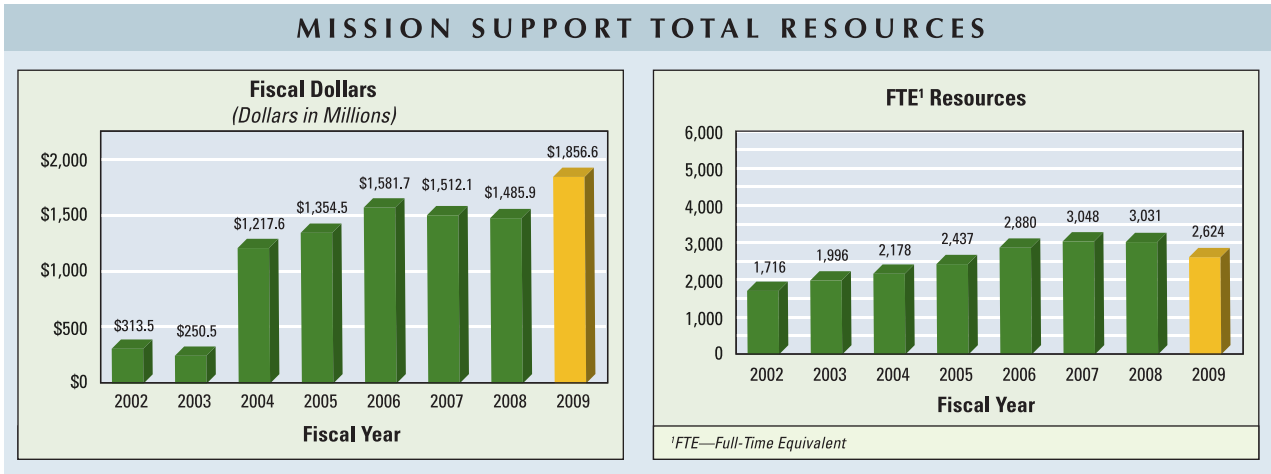
As announced by Secretary of Commerce Gary Locke at an event on August 23rd in Norfolk, VA, NOAA's Navigation Services programs awarded \$40 million in ARRA funds for critical hydrographic survey projects to eight private sector firms in 2009. The contracts are for seafloor mapping data to update nautical charts and provide up-to-date information on eight critical coastal areas, some that were last surveyed over 70 years ago. To ensure maritime safety—and to avoid ecological disasters—vessels require the high degree of accuracy and complete bottom coverage that modern surveys provide. These surveys will provide the data necessary for updating nautical charts along coastlines that are experiencing heavy or hazardous marine transport. The data strengthens U.S. maritime commerce and international trade for continuing economic growth, and is also very beneficial for other uses like storm surge and emergency planning, marine spatial planning, and coastal zone management. When complete, the ARRA-funded projects will have charted nearly 2,000 square nautical miles in the Chesapeake Bay, and in the coastal waters of Alaska, Washington, California, Louisiana, Alabama, Florida, and Virginia. This work more than doubles the area that would have been covered by NOAA's survey contractors in 2009 without ARRA funds.

Office of Coast Survey Works to Reduce Hydrographic Survey Backlog

The NOS Office of Coast Survey addressed the survey backlog with updated hydrographic surveys of critical areas of the United States, such as high traffic port areas, areas with known but unsurveyed changes, and areas never before surveyed which make up about four percent of the total navigationally significant areas in need of surveys in the United States. The Office of Coast Survey obligated contract funds to address survey backlog to deliver roughly 1,380 square nautical miles. The Office of Coast Survey obligated American Recovery and Reinvestment Act (ARRA) funded hydrographic survey task orders by August 1, 2009 for over 1,800 square nautical miles of additional survey area. Overall the program has acquired 3,476 square nautical miles meeting its FY 2009 3,000 square nautical miles target. Without the surveys, ocean bottom conditions that are hazardous to navigation will not be located, identified, and placed on nautical charts to help mariners navigate safely and avoid accidents, spills, loss of life, and cargo, and damage to the environment. NOAA's hydrographic data supports planning, management, and science applications in the coastal zone.

MISSION SUPPORT OBJECTIVE

Provide critical support for NOAA's mission



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

ACHIEVEMENTS

Launched NOAA Geostationary Operational Environmental Satellite-O Series

On June 27, 2009, the Geostationary Operational Environmental Satellite-O series (GOES-O) Satellite was successfully launched from the Kennedy Space Center. GOES-O successfully reached orbit, joining three other GOES spacecraft that help NOAA forecasters track life-threatening weather and solar storms by providing reliable satellite coverage to see severe weather as it develops. With more than a thousand tornadoes touching down in the United States each year and the serious risk posed by hurricanes to residents along the Gulf and East coastlines, it is critical that GOES-O is in orbit and ready when needed. GOES-O is the second spacecraft in the GOES-N/O/P series and features significant improvements in the instruments that capture high-resolution images of weather patterns and atmospheric measurements. The imagery and data NOAA gets from GOES satellites are key to NOAA's ability to continuously monitor and diagnose weather in the tropics. Continued improvements in the type and quality of GOES data will contribute to improvements in tropical cyclone forecasts. GOES-O also provides expanded measurements for space and solar environment monitoring using a Solar X-Ray Imager (SXI). The SXI data are improving forecasts and warnings for solar disturbances, protecting billions of dollars of commercial and government assets in space and on the ground and lessening the effect of power surges for the satellite-based electronics and communications industry. On July 7, 2009, GOES-O was placed in its final orbit and renamed GOES-14. GOES-14 also contributes to the emerging Global Earth Observation System of Systems (GEOSS). GEOSS is an ongoing effort among more than 70 nations to develop a worldwide network to monitor the world's changing climate.

Launched New Polar-orbiting Satellite

On February 6, 2009, NOAA-N Prime was successfully launched from the Vandenberg Air Force Base in California aboard a Delta-II rocket. The new NOAA polar-orbiting operational environmental satellite circles the globe every 102 minutes taking images and measurements to support NOAA's efforts to forecast and monitor the environment. NOAA-N Prime, renamed NOAA-19 after reaching orbit, joins NOAA-18 and a European satellite as environmental satellites already in polar orbit that NOAA uses in its forecasts. NOAA-19 carries six scientific instruments, two search and rescue instruments, and a data recording system. Unique to this satellite is an advanced data collection system that will relay meteorological and oceanographic data—even track migration patterns of wildlife—to help researchers improve their study of Earth's environment. NOAA-19 will support several NOAA programs, including weather analysis and forecasting, climate research and prediction, global sea surface temperature measurements, atmospheric soundings of temperature and humidity, ocean dynamics research, volcanic eruption monitoring, forest fire detection, global vegetation analysis, and search and rescue operations. NOAA-19 will help NOAA monitor current conditions in the atmosphere and oceans and keep tabs on long-term climate trends. These data are increasingly important in polar regions, given the potential effects of climate change on the polar ice cap and sea ice extent. NOAA is working closely with the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT) to ensure polar seamless satellite coverage. Under an agreement, two of NOAA's polar-orbiting satellites—NOAA-18 and NOAA-19—are carrying a EUMETSAT instrument. In return, through 2020, EUMETSAT is carrying key NOAA instruments on board its European-built Metop satellites, which fly in morning orbits. NOAA-19 also contributes to GEOSS.

NOAA Announces GOES-R Spacecraft Awards

In December 2008, NOAA and National Aeronautics and Space Administration (NASA) officials announced that they selected Lockheed Martin Space Systems to build two spacecraft for NOAA's next generation GOES series, GOES-R. The advanced spacecraft and instrument technology used on the GOES-R series will result in more timely and accurate weather forecasts. It will improve support for the detection and observations of meteorological phenomena that directly affect public safety, protection of property, and ultimately, economic health and development, and give a greater understanding of the changing climate. The first launch of the GOES-R series satellite is scheduled for 2015. The Advanced Baseline Imager (ABI) provides significant advancements over the current GOES imaging capabilities with three times the spectral, four times the spatial, and more than five times the temporal resolution. NWS forecasters will see detailed rapid update images of potentially deadly hurricanes every 30 seconds, instead of the current 7.5 minutes. GOES-R will also carry an instrument called the Geostationary Lightning Mapper, which will quickly locate all lightning flashes occurring anytime, anywhere in the Western Hemisphere thus aiding in predicting tornadoes, which often spawn from lightning-packed thunderstorms. Other benefits include greater monitoring of surface temperatures in metropolitan areas to improve warnings for heat stress and better data to bolster the forecasts for unhealthy air quality days. The GOES-R will feature advanced solar monitoring instruments for space weather forecasts and warnings of solar storms. These storms endanger billions of dollars worth of commercial and government assets in space and cause power surges for the satellite-based electronics and communications industry. Geomagnetic storms caused by energetic streams of particles and fields that originate from the Sun impact Earth's magnetic field, interact with the long wires of the power grid, and cause electrical currents to flow in the grid. These currents cause imbalances in electrical equipment, reducing its performance and leading to dangerous overheating.

NOAA Ships and Aircraft

NOAA's Office of Marine and Aviation Operations continues to modernize the Agency's fleet of ships and aircraft to modernize data collection and improve data quality. In June 2009, NOAA took delivery of PISCES, the third of four new fisheries survey vessels. The ship will support NOAA's mission to protect, restore, and manage the use of living marine, coastal, and ocean resources. NOAA ship ALBATROSS IV ended 45 years of admirable federal service to NOAA following decommissioning ceremonies in November 2008. Since entering service in 1963, this grand ship has logged 453 research cruises and sailed an estimated 655,272 miles. ALBATROSS

IV is the last of four vessels sharing the same name sailing from Woods Hole since 1883. The original ALBATROSS was the first built exclusively for marine research by any government. ALBATROSS IV was replaced by the new fishery survey vessel, HENRY B. BIGELOW, following fish stock assessment comparisons to ensure time-series data quality and consistency.

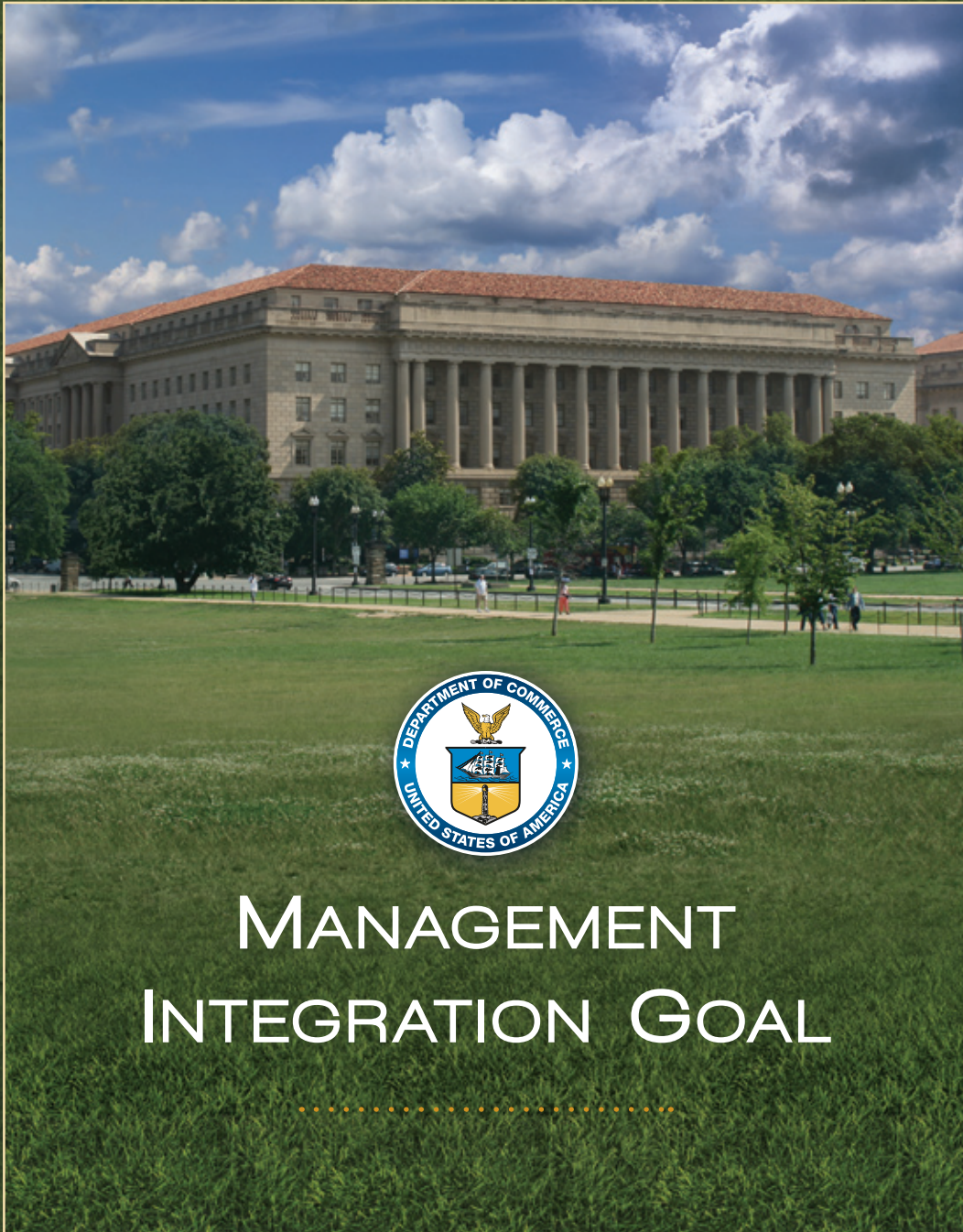
STRATEGIC GOAL 3 PROGRAM EVALUATIONS

PROGRAM	OFFICE OF OCEANIC AND ATMOSPHERIC RESEARCH NATIONAL SEVERE STORMS LABORATORY (NSSL) NORMAN, OK
Strategic Objective	Enhance performance of programs, encourage innovative and collaborative approaches to address scientific and technical issues related to the environment, articulate research contributions toward achieving the NOAA mission, and deliver evidence to stakeholders of the benefits of NOAA research.
Name	External Panel Review of NSSL Science, February 17-19, 2009
Findings	Final summary report of the review panel expected to be received August 2009.
Actions as a Result of Evaluation	Findings and recommendations in the final summary report will be addressed and actions taken within 12 months of the receipt of the final report.

PROGRAM	OFFICE OF OCEANIC AND ATMOSPHERIC RESEARCH GEOPHYSICAL FLUID DYNAMICS LABORATORY (GFDL) PRINCETON, NJ
Strategic Objective	Enhance performance of programs, encourage innovative and collaborative approaches to address scientific and technical issues related to the environment, articulate research contributions toward achieving the NOAA mission, and deliver evidence to stakeholders of the benefits of NOAA research.
Name	External Panel Review of GFDL Science, June 30 – July 2, 2009
Findings	Final summary report of the review panel expected to be received October 2009.
Actions as a Result of Evaluation	Findings and recommendations in the final summary report will be addressed and actions taken within 12 months of the receipt of the final report.

PROGRAM	CLIMATE GOAL/CLIMATE SERVICE DEVELOPMENT PROGRAM
Strategic Objective	The Climate Working Group will review cross-program connections, synergies, and gaps; climate information products and applications strategic planning; and recommendations for the way forward. The Climate Service Development Program review will assist the NOAA Climate Goal in advancing NOAA's Climate Services.
Name	Climate Service Development Program Review (Climate Information Products and Applications), July 13 – July 15, 2009, by the Science Advisory Board Climate Working Group.
Findings	Final summary report of the review panel, date TBA.
Actions as a Result of Evaluation	Findings and recommendations in the final summary report will be addressed.

PERFORMANCE SECTION



MANAGEMENT
INTEGRATION GOAL



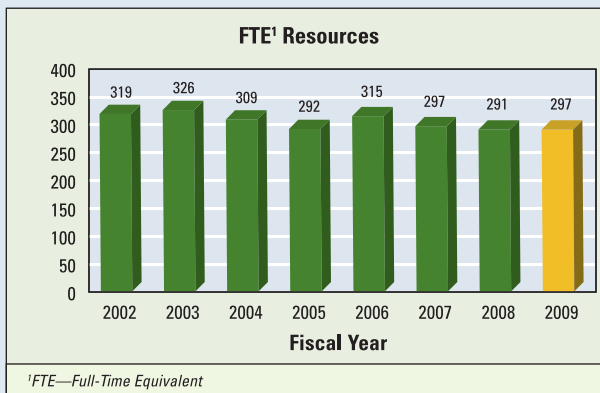
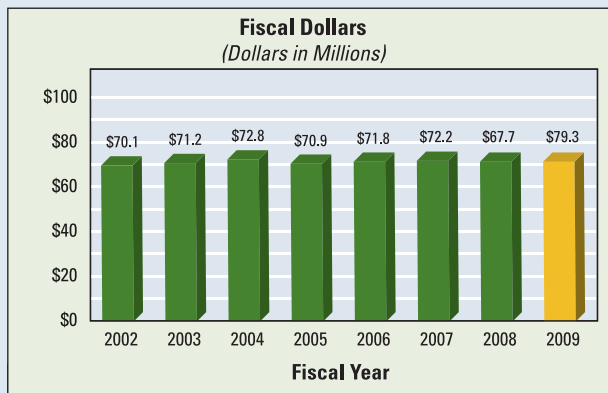
PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Ensure effective resource stewardship in support of the Department's programs (DM)	1 of 3
Ensure retention of highly qualified staff in mission-critical positions (DM)	1 of 1
Acquire and manage the technology resources to support program goals (DM)	1 of 1
Promote 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



MANAGEMENT INTEGRATION GOAL

Achieve organizational and management excellence

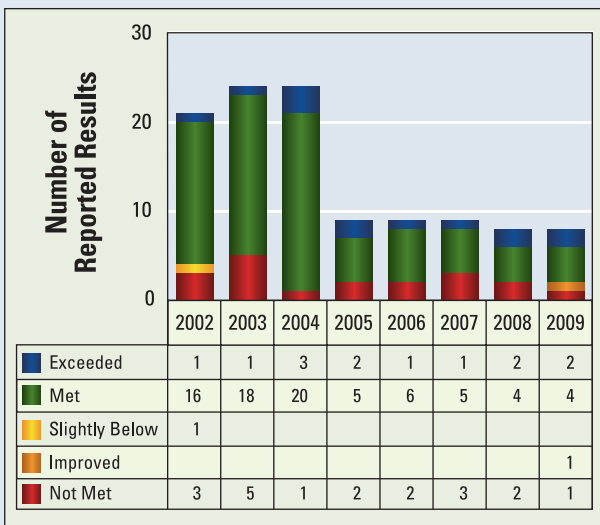
MANAGEMENT INTEGRATION GOAL TOTAL RESOURCES



PUBLIC BENEFITS AND SUMMARY OF PERFORMANCE

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

MANAGEMENT INTEGRATION GOAL PERFORMANCE RESULTS



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

Overall performance within this goal has been fairly good, meeting or exceeding targets on average 79 percent of the time from FY 2002 to FY 2009. Performance declined slightly from 81 percent of targets met or exceeded in FY 2002 to 75 percent in FY 2009. It should be noted, however, that the number of measures went down sharply in FY 2005 from a total of 24 in FY 2004 to eight in FY 2009. With fewer measures, even one measure shifting from met to not met can make a major change in the percentage met or exceeded.

Performance Outcome: Ensure effective resource stewardship in support of the Department's programs (DM)

FY 2009 Funding Level **\$43.1M**

The Department must have the capacity to do business with the public and its partner agencies, both as a more than \$6 billion worldwide enterprise, and as an integrated set of individual programs. This requires that it identify, adopt, and maintain business practices essential to successful operations; use its resources wisely; and effectively implement the laws that affect it. In order to ensure the accomplishment of its mission, the Department has developed and put into place policies and programs designed to enable the successful operation of its units, the effective and efficient use of both material and human resources (HR), and the implementation of laws and regulations that govern the use of those resources. This performance outcome represents the Department's commitment to ensuring the wise stewardship of its resources. Because this goal encompasses a wide range of administrative and operational tasks, the measures used to assess progress are highly diverse.

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management	<ul style="list-style-type: none"> Eliminate any significant deficiency within 1 year of determination Complete FY 2009 A-123 assessment of internal controls 	<ul style="list-style-type: none"> Completed FY 2009 A-123 assessment of internal controls for financial reporting One significant deficiency was not eliminated 	Not Met
Effectively use commercial services management	Use business process re-engineering, feasibility studies and/or similar initiatives to identify operational efficiency and effectiveness opportunities	Due to change in Administration, all new competitive sourcing comparisons have been placed on hold. The same is true for the Green Plan. 2009 FAIR Act Inventory filed timely with OMB.	Met
Obligate funds through performance-based contracting (% of eligible service contracting \$)	50%	45%	Improved but Not Met

FY 2009 MISSED TARGETS

MEASURE	PROVIDE ACCURATE AND TIMELY FINANCIAL INFORMATION AND CONFORM TO FEDERAL STANDARDS, LAWS, AND REGULATIONS GOVERNING ACCOUNTING AND FINANCIAL MANAGEMENT
Explanation	The Department completed 71 percent of the outstanding information technology (IT) corrective actions for FY 2009. While many IT vulnerabilities were mitigated, the OIG auditors' used NIST Special Publication 800-53, Recommended Security Controls for Federal Information Systems, to conduct their review of IT controls in support of the FY 2009 Consolidated Financial Statement and continued to find IT control weaknesses, particularly in the areas of access controls and configuration management.
Action	The CIO/CFO team will continue to monitor the progress of financial systems IT plans of action and milestones (POA&M) via the Cyber Security Assessment and Management tool.

MEASURE	OBLIGATE FUNDS THROUGH PERFORMANCE-BASED CONTRACTING
Explanation	The infusion of ARRA funding (e.g. money obligated in the Decennial Census and the DTV coupon contracts) was not amenable to performance-based contracting and had the effect of skewing final outcomes. Less than optimal procurement infrastructure also contributed to these results.
Action	Performance-based contracting continues to be a primary focus in DM, and will be monitored closely in FY 2010. Limitations within the procurement infrastructure, e.g., data accuracy and level of staff expertise, continue to be aggressively addressed within the procurement community.

ACHIEVEMENTS

- Established a Security Operations Center at the Office of the Secretary to safeguard the Department's information resources against malicious Internet attacks. The Security Operations Center is responsible for monitoring the organization's computer components and the network infrastructure.
- Conducted an annual IT internal control review for all 14 Department operating units as part of continuous monitoring of security improvements. The review comprised Federal Information Security Management Act (FISMA), Federal Financial Management Improvement Act (FFMIA), and Federal Managers' Financial Integrity Act (FMFIA) control requirements.
- Continued to participate in the government-wide initiative to strengthen internal controls. Efforts are underway to enhance both financial and non-financial controls. Additional efforts and test of internal controls are also being implemented for the American Recovery and Reinvestment Act (ARRA) of 2009. A Senior Management Council and a Senior Assessment Team worked together to provide oversight guidance and decision-making for the OMB Circular A-123 process.
- On its FY 2009 financial statements, the Department achieved an unqualified audit opinion for the 11th consecutive year.
- Provided proactive and timely guidance to the acquisition and grants community in the Department to ensure smooth implementation of the ARRA.

Performance Outcome: Ensure retention of highly qualified staff in mission-critical positions (DM)

FY 2009 Funding Level **\$2.1M**

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Acquire and maintain diverse and highly qualified staff in mission-critical occupations	<ul style="list-style-type: none"> • Have new competency models in place for three mission-critical occupations for use in applicant selections and training and development decisions • Meet or exceed the 45-day hiring goals mandated by OPM • Train up to 50-60 participants on leadership development programs via ALDP, ELDP and APCP • Open ALDP to Department employees nationwide 	<ul style="list-style-type: none"> • Competency models in place for four series including budget analyst, meteorologist, oceanographer, and hydrologist • Average time to fill of 31 days for non-SES (senior executive service) vacancies • 100 trainees graduated from leadership development programs • Department employees nationwide applied to ALDP 	Exceeded

FY 2009 STATUS

DM exceeded the targets for implementing new competency models for three mission-critical occupations for use in workforce recruitment, training, and development activities and filling vacancies within the 45-day hiring goals mandated by the Office of Personnel Management (OPM). DM exceeded the target for training 50-60 employees in the Executive Leadership Development Program (ELDP), Aspiring Leaders Development Program (ALDP), and Administrative Professional Certificate Program (APCP). DM met the target to open ALDP to Department employees nationwide.

HISTORICAL TRENDS

DM has consistently met the targets for this measure.

ACHIEVEMENTS

- Ranked number 10 (out of 62 agencies) in the Best Places to Work in the federal government rankings—the most comprehensive and authoritative rating of employee satisfaction and commitment in the federal government—produced by the Partnership for Public Service and American University’s Institute for the Study of Public Policy Implementation.
- Implemented targeted and expedited recruitment strategies to hire more than 2,260 (95 percent of projected 2,380) temporary employees to assist in carrying out the Department’s responsibilities under ARRA. Established an accountability system for measuring and reporting hiring results. ARRA allocated \$7.9 billion to the Department.
- Exceeded the required federal government-wide standards for the design, implementation, and results of agency performance management programs by earning a score of 85 points from OPM on the Performance Appraisal Assessment Tool Report. The Department was one of only 16 federal agencies that received a passing score of 80 points or higher.
- In conjunction with OPM evaluators, conducted comprehensive human capital assessment and accountability audits of five organizational units at the bureau level to determine compliance with merit principles. Findings from the accountability audits are being tracked to ensure corrective actions are taken and continuous improvements are made to the human capital management systems throughout the Department.

Performance Outcome: Acquire and manage the technology resources to support program goals (DM)

FY 2009 Funding Level **\$7.6M**

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Improve the management of information technology	<ul style="list-style-type: none"> • Cost/schedule overruns/performance shortfalls less than 10% • All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place 	<ul style="list-style-type: none"> • Cost/schedule overruns and performance shortfalls averaged under 10% • CSAM C&A enhancements were deployed • IT security compliance in all operating units and five FISMA systems in CSAM were reviewed 	Met

HISTORICAL TRENDS

DM has consistently met the targets for this measure.

ACHIEVEMENTS

- Established the Commerce Investment Review Board to provide holistic programmatic assessment of all major Department programs, both IT and non-IT. This new board will ensure that Department investments are well managed and of value to the taxpayer. In support of the Commerce Investment Review Board, developed solid business cases for major IT investments to ensure that IT funds are managed and invested wisely.
- Achieved, on average, within five percent of cost, schedule, and performance targets for the Department's major IT investments undergoing development and enhancement.
- Prepared privacy impact assessments, including procedures to log and verify extracts of sensitive information, and posted them to the Web. These assessments document for the public the Department's commitment to IT privacy.
- Developed policy concerning electronic transmission of personally identifiable information so that Department employees will know how such information should be handled.
- Updated the Department IT Security Program Policy and created interim policies governing various programs, including federal desktop core configuration, foreign travel, IT continuous monitoring, C&A process and mobile media, process overview, remote access, password management, peer-to-peer file sharing, role-based training, Bluetooth use with BlackBerry, Web application security, inventory management, and POA&M inventory.

- Implemented a cyber intrusion prevention system for monitoring and reporting IT security violations at the Herbert C. Hoover Building. As a result of this continuous monitoring, the Department detected malicious cyber attacks and implemented corrective actions to mitigate potential threats. Acquired the secure Domain Name System (DNS) capability to enhance cyber security at the Office of the Secretary.
- Developed a Trusted Internet Connection (TIC) implementation approach, which will direct all operating unit Internet traffic to run through one of several planned TIC access provider portals.

Performance Outcome: 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)

FY 2009 Funding Level **\$26.5M**

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

PERFORMANCE MEASURE	TARGET	ACTUAL	STATUS
Percentage of OIG recommendations accepted by Departmental and bureau management	95%	97%	Met
Dollar value of financial benefit identified by the OIG	\$28.0M	\$126.9M	Exceeded
Percentage of criminal and civil matters that are accepted for prosecution	63%	78%	Met

HISTORICAL TRENDS

The OIG has exceeded its performance targets for several years, particularly the target “Dollar value of financial benefits identified by the OIG.” The value of financial benefits can vary widely from year to year, depending on the work the OIG is engaged in. For example, most of the financial benefits for the last two years have been the result of a single case, which is now ending.

ACHIEVEMENTS

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



FINANCIAL SECTION



MESSAGE FROM THE CHIEF FINANCIAL OFFICER

This FY 2009 Performance and Accountability Report provides financial and program performance information to enable the Department's stakeholders to understand and evaluate our achievements relative to its mission and the resources with which it is entrusted. The report summarizes highlights of the Department's performance, provides detailed financial information, and fulfills the requirements of the Reports Consolidation Act of 2000, the Chief Financial Officers Act, the Government Performance and Results Act, the Federal Managers' Financial Integrity Act, and the Government Management Reform Act.

We are proud to report that in FY 2009 the Department of Commerce achieved an unqualified audit opinion for the eleventh consecutive year. A previously identified significant deficiency relating to personal property at the National Oceanic and Atmospheric Administration (NOAA) has been fully addressed; however, the Department must continue working to resolve a significant deficiency concerning information technology security controls.

Other highlights from FY 2009 include completing the migration of all operating units from the use of Oracle 9i to Oracle 10g, and initiating work on the Future Financial and Administrative Planning Business Analysis, which will assist the Department in determining the long-term viability of its Commerce Business System (CBS) platform, and evaluating CBS against other options available to support the financial management environment.

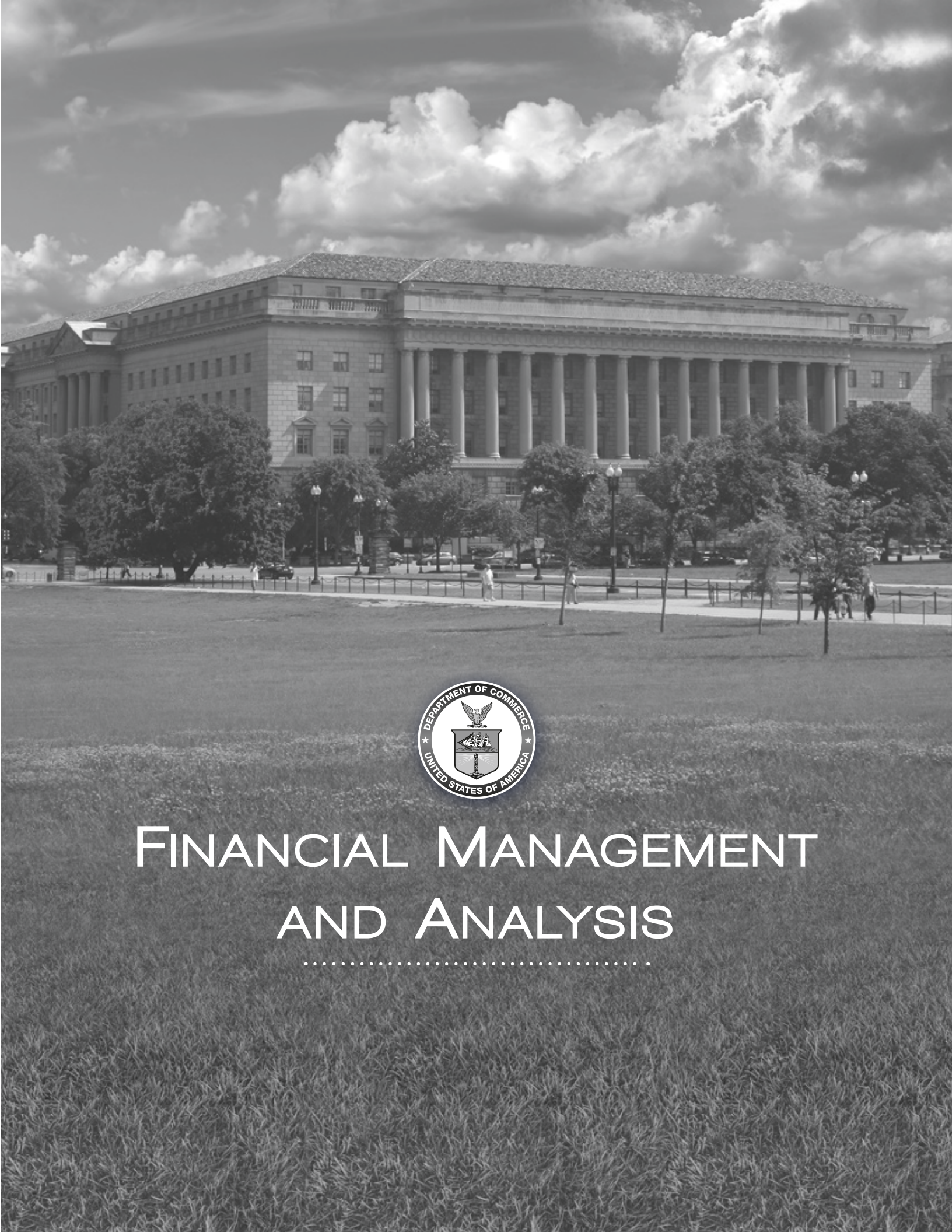
During the past fiscal year, the Department also initiated the phased migration of the Office of the Chief Financial Officer and Assistant Secretary for Administration's financial and enterprise application systems from the CBS Solutions Center in Gaithersburg, MD and the Office of Computer Services in Springfield, VA. These systems are being relocated to a dedicated, certified data center operated by the Department of Transportation's Enterprise Services Center in Oklahoma City, OK. We continued pursuing the Modernization Blueprint effort by: updating and analyzing the program inventory, implementing a central portal to house program inventory, evaluating and enhancing review board processes, and designing and developing a project management framework to standardize and improve delivery across the organization.

We also continued to participate in the government-wide initiative to strengthen internal controls, and we are currently engaged in enhancing both financial and non-financial controls. These efforts are a reflection of our commitment to excellence in managing financial systems, and safeguarding financial resources and investment. The Department's OMB Circular A-123 assessment for FY 2009 identified no material weaknesses in its financial internal controls.

The Department remains committed to maximizing the effectiveness of its programs and ensuring their efficient delivery to the American people. During FY 2010, we will continue to support mission-related programs with strong and effective financial management and internal controls.



John F. Charles
Acting Chief Financial Officer
and Assistant Secretary for Administration
November 16, 2009



FINANCIAL MANAGEMENT AND ANALYSIS





FINANCIAL MANAGEMENT AND ANALYSIS

Under the Secretary's leadership, the Department is continuing to give the highest priority to providing accurate financial data to its internal and external customers, and to its accountability for all assets. Ensuring that there are strong internal controls throughout the Department remains a priority. The Department has created a financial management environment that complies with federal laws and regulations and that provides its executives with timely, accurate financial and performance information. This is evidenced with the Department continuing to receive unqualified audit opinions, maintaining a single integrated financial system, and continuing its compliance with the Federal Financial Management Improvement Act (FFMIA). Highlights of accomplishments for FY 2009 and future initiatives are discussed further below.

FINANCIAL MANAGEMENT SYSTEMS

The Department maintains an FFMIA-compliant financial management system, the Commerce Business Systems (CBS). CBS replaced non-compliant legacy financial management systems. The financial information from these systems and CBS is integrated in the Corporate Database (as discussed further below) for consolidated financial reporting, resulting in a single integrated financial management system.

CBS provides reliable, timely information within a sophisticated security infrastructure. The system is capable of producing both financial and budget reports from information generated within the financial management system. CBS consists of a Core Financial System (CFS), including the Commerce Purchase Card System (CPCS) and the Budget and Execution Data Warehouse. CBS is interfaced with the Commerce Standard Acquisition and Reporting System (CSTARS), the National Finance Center Payroll System, and the Automated Standard Application for Payments (ASAP). The Office of Financial Management/CBS Solutions Center (OFM/CSC) successfully migrated CBS to Web-based software architecture (Oracle 10g). This utilization of the Oracle Portal technology simplified and consolidated access and password control. During FY 2009, the Census Bureau, National Oceanic and Atmospheric Administration (NOAA), and the National Institute of Standards and Technology (NIST) successfully migrated their production instances of CBS from Oracle client-server architecture to a Web-based application built upon Oracle 10g. As a result of this migration, the life expectancy of CBS may reach to 2020.

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

During FY 2009, the Department accomplished the following initiatives:

- Completed bureau migration of production instances from Oracle 9i to Oracle 10g.
- Commenced work on the Future Financial and Administrative Planning Business Analysis that will assist the Department in analyzing its current financial and administrative environment, determining the long-term viability of its CBS platform, and evaluating CBS against other potential options to support its financial management environment.
- Continued to monitor bureau efforts in implementing standardized processes for identified accounting events, and track and measure the bureaus' performance through performance metric reports.

- Continued to support the key areas of the Modernization Blueprint effort. This initiative facilitates a critical review and prioritization of the Department's administrative business systems and provides a framework for managing projects from start through operation.
- Initiated phased migration planning and implementation for the Chief Financial Officer/Assistant Secretary for Administration (CFO/ASA) Financial and Enterprise Application Systems from the CSC in Gaithersburg, MD, and the Office of Computer Services in Springfield, VA, to a dedicated, certified data center operated by the Department of Transportation's Enterprise Services Center (DOT/ESC) in Oklahoma City.
- Conducted an evaluation of the new next generation CBS infrastructure "To-Be" platform in order to standardize the CBS across the bureaus.

In FY 2010 and beyond, the Department will continue its efforts to enhance its financial systems. The Department plans to accomplish the following:

- Complete the Future Financial and Administrative Planning Business Analysis and use this information and data to analyze the Department's financial and administrative environment, determine the long-term viability of its CBS platform, evaluate CBS against other potential options to support its financial management environment.
- Continue the Modernization Blueprint program, focus on maintaining a comprehensive inventory of programs, initiatives, and systems across the CFO/ASA in order to enable Department managers to prioritize and plan resources, and perform better analyses of programs and initiatives that are underway or planned through FY 2012.
- Maintain and possibly enhance the OFM/CSC Portal that provides for a unified gateway for access to Department administrative applications, including single sign-on and self-service administration, as well as hosting the Modernization Blueprint program.
- Continue to monitor bureau efforts in implementing standardized processes for identified accounting events, and track and measure the bureaus' performance through performance metrics reports.
- Complete the phased migration planning and implementation for the CFO/ASA Financial and Enterprise Application Systems to a dedicated, certified data center operated by the DOT/ESC in Oklahoma City.
- Complete the upgrade of the Department's Consolidated Financial Reporting Corporate Database.
- Determine deployment timeframe for each bureau to standardize the CBS architecture across bureaus and finalize the standard configuration document and blueprint on how the bureaus will implement the standard configuration.

FINANCIAL REPORTING

The Department is committed to making financial management a priority, and significant efforts are being made to further improve the management of its financial resources. The Department has received unqualified opinions on its consolidated financial statements since 1999. The Department met the financial statement submission deadlines for FY 2009. These achievements resulted from the Department's commitment to strong management controls and accountability for its resources. One significant deficiency cited for a bureau's control over personal property was resolved during FY 2009 and the other significant deficiency relating to deficiencies in general information technology (IT) controls remained from prior years. The Department has corrective action plans (CAP) in progress to address these deficiencies. In FY 2009, the Department conducted an assessment of the effectiveness of internal controls over financial reporting in accordance with Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Internal Control*, Appendix A, including adhering to the risk-based three-year rotational

testing plan. A Senior Management Council (SMC) and a Senior Assessment Team (SAT) worked together to provide oversight guidance and decision-making for the A-123 implementation process. The final report, which reported no material weaknesses, was incorporated into management's overall assurance statement provided under the requirements of the Financial Managers' Financial Integrity Act (FMFIA). In addition, the Department conducted an improper payment sample testing; the results revealed no significant improper payment or internal control deficiencies. Overall, the Department's assessments demonstrate that the Department has strong internal controls over the disbursement processes, the amounts of improper payment in the Department are immaterial, and the risk of improper payment is low. See Appendix D for reporting details of the Improper Payments Information Act (IPIA) of 2002.

The Department accomplished the following initiatives that resulted in meeting the aforementioned goals:

- Held meetings throughout the fiscal year with the Office of Inspector General (OIG) and independent auditors to ensure timely completion of the audit and issuance of the financial statements.
- Prepared and monitored CAPs for the significant deficiency and management letter comments and monitored progress towards their completion throughout the year.
- Each of the Department's bureaus/reporting entities has completed an entity-level controls assessment as required by OMB Circular A-123, Appendix A.
- Published guidance on the preparation and submission of financial statements, including a calendar of milestone dates. Each quarter, with the participation of all bureaus, guidance was reviewed and updated to reflect lessons learned and to identify best practices among the bureaus. When necessary, task forces were formed to resolve issues that could have impeded the Department's ability to produce timely, accurate financial statements.
- Each of the Department's bureaus/reporting entities have currently completed or are performing, over a one to three-year period (depending on the size of the entity), improper payment risk assessments covering all of its programs/activities as required by OMB Circular A-123, Appendix C. These improper payment risk assessments of the entity's programs/activities also include assessments of the corporate control, procurement, and grants management environments.
- Held monthly or quarterly meetings led by the Department's Deputy CFO with individual bureau CFOs to discuss financial management issues, including financial statements, OMB Circular A-123, and financial performance metrics. These meetings were in addition to the Department's monthly CFO Council meetings led by the Department's CFO and the monthly Finance Officer meetings led by the Deputy CFO.
- Monthly financial metrics were compiled, analyzed, and reported in the government-wide consolidated CFO measurement tracking system. Individual bureaus were provided with a monthly status report comparing and analyzing their results with the Department's goals, and the Department and government-wide results. The results of bureaus' metrics and any corrective actions needed were discussed at the bureau CFOs' individual monthly meetings.
- Facilitated intragovernmental transaction reconciliations using the Department's Corporate Database application to collect, extract, and report on a quarterly basis its intragovernmental account balances, by trading partner, to the Treasury Department. The Department took a proactive approach of initiating contact with all trading partner agencies to reconcile large differences. Although the Department has seen an improvement in trading partners' participation, continued improvement is needed in order to reconcile all differences.

Although the Department has accomplished much in the area of financial management, there is still a need to improve upon these accomplishments to ensure that the Department continues to produce and report accurate, reliable, and timely financial information.

In FY 2010 and beyond, the Department plans to accomplish the following:

- Continue to enhance OMB Circular A-123, *Management's Responsibility for Internal Controls*, process and monitor the implementation of the CAPs for any identified deficiencies as a result of the A-123 and financial statement audit process.
- Continue to identify areas that will facilitate the acceleration of providing accurate, reliable financial information to Department managers and central agencies. This will be achieved through ongoing meetings and workgroups among the Department's financial managers and participation in government-wide financial management committees and workgroups.
- Finalize proposals for revised capitalization thresholds and new bulk purchase thresholds for property, plant, and equipment acquisitions.
- Continue to monitor and minimize improper payments.
- Continue to work with OMB, Treasury Department, and the government-wide Central Reporting Team to improve the intra-governmental transactions reconciliation process.

GRANTS MANAGEMENT

Under the CFO/ASA, the Office of Acquisition Management (OAM) is responsible for the Department's enterprise-wide grants management policy, projects, and oversight. The Department's focus is to standardize policy and procedures for its grant and cooperative agreement programs in order to strengthen compliance, work towards a single automated grants management system, and enhance/formalize workforce education. Targeted efforts continue to transform the decentralized Department grants management community into an effective and efficient partnership. The sharing of resources and responsibilities to accomplish enterprise goals is a recurring theme throughout the partnership effort.

Integral to the Department's effort to move aggressively into the world of electronic grants is the continued utilization of NOAA's Grants Online system, a back-office solution to the Grants.gov storefront. The system, which went live in January 2005, is designed to facilitate efficiencies through standardized business processes and provide a direct interface to other Departmental systems and with grant recipients. It continues to demonstrate significant success in reducing paperwork, increasing accountability, and simplifying the post award process. The Grants Online system has also been identified as the solution to standardizing grants procedures in the Department. Grants Online is a paperless electronic grants management system that has gained government-wide recognition for streamlining and accelerating the grants application process. This standardization effort is successfully aligning internal processes for the Federal Grants Management Line of Business system consolidation efforts.

During FY 2009, operational grants management responsibilities for grant programs of the International Trade Administration (ITA), Minority Business Development Administration (MBDA), and the Office of the Secretary were transferred from OAM to NOAA. This action was taken pursuant to the recommendation of the Optimal Services Delivery Initiative, a Department taskforce charged with streamlining Departmental operations and introducing new efficiencies into the management of its programs. This reorganization moves the management of these programs from a manual, paper-driven process to the automated environment of Grants Online. In FY 2009, these three agencies became fully operational in integrating their grant management functions into the electronic processes of Grants Online. The Department's Grants Management Line of Business Implementation Plan calls for the consolidation of all Department grants management operations to Grants Online by 2011.

With the discontinuation of Public Law (PL) 106-107 in 2007, the Department transmitted its final report to Congress in August, 2008. The OAM Grants Management Division will focus the Department's work in improving efficiency through continued progress in implementation of the streamlining and automation goals of PL 106-107. Key to that effort will be the creation of a Department-wide

training and certification program for grants staff that will align over time with that being developed by the Grants Policy Committee (GPC) work group on training and certification.

In FY 2009, an intra-departmental project team acting under the authority of the Departmental Grants Council developed an interactive Web-based course on cost principles for grants and cooperative agreements in collaboration with the Department Office of Training and Knowledge Management. The course has been launched on the Commerce Learning Center Web site and is available to all Department personnel. During FY 2009, the project team continued its workforce development efforts by creating a course on administrative requirements for grants and cooperative agreements. This course will be available on the Commerce Learning Center Web site during the second quarter of FY 2010.

OAM coordinates quarterly Departmental Grants Council meetings and works closely with the OIG and the Office of General Counsel to implement sound policy and ensure consistency for the Department's financial assistance programs. The Department is committed to the goal of strengthening its grant operations and improving its business processes to provide better services to its customers in the federal grant recipient community.

The OAM Director and the Director of the Grants Management Division serve on the Grants Executive Board and the Grants Policy Committee (GPC), participating in workgroups and pilot activities. The Department is now fully compliant with Grants.gov milestones and has revised its Grants and Cooperative Agreements Manual and Standard Grants Terms and Conditions to recognize the emerging growth of electronic government. Continued review and updating of the manual will occur to keep pace with the new requirements engendered by the transition to Grants.gov as the business process model for federal financial assistance programs.

During FY 2009, the Department made significant progress in meeting the data-reporting requirements of the Federal Funding Accountability and Transparency Act of 2006 (PL 109-282). Significant technical requirements were presented by this act. The Department is now virtually up to date with its three grant-making bureaus in providing accepted data to the universal Web site, *USAspending.gov*, consistent with the goal established in the FY 2008 PAR.

During FY 2009, OAM has sought to reenergize the Department's suspension and debarment efforts in both contracts and financial assistance. An internal review indicates that no contractor or grant recipient has been debarred in 15 years. Accordingly, numerous steps have been taken to strengthen the Department's oversight and enforcement activities in this area. The Department believes that several important actions have been taken during this fiscal year to breathe new life into the administration of this important responsibility.

- The Department has elevated its representation and attendance at monthly meetings of the Interagency Suspension and Debarment Committee (ISDC) to the senior executive service (SES) level. The OAM Deputy Director and the Director for Acquisition and Workforce Policy will join a representative from the Department's Federal Assistance Law Division at the ISDC meetings to represent the Department's interests and views.
- The Office of General Counsel and the OIG have commenced joint efforts with OAM to improve the Department's suspension and debarment program.
- In summer 2009, the Department's OIG conducted a full day of training that was widely attended and facilitated by the former Chair of the ISDC.
- As a result of renewed focus on the Department's responsibilities in this area, debarment actions are under review in both the grants and contracts offices.

The Department has not had a smooth and effective performance in providing updates to the Catalogue of Federal Domestic Assistance (CFDA) for the past several years. This year the OAM Grants Management Division will serve as the point of contact for CFDA updates and represent the Department at CFDA User Group meetings. The Grants Management Division will coordinate the response to annual CFDA data calls.

FY 2009 saw the emergence of a major challenge to Department grants and acquisitions personnel and those in other government agencies with the passage of the American Reinvestment and Recovery Act (ARRA) of 2009. This legislation placed historic administrative and reporting burdens on agencies as the Department prepared to award the stimulus funds authorized by this act to mitigate the damage of the worst national recession in 50 years.

OAM is a central player in Department efforts and has responded by establishing core work groups within the Department and participating in intergovernmental forums to collaborate with the Department's federal colleagues in the largest economic stimulus program ever undertaken by the federal government. OAM has led or teamed with collateral Department units to develop numerous guidance documents on reporting, internal controls, and award terms and conditions specifically targeted to ARRA awards. Web sites dedicated to ARRA have been established and significant outreach efforts undertaken to support prospective applicants for ARRA awards. Oversight processes have been developed to meet the requirements of ARRA and to support the continuing goals of the Administration and the Congress with respect to transparency and accountability.

Under OMB circulars, organizations receiving federal awards are assigned to a single federal agency (cognizant agency) which acts on behalf of all federal agencies in approving indirect cost and other rates for that organization. The Department is responsible for reviewing indirect cost proposals (IDC) submitted by assigned grantee organizations and, based on those reviews, negotiates appropriate indirect cost rates. OAM's responsibility for the management of this program continued throughout the fiscal year. New rate review procedures that were implemented during FY 2007 produced greater levels of financial analysis that resulted in financial savings to the Department through indirect cost rate adjustments from grantees' proposed rates. Program focus for the coming year will include continued implementation of stronger internal controls.

ARRA is expected to present a substantial new burden to the Department through a significant increase in the number submission of IDC proposals by recipients of the stimulus awards. While the exact number of new proposals cannot be predicted at this time, as many as 4,000 ARRA applications are expected. An estimated 1,000 ARRA awards could be made generating hundreds of new IDC proposals. OAM is working actively to modify and develop Department agreements for contractual support to meet these demands.

FY 2010 will expand the demands and challenges of 2009 with new legislative initiatives and continued traditional program requirements. The Department is optimizing the use of its hiring authorities in addition to new resources made available through ARRA to meet these requirements successfully.

HUMAN CAPITAL

The Department's leadership continues to implement and evaluate programs to ensure succession planning in the area of financial management and to enhance the current workforce development initiatives. Some of the vehicles for making progress in recruitment and retention include internship programs and leadership development programs. The internship programs are implemented through a variety of sources to give finance and accounting majors an opportunity to gain hands-on accounting experience, while introducing potential future employees to the opportunities that exist at the Department. Ongoing training and development opportunities are offered as a component of continuous learning in the area of financial management.

In 2009, the Department continued a two-year career internship program for college-level graduates interested in pursuing a career in federal accounting. The Federal Career Intern Program (FCIP) was established to assist federal agencies in meeting their workforce needs and to generate a steady stream of high-potential individuals for possible conversion to permanent appointments in the competitive service. The FCIP is a two-year program that consists of an initial assignment, rotational assignments, formal classroom training, and mentoring. Individual Development Plans are prepared by the supervisors, in conjunction with the training officers and the interns, and designed to ensure that the training experiences contain opportunities to gain knowledge and skills necessary to perform successfully in the program. During the two-year internship, supervisors closely monitor interns to assess their fitness for continued employment in the federal government. Following successful completion of program requirements, interns are noncompetitively converted to career or career-conditional appointments. During FY 2009, a class of interns graduated from the program and a new class was entered the program to begin the two-year term.

In addition to the FCIP, the Department continued its partnership with the National Academy Foundation (NAF) Academy of Finance (AOF) by employing 10 AOF high school students for the 2009 summer term. NAF students' participation in the internship and finance-related activities allowed them to enhance their individual and collective learning experiences and develop newly-acquired skills in finance. A high percentage of the supervisors that completed the 2009 NAF Program Supervisor Evaluation reported that they have asked or will ask their intern(s) to return through an internship program, including the Student Temporary Employment Program and the Student Career Experience Program.

The accounting and budgeting series have been added to the Department-wide list of mission-critical occupations. Therefore, as a part of comprehensive succession planning, employees at the GS-7 through GS-15 and equivalent levels in the accounting and budgeting series are eligible to apply for one of the three major leadership programs: Aspiring Leaders Development Program, Executive Leadership Development Program, or SES Candidate Development Program. These programs include competency assessments, formal classroom training, developmental assignments, seminars, action learning task team projects, and mentoring sessions. In FY 2009, a total of five employees in the financial management workforce participated in the Department's formal leadership programs.

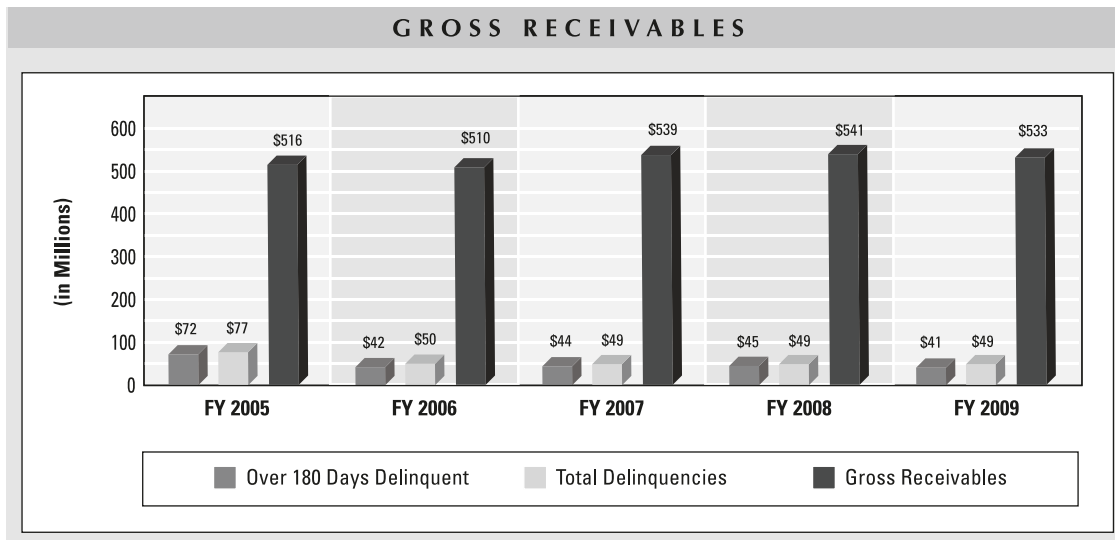
The government-wide CFO Council endorsed the launch of the National Defense University Information Resources College's CFO Academy at Fort Lesley McNair in September 2008. The CFO Leadership Certificate program provides a relevant, dynamic curriculum which focuses on current and future challenges facing government, best practices, strategies of financial management, and the changing role of the CFO as an organizational leader in 21st century government. The Department and its bureaus had numerous staff enroll in the certificate program and in professional development courses during FY 2009. Completion of academy courses and/or certificate program will help both the Department and other federal agencies with developing future financial management leaders.

More than 200 financial management professionals from all levels in the operating units participated in various training sessions during the three-day Department 2009 Annual Financial Management Conference. The theme, "The 3 Rs of Transition – Retool, Reinvent, & Rebuild," was actualized through interactive training modules in the areas of strategic planning to produce results, ethics, identifying fraud indicators, teambuilding, and improving technical communication skills. Additionally, special sessions were held to discuss the major challenges, issues, and results in the 2010 Census operations and ARRA, with emphasis on the impact on the workloads of the financial management workforce.

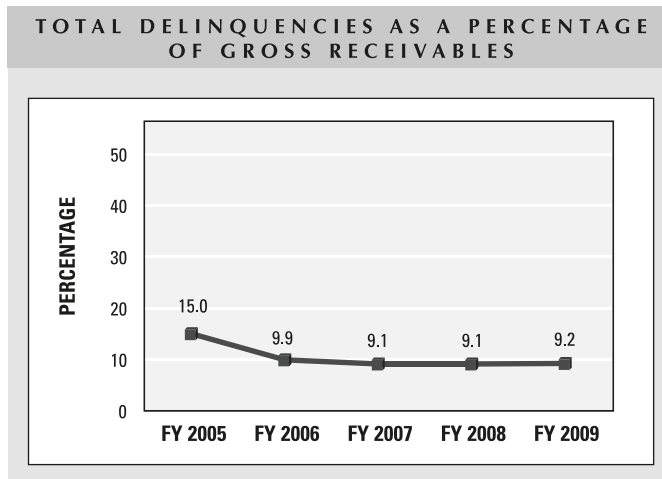
DEBT MANAGEMENT

RECEIVABLES AND DEBT MANAGEMENT

The Department has incorporated the principles of the Credit Reform Act of 1990 into the operations of its credit and debt programs. Prescreening procedures, account-servicing standards, determined collection of delinquent debt, inventory management, and asset disposition standards have helped to diminish significantly the amount of risk inherent in credit programs. These procedures were established to ensure that credit costs are properly identified and controlled, that borrowers' needs are met, and that costs to the taxpayers are minimized.



The Department's gross receivables, which include direct loans and defaulted guaranteed loans, and accounts receivable, decreased 1.5 percent, from \$541 million at September 30, 2008 to \$533 million at September 30, 2009, as reported on the Department's Treasury Report on Receivables (TROR). The TROR is the primary means for the Department to provide comprehensive information on its gross receivables and delinquent debt due from the public. Debt over 180 days delinquent decreased from \$45 million at September 30, 2008 to \$41 million at September 30, 2009, representing an 8.9 percent decrease. Total delinquencies as a percentage of gross receivables increased slightly from 9.1 percent at September 30, 2008 to 9.2 percent at September 30, 2009, due to the decrease in total gross receivables.



The Debt Collection Improvement Act of 1996 established the Treasury Department as the collection agency for eligible federal agency debts that are more than 180 days delinquent. It also established Treasury's Financial Management Service as the federal government's debt collection center. Over \$24 million in delinquent debt has been referred to Treasury for cross-servicing since FY 2002. Currently, over 69 percent of the Department's overall delinquent debt that is eligible for referral to Treasury is in litigation with the Department of Justice for enforced collection.

During FY 2001, the issuance of the revised *Federal Claims Collection Standards* and the revised OMB Circular A-129, *Policies for Federal Credit Programs and Non-Tax Receivables*, provided agencies greater latitude to maximize the effectiveness of federal debt collection procedures. Since then, the Department has utilized all the tools available to improve the management of its debt.

PAYMENT PRACTICES

Electronic Funds Transfer (EFT)

The Debt Collection Improvement Act of 1996 requires the use of EFT for most federal payments, with the exception of tax refunds. The Department closely monitors its monthly EFT performance, and submits consolidated monthly EFT activity reports to OMB, as part of the Department's Performance Metrics data.

The Department's vendor EFT percentage increased from 98 percent for FY 2008 to 99 percent for FY 2009. The Department accomplished this, in large part, by working closely with its bureaus to identify opportunities for new or improved business processes. This improved performance allowed the Department in FY 2009, on average, to meet OMB's vendor EFT performance goal of 96 percent. The Department's overall EFT percentage decreased slightly from 99 percent for FY 2008 to 98 percent for FY 2009. This is primarily due to the need for non-EFT payroll payments to certain 2010 Decennial Census temporary employees. The Department believes its continued efforts to implement new or improved business processes will lead to further increases in vendor and overall EFT percentages.

The Department's achievements in this area are illustrated in the table below:

Payment Category	EFT Percentage		Total Volume (Actual Number of Transactions — EFT and Non-EFT)	
	FY 2009	FY 2008	FY 2009	FY 2008
Grants	100%	100%	30,577	26,802
Payroll	98%	99%	2,471,408	1,256,838
Retirement Benefits	99%	99%	6,081	5,396
Vendor	99%	98%	562,441	431,452
Overall	98%	99%	3,070,507	1,720,488

The substantial increase in the total volume of payroll transactions from FY 2008 to FY 2009 is due to increased FY 2009 payments to 2010 Decennial Census temporary employees. The increase from FY 2008 to FY 2009 in the total volume of vendor payments is due to increased FY 2009 payments as a result of significant funding increases, including funding received under ARRA.

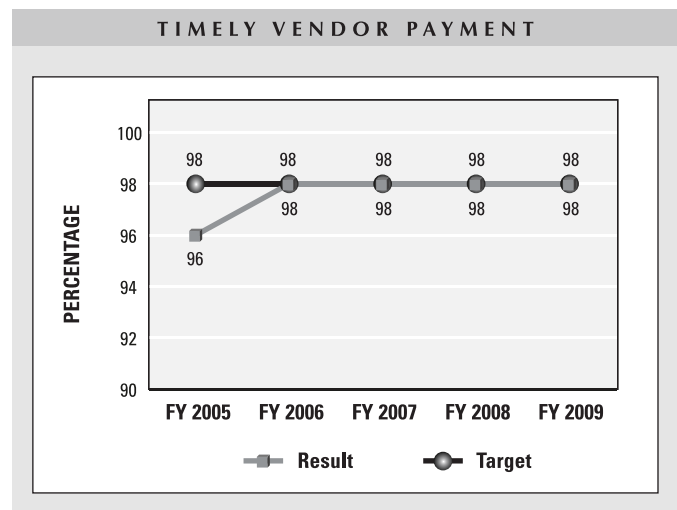
Bankcards

The Department is committed to the use of bankcards (purchase cards) as a means of streamlining Departmental procurements. Bankcard usage is closely monitored, and those bankcards that are no longer needed are promptly closed. This has resulted in an overall decrease, over the past eight fiscal years, in the number of bankcards in use, from 6,405 at September 30, 2001 to 5,265 at September 30, 2009. The Department's emphasis on EFT-compliant payment methods has contributed to an overall increase over the past eight fiscal years, in bankcard purchases, from \$131.6 million in FY 2001 to \$148.9 million in FY 2009. The Department continues to monitor the internal controls surrounding bankcard purchases to ensure that all such purchases are legal and proper.

Prompt Payment

The Prompt Payment Act of 1982 requires agencies to pay their bills to vendors on a timely basis, and to pay interest penalties when payments are made late. The Department closely monitors its prompt payment performance, and submits consolidated monthly prompt payment activity reports to OMB as part of the Department's Performance Metrics data.

The Department has maintained its prompt payment performance at 98 percent from FY 2008 to FY 2009. The number of invoices with late-payment interest penalties increased minimally from 4,810 in FY 2008 to 5,014 in FY 2009. The Department continues to focus on improving its prompt payment percentage by working closely with its bureaus to identify opportunities for new or improved business processes.

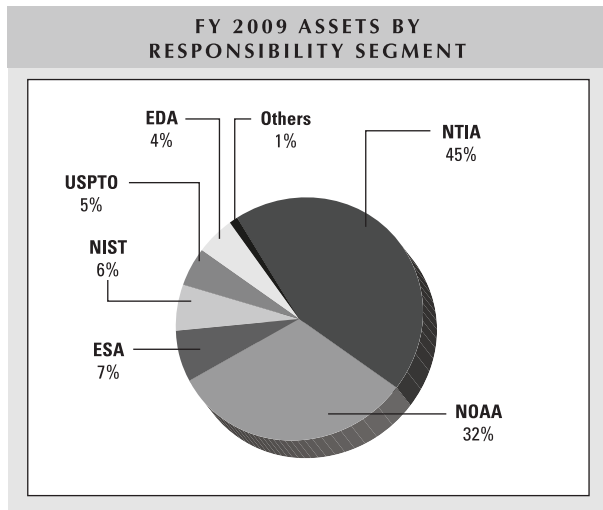
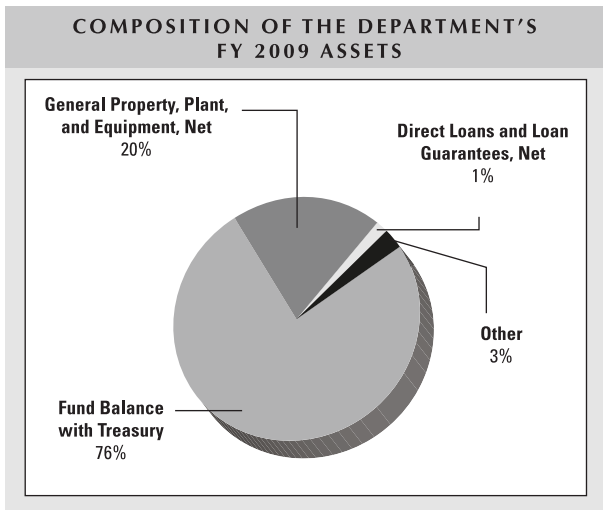


ANALYSIS OF FY 2009 FINANCIAL CONDITION AND RESULTS

Composition of Assets and Assets by Responsibility Segment

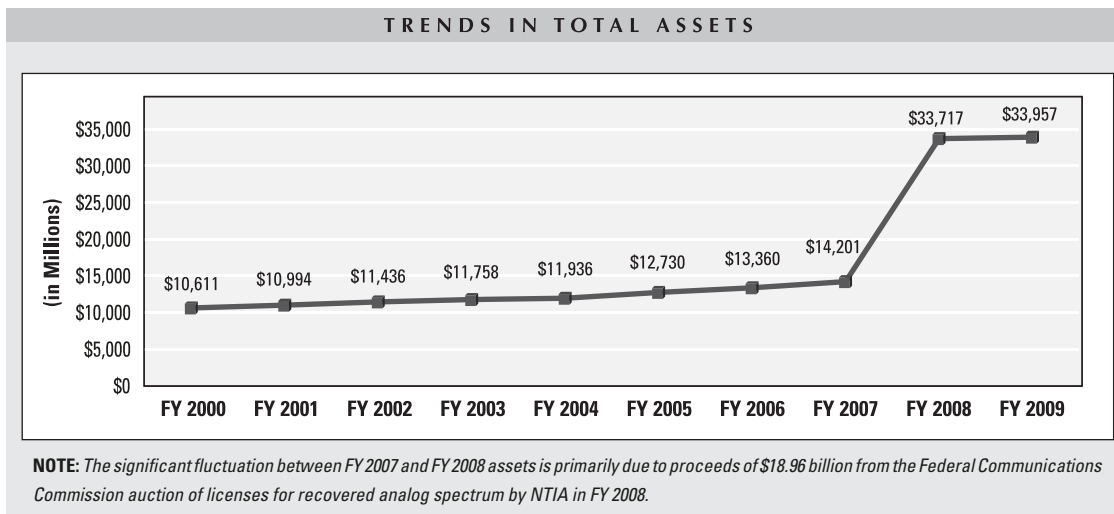
The composition (by percentage) and distribution (by responsibility segment) of the Department's assets remained consistent from September 30, 2008 to September 30, 2009.

Total assets amounted to \$33.96 billion at September 30, 2009. Fund Balance with Treasury of \$25.67 billion is the aggregate amount of funds available to make authorized expenditures and pay liabilities. General Property, Plant, and Equipment, Net of Accumulated Depreciation (General PP&E) of \$6.76 billion includes \$4.39 billion of Construction-in-progress, primarily of satellites and weather measuring and monitoring systems; \$776 million of satellites and weather systems; \$863 million of structures, facilities, and leasehold improvements; and \$730 million of other General PP&E. Direct Loans and Loan Guarantees, Net of \$511 million primarily relates to NOAA's direct loan programs. Other Assets of \$1.02 billion primarily includes Advances and Prepayments of \$748 million, Inventory, Materials, and Supplies, Net of \$146 million, and Accounts Receivable, Net of \$110 million.



Trends in Assets

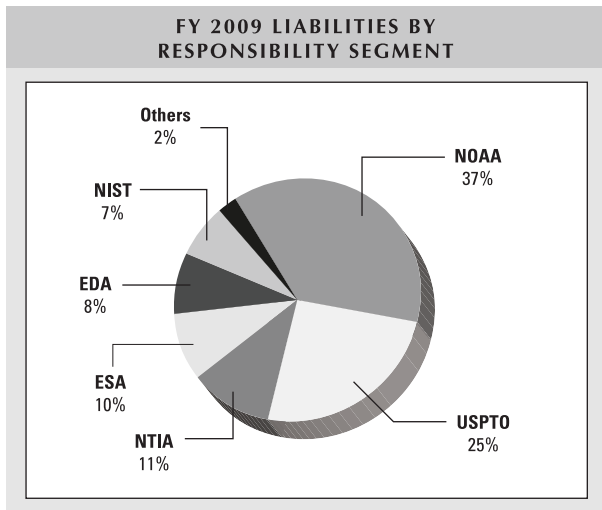
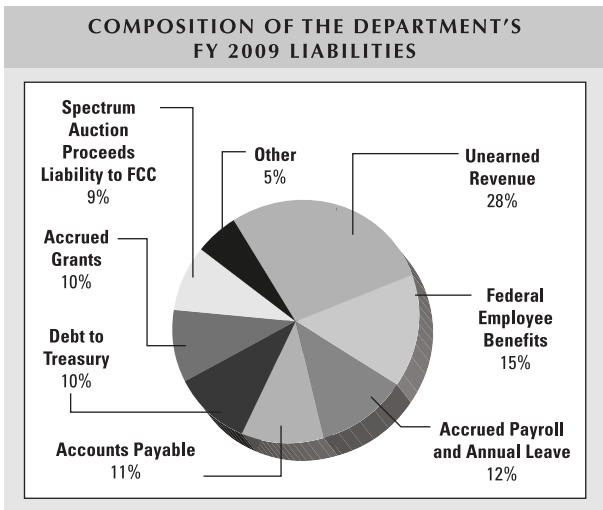
Total Assets increased \$240 million or 1 percent, from \$33.72 billion at September 30, 2008 to \$33.96 billion at September 30, 2009. Fund Balance with Treasury decreased \$962 million or 4 percent, from \$26.63 billion to \$25.67 billion, which primarily resulted from an increase in Advances and Prepayments of \$583 million, and an increase in Construction-in-progress of \$401 million. General PP&E, Net increased \$568 million or 9 percent, from \$6.19 billion to \$6.76 billion, mainly due to the increase in Construction-in-progress. The increase of \$583 million in Advances and Prepayments, included in Other Assets, is primarily due to increases in advances to other federal agencies for the National Telecommunications and Information Administration's (NTIA) Public Safety Interoperable Communications grant program and for work on NOAA's Pacific Regional Center in Hawaii.



Composition of Liabilities and Liabilities by Responsibility Segment

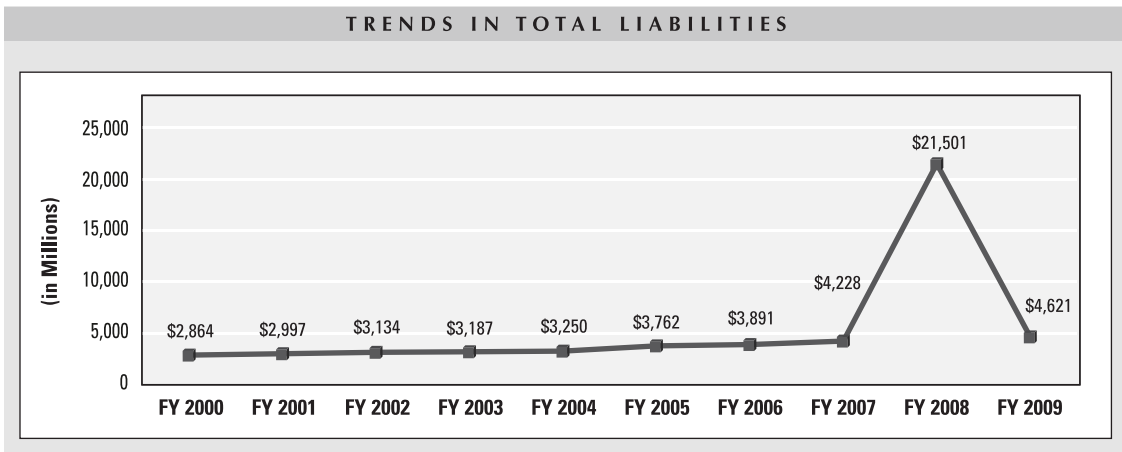
The composition (by percentage) and distribution (by responsibility segment) of the Department's liabilities changed significantly from September 30, 2008 to September 30, 2009, mainly due to the large decrease of \$16.78 billion in the Spectrum Auction Proceeds Liability to the Federal Communications Commission (FCC), from \$17.18 billion at September 30, 2008 to \$400 million at September 30, 2009. This liability represents FCC auction proceeds for which licenses have not yet been granted by FCC. During FY 2009, the liability was 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. The liability was also reduced during FY 2009 for FCC administrative fees and auction bidding credits.

Total liabilities amounted to \$4.62 billion at September 30, 2009. Unearned Revenue of \$1.31 billion represents the portion of monies received from customers for which goods and services have not been provided or rendered by the Department. Federal Employee Benefits Liability of \$687 million is composed of the actuarial present value of projected benefits for the NOAA Corps Retirement System (\$472 million) and the NOAA Corps Post-retirement Health Benefits (\$45 million), and Actuarial FECA Liability (\$171 million), which represents the actuarial liability for future workers' compensation benefits. Accrued Payroll and Annual Leave of \$540 million includes salaries and wages earned by employees, but not disbursed as of September 30, 2009. Accounts Payable of \$506 million consists primarily of amounts owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due. Debt to Treasury of \$487 million consists of monies borrowed primarily for NOAA's direct loan programs. Accrued Grants of \$446 million, which relates to a diverse array of financial assistance programs and projects, includes the Economic Development Administration (EDA) accrued grants of \$279 million for its economic development and assistance funding to state and local governments. Other Liabilities of \$242 million primarily includes Environmental and Disposal Liabilities of \$61 million, Accrued FECA Liability of \$37 million, Accrued Benefits of \$37 million, and Accrued Coupons for the Digital-to-Analog Converter Box Program of \$24 million.



Trends in Liabilities

Total Liabilities decreased \$16.88 billion or 79 percent, from \$21.50 billion at September 30, 2008 to \$4.62 billion at September 30, 2009. This decrease is mainly due to the large decrease of \$16.78 billion in the Spectrum Auction Proceeds Liability to FCC, as previously explained. Accrued Coupons for the Digital-to-Analog Converter Box Program decreased \$141 million or 85 percent, from \$165 million to \$24 million, due to a large decrease in the number of coupons issued during the third quarter of 2009 versus the third quarter of 2008. Unearned Revenue decreased \$107 million or 8 percent, from \$1.42 billion to \$1.31 billion, mainly due to fewer patent filings and trademark applications received in FY 2009.

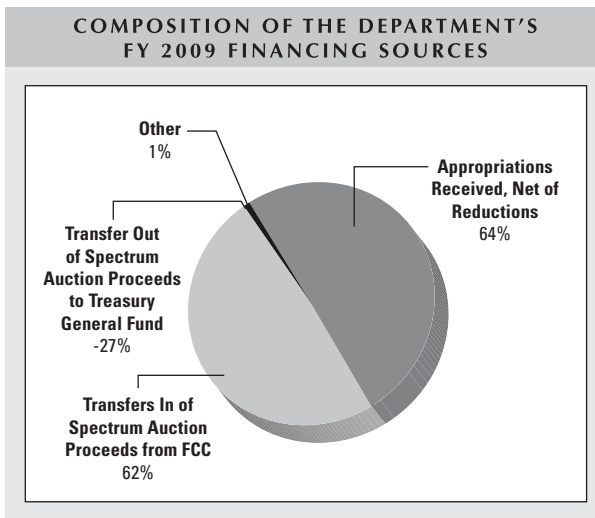


Composition of and Trends in Financing Sources

The Department's Financing Sources, shown on the Consolidated Statements of Changes in Net Position, are traditionally obtained primarily from Appropriations Received, Net of Reductions. The composition (by percentage) and dollar amount of the Department's financing sources changed significantly, however, from FY 2008 to FY 2009, mainly due to the large increase of \$14.91 billion, from \$1.78 billion for FY 2008 to \$16.69 billion for FY 2009, in the transfers in of spectrum auction proceeds from FCC from the auction of licenses for recovered analog spectrum held in March 2008. When a license is granted by FCC, a financing source is recognized on the Consolidated Statements of Changes in Net Position for the earned net auction proceed.

Other typical Financing Sources include net transfers to and from other federal agencies without reimbursement, and imputed financing sources from cost absorbed by other federal agencies.

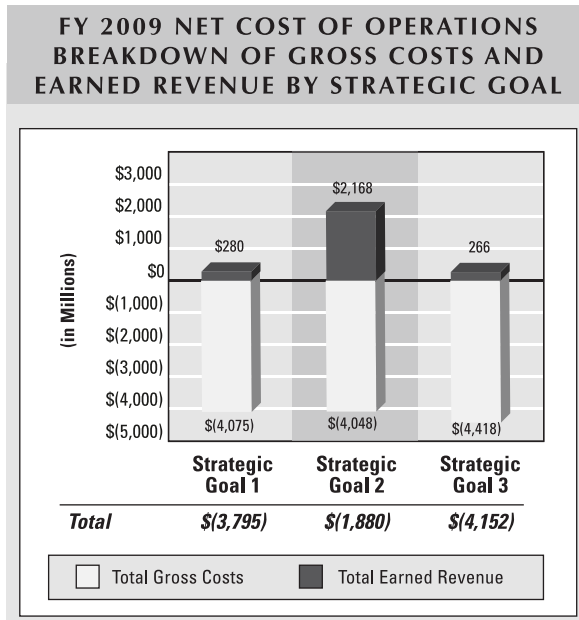
Total Financing Sources increased \$17.00 billion or 171 percent, from \$9.94 billion for FY 2008 to \$26.95 billion for FY 2009. There was a \$14.91 billion increase in transfers of spectrum auction proceeds, as explained above. Appropriations Received, Net of Reductions, increased by \$9.63 billion or 125 percent, from \$7.71 billion for FY 2008 to \$17.34 billion for FY 2009, primarily due to new ARRA appropriations received of \$7.92 billion in FY 2009. On September 30, 2009, NTIA's Digital Television and Transition Public Safety Fund transferred \$7.36 billion to the General Fund of the Treasury. This transfer is recognized as a FY 2009 negative financing source. All other financing sources had a net decrease of \$166 million, from \$450 million for FY 2008 to \$284 million for FY 2009.



FY 2009 Net Cost of Operations by Strategic Goal

In FY 2009, Net Cost of Operations amounted to \$9.83 billion, which consists of Gross Costs of \$12.54 billion less Earned Revenue of \$2.71 billion.

Strategic Goal 1, Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers, includes Net Program Costs of \$2.69 billion (Gross Costs of \$2.93 billion less Earned Revenue of \$238 million) for the Census Bureau. The Census Bureau carries out the Decennial Census, periodic censuses, and demographic and other surveys, and prepares and releases targeted data products for economic and other programs. ITA's programs and activities also support Strategic Goal 1, with Net Program Costs of \$425 million (Gross Costs of \$440 million less Earned Revenue of \$15 million). ITA assists the export growth of small and medium-sized businesses, enforces U.S. trade laws and trade agreements, monitors and maintains trading relationships with established markets, promotes new business in emerging markets, and improves access to



overseas markets by identifying and pressing for the removal of trade barriers. Strategic Goal 1 also includes Net Program Costs of \$319 million (Gross Costs of \$340 million less Earned Revenue of \$21 million) for EDA. EDA helps distressed communities address problems associated with long-term economic distress, as well as sudden and severe economic dislocations including recovering from the economic impacts of natural disasters, the closure of military installations and other federal facilities changing trade patterns, and the depletion of natural resources.

Strategic Goal 2, Promote U.S. Innovation and Industrial Competitiveness, includes Net Program Costs of \$11 million (Gross Costs of \$1.94 billion less Earned Revenue of \$1.93 billion) for the U.S. Patent and Trademark Office's (USPTO) patents and trademark programs, which includes processing patent applications and disseminating patent information. Through issuing patents, USPTO encourages technological advancement by providing incentives to invent, invest in, and disclose new technology. NTIA's programs and activities also support Strategic Goal 2, with Net Program Costs of \$1.17 billion (Gross Costs of \$1.20 billion less Earned Revenue of \$32 million). NTIA serves as the principal adviser to the President on domestic and international communications and information policy-making, promotes access to telecommunications services for all Americans and competition in domestic and international markets, manages all federal use of the electromagnetic spectrum and generally promotes efficient use of spectrum, and conducts telecommunications technology research, including standards-setting in partnership with business and other federal agencies. Strategic Goal 2 also includes Net Program Costs of \$519 million (Gross Costs of \$690 million less Earned Revenue of \$171 million) for NIST's Measurement and Standards Laboratories. These laboratories are the stewards of the Nation's measurement infrastructure, and provide measurement methods, reference materials, test procedures, instrument calibrations, fundamental data, and standards that comprise of essential tools for research, production, and buyer-seller transactions.

Strategic Goal 3, Promote Environmental Stewardship, includes Net Program Costs of \$1.57 billion (Gross Costs of \$1.70 billion less Earned Revenue of \$136 million) related to NOAA's stewardship of ecosystems, which reflects NOAA's mission to conserve, protect, manage, and restore fisheries and coastal and ocean resources. The Department has a responsibility for stewardship of the marine ecosystem and for setting standards to protect and manage the shared resources and harvests of the oceans. The Department strives to balance sustainable development and healthy functioning marine ecosystems, and to conserve, protect, restore, and better manage resources.

LIMITATIONS OF THE FINANCIAL STATEMENTS

These financial statements have been prepared to report the overall financial position and results of operations of the Department, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the Department in accordance with the form and content prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources that are prepared from the same books and records.

These financial statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides the resources to do so.



PRINCIPAL FINANCIAL STATEMENTS



**United States Department of Commerce Consolidated Balance Sheets
As of September 30, 2009 and 2008 (In Thousands)**

	FY 2009	FY 2008
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Notes 2 and 18)	\$ 25,671,762	\$ 26,633,414
Accounts Receivable, Net (Note 3)	78,111	64,963
Other - Advances and Prepayments	696,068	110,087
Total Intragovernmental	26,445,941	26,808,464
Cash (Note 4)	3,572	5,135
Accounts Receivable, Net (Note 3)	31,429	38,191
Direct Loans and Loan Guarantees, Net (Note 5)	511,092	511,009
Inventory, Materials, and Supplies, Net (Note 6)	145,903	100,595
General Property, Plant, and Equipment, Net (Note 7)	6,758,827	6,190,408
Other (Note 8)	60,021	63,003
TOTAL ASSETS	\$ 33,956,785	\$ 33,716,805
Stewardship Property, Plant, and Equipment (Note 23)		
LIABILITIES		
Intragovernmental:		
Accounts Payable	\$ 134,877	\$ 109,931
Debt to Treasury (Note 10)	487,275	476,653
Other		
Spectrum Auction Proceeds Liability to Federal Communications Commission (Note 18)	400,451	17,177,707
Resources Payable to Treasury	22,689	25,792
Unearned Revenue	337,255	359,411
Other (Note 11)	77,795	135,534
Total Intragovernmental	1,460,342	18,285,028
Accounts Payable	371,067	345,215
Loan Guarantee Liabilities (Notes 5 and 16)	589	621
Federal Employee Benefits (Note 12)	687,434	666,563
Environmental and Disposal Liabilities (Note 13)	60,995	67,863
Other		
Accrued Payroll and Annual Leave	540,082	452,073
Accrued Grants	446,207	373,525
Accrued Coupons for Digital-to-Analog Converter Box Program	24,489	165,533
Capital Lease Liabilities (Note 14)	12,589	30,881
Unearned Revenue	974,015	1,058,956
Other (Note 11)	42,956	54,710
TOTAL LIABILITIES	\$ 4,620,765	\$ 21,500,968
Commitments and Contingencies (Notes 5, 14, and 16)		
NET POSITION		
Unexpended Appropriations		
Unexpended Appropriations - Earmarked Funds (Note 21)	\$ 4,890,417	\$ 462
Unexpended Appropriations - All Other Funds	8,246,105	5,179,925
Cumulative Results of Operations		
Cumulative Results of Operations - Earmarked Funds (Note 21)	10,155,041	1,646,557
Cumulative Results of Operations - All Other Funds	6,044,457	5,388,893
TOTAL NET POSITION	\$ 29,336,020	\$ 12,215,837
TOTAL LIABILITIES AND NET POSITION	\$ 33,956,785	\$ 33,716,805

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Net Cost
For the Years Ended September 30, 2009 and 2008 (Note 17) (In Thousands)**

	FY 2009	FY 2008
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers		
Gross Costs	\$ 4,074,978	\$ 2,499,703
Less: Earned Revenue	(280,564)	(301,572)
Net Program Costs	3,794,414	2,198,131
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness		
Gross Costs	4,047,583	3,494,428
Less: Earned Revenue	(2,167,582)	(2,071,665)
Net Program Costs	1,880,001	1,422,763
Strategic Goal 3: Promote Environmental Stewardship		
Gross Costs	4,417,956	4,335,967
Less: Earned Revenue	(265,632)	(258,048)
Net Program Costs	4,152,324	4,077,919
NET COST OF OPERATIONS	\$ 9,826,739	\$ 7,698,813

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Changes in Net Position
For the Years Ended September 30, 2009 and 2008 (In Thousands)**

	FY 2009			FY 2008		
	Earmarked Funds (Note 21)	All Other Funds	Consolidated Total	Earmarked Funds (Note 21)	All Other Funds	Consolidated Total
Cumulative Results Of Operations:						
Beginning Balance	\$ 1,646,557	\$ 5,388,893	\$ 7,035,450	\$ 552,347	\$ 4,891,375	\$ 5,443,722
Budgetary Financing Sources:						
Appropriations Used	364,718	8,939,344	9,304,062	4,870	7,049,980	7,054,850
Non-exchange Revenue	21,432	-	21,432	24,171	-	24,171
Donations and Forfeitures of Cash and Cash Equivalents	-	846	846	-	1,039	1,039
Transfers In of Spectrum Auction Proceeds from Federal Communications Commission (Note 18)	16,689,557	-	16,689,557	1,778,983	-	1,778,983
Transfer Out of Spectrum Auction Proceeds to Treasury General Fund (Note 18)	(7,363,000)	-	(7,363,000)	-	-	-
Transfers In/(Out) Without Reimbursement, Net	15,240	83,201	98,441	10,394	250,844	261,238
Other Budgetary Financing Sources/(Uses), Net	-	1,540	1,540	-	674	674
Other Financing Sources (Non-exchange):						
Donations and Forfeitures of Property	-	55	55	-	228	228
Transfers In/(Out) Without Reimbursement, Net	-	4,254	4,254	-	3,301	3,301
Imputed Financing Sources from Cost Absorbed by Others	981	234,763	235,744	922	213,321	214,243
Downward Subsidy Reestimates Payable to Treasury	-	(3,509)	(3,509)	-	(68,379)	(68,379)
Other Financing Sources/(Uses), Net	(27)	1,392	1,365	10,269	9,924	20,193
Total Financing Sources	9,728,901	9,261,886	18,990,787	1,829,609	7,460,932	9,290,541
Net Cost of Operations	(1,220,417)	(8,606,322)	(9,826,739)	(735,399)	(6,963,414)	(7,698,813)
Net Change	8,508,484	655,564	9,164,048	1,094,210	497,518	1,591,728
Cumulative Results of Operations – Ending Balance	10,155,041	6,044,457	16,199,498	1,646,557	5,388,893	7,035,450
Unexpended Appropriations:						
Beginning Balance	462	5,179,925	5,180,387	-	4,528,905	4,528,905
Budgetary Financing Sources:						
Appropriations Received (Note 18)	5,350,000	12,012,359	17,362,359	-	7,749,948	7,749,948
Appropriations Transferred In/(Out), Net	(95,328)	39,123	(56,205)	5,332	5,430	10,762
Other Adjustments (Note 18)	1	(45,958)	(45,957)	-	(54,378)	(54,378)
Appropriations Used	(364,718)	(8,939,344)	(9,304,062)	(4,870)	(7,049,980)	(7,054,850)
Total Budgetary Financing Sources	4,889,955	3,066,180	7,956,135	462	651,020	651,482
Unexpended Appropriations – Ending Balance	4,890,417	8,246,105	13,136,522	462	5,179,925	5,180,387
NET POSITION	\$ 15,045,458	\$ 14,290,562	\$ 29,336,020	\$ 1,647,019	\$ 10,568,818	\$ 12,215,837

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Combined Statements of Budgetary Resources
For the Years Ended September 30, 2009 and 2008 (Note 18) (In Thousands)**

	FY 2009		FY 2008	
	Budgetary	Non-budgetary Credit Program Financing Accounts	Budgetary	Non-budgetary Credit Program Financing Accounts
BUDGETARY RESOURCES:				
Unobligated Balance, Brought Forward, October 1	\$ 2,289,356	\$ 59,577	\$ 822,282	\$ 59,011
Adjustments to Unobligated Balance, Brought Forward	77	389	(12)	-
Recoveries of Prior-years Unpaid Obligations	366,362	1,515	116,481	9,115
Budget Authority				
Appropriations	34,069,220	-	9,551,341	-
Borrowing Authority	-	88,368	500,200	56,909
Spending Authority From Offsetting Collections				
Earned				
Collected	3,482,685	53,505	3,313,100	77,720
Change in Receivables	18,868	-	7,190	(518)
Change in Unfilled Customer Orders				
Advances Received	(87,441)	-	(24,925)	-
Without Advances	(42,305)	-	26,570	-
Previously Unavailable	2,113	-	2,475	-
Total Budget Authority	37,443,140	141,873	13,375,951	134,111
Nonexpenditure Transfers, Net	57,381	-	271,193	-
Temporarily Not Available Pursuant to Public Law	-	-	(1,654)	-
Permanently Not Available	(8,326,575)	(27,425)	(719,836)	(56,134)
TOTAL BUDGETARY RESOURCES	\$ 31,829,741	\$ 175,929	\$ 13,864,405	\$ 146,103
STATUS OF BUDGETARY RESOURCES:				
Obligations Incurred				
Direct	\$ 12,089,149	\$ 117,486	\$ 8,510,374	\$ 85,807
Reimbursable	3,147,071	56,108	3,064,675	719
Total Obligations Incurred	15,236,220	173,594	11,575,049	86,526
Unobligated Balance				
Apportioned	7,800,617	-	806,243	-
Exempt From Apportionment	356,139	-	308,833	-
Total Unobligated Balance	8,156,756	-	1,115,076	-
Unobligated Balance Not Available	8,436,765	2,335	1,174,280	59,577
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 31,829,741	\$ 175,929	\$ 13,864,405	\$ 146,103
CHANGE IN UNPAID OBLIGATED BALANCE, NET:				
Unpaid Obligated Balance, Net, Brought Forward, October 1				
Unpaid Obligations, Brought Forward	\$ 7,424,863	\$ 215,703	\$ 7,007,742	\$ 206,855
Less: Uncollected Customer Payments, Brought Forward	(315,067)	(735)	(281,307)	(1,253)
Total Unpaid Obligated Balance, Net, Brought Forward	7,109,796	214,968	6,726,435	205,602
Adjustments to Unpaid Obligations, Brought Forward				
Obligations Incurred	15,236,220	173,594	11,575,049	86,526
Less: Gross Outlays	(14,221,354)	(126,503)	(11,042,570)	(68,563)
Less: Actual Recoveries of Prior-years Unpaid Obligations	(366,362)	(1,515)	(116,481)	(9,115)
Change in Uncollected Customer Payments	23,437	-	(33,760)	518
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF PERIOD	\$ 7,781,737	\$ 260,544	\$ 7,109,796	214,968
Unpaid Obligated Balance, Net, End of Period				
Unpaid Obligations	\$ 8,073,367	\$ 261,279	\$ 7,424,863	\$ 215,703
Less: Uncollected Customer Payments	(291,630)	(735)	(315,067)	(735)
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF PERIOD	\$ 7,781,737	\$ 260,544	\$ 7,109,796	\$ 214,968
NET OUTLAYS:				
Gross Outlays	\$ 14,221,354	\$ 126,503	\$ 11,042,570	\$ 68,563
Less: Offsetting Collections	(3,395,244)	(53,505)	(3,288,175)	(77,720)
Less: Distributed Offsetting (Receipts)/Outlays, Net	(101,324)	-	(20,397)	-
NET OUTLAYS	\$ 10,724,786	\$ 72,998	\$ 7,733,998	\$ (9,157)

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(All Tables are Presented in Thousands, Unless Otherwise Noted)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Reporting Entity

The Department of Commerce (the Department) is a cabinet-level agency of the Executive Branch of the U.S. government. Established in 1903 to promote U.S. business and trade, the Department's broad range of responsibilities includes predicting the weather, granting patents and registering trademarks, measuring economic growth, gathering and disseminating statistical data, expanding U.S. exports, developing innovative technologies, helping local communities improve their economic development capabilities, promoting minority entrepreneurial activities, and monitoring the stewardship of national assets. The Department is composed of 12 bureaus, the Emergency Oil and Gas and Steel Loan Guarantee Programs, the National Intellectual Property Law Enforcement Coordination Council, and Departmental Management.

For the *Consolidating Statements of Net Cost* (see Note 17), the Department's entities have been grouped together as follows:

- National Oceanic and Atmospheric Administration (NOAA)
- U.S. Patent and Trademark Office (USPTO)
- Economics and Statistics Administration (ESA) – based on organizational structure
 - Bureau of Economic Analysis (BEA)
 - Census Bureau
- National Institute of Standards and Technology (NIST)
- National Telecommunications and Information Administration (NTIA)
- Others
 - Bureau of Industry and Security (BIS)
 - Economic Development Administration (EDA)
 - Emergency Oil and Gas and Steel Loan Guarantee Programs (ELGP)
 - International Trade Administration (ITA)
 - Minority Business Development Agency (MBDA)
 - National Intellectual Property Law Enforcement Coordination Council (NIPLEC)
 - National Technical Information Service (NTIS)

- Departmental Management (DM)
 - Franchise Fund
 - Gifts and Bequests (G&B)
 - Herbert C. Hoover Building Renovation Project (HCHB)
 - Office of Inspector General (OIG)
 - Salaries and Expenses (S&E)
 - Working Capital Fund (WCF)

B *Basis of Accounting and Presentation*

The Department's fiscal year ends September 30. These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements, which in many cases is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds.

These financial statements have been prepared from the accounting records of the Department in conformance with U.S. generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Revised Circular No. A-136, *Financial Reporting Requirements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board, which is the official body for setting the accounting standards of the U.S. government.

Throughout these financial statements, intragovernmental assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions were made. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities.

The Department is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and/or a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (e.g. budget authority, obligations, and outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. EDA allocates funds, as the parent, to the U.S. Department of Agriculture's Rural Development Administration. Therefore, all financial activity related to these funds are reported in the Department's financial statements. NIST, NOAA, EDA, Census Bureau, BEA, NTIS, and USPTO receive allocation transfers, as the child, from the General Services Administration, Environmental Protection Agency, Delta Regional Authority, and Appalachian Regional Commission. Activity relating to these child allocation transfers is not reported in the Department's financial statements.

Ⓒ Earmarked Funds

Earmarked funds are financed by specifically identified revenues, often supplemented by other financing sources, which remain available over time. These specifically identified revenues and other financing sources are required by statute to be used for designated activities, benefits, or purposes, and must be accounted for separately from the government's general revenues. Earmarked funds include a general fund, public enterprise revolving funds (not including credit reform financing funds), special funds, and a trust fund. (See Note 21, *Earmarked Funds*.)

Ⓓ Elimination of Intra-entity and Intra-Departmental Transactions and Balances

Transactions and balances within a reporting entity (intra-entity) have been eliminated from the financial statements, except as noted below. Transactions and balances among the Department's entities (intra-Departmental) have been eliminated from the *Consolidated Balance Sheets*, the *Consolidated Statements of Net Cost*, and the *Consolidated Statements of Changes in Net Position*. The *Statements of Budgetary Resources* are presented on a combined basis; therefore, intra-Departmental and intra-entity transactions and balances have not been eliminated from these statements.

Ⓔ Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of funds in the Department's accounts with the U.S. Department of the Treasury (Treasury). Deposit Funds primarily represent the Spectrum Auction Proceeds Liability to the Federal Communications Commission (FCC) and amounts held in customer deposit accounts.

Treasury processes cash receipts and disbursements for the Department's domestic operations. Cash receipts and disbursements for the Department's overseas operations are primarily processed by the U.S. Department of State's financial service centers.

Ⓕ Accounts Receivable, Net

Accounts Receivable are recognized primarily when the Department performs reimbursable services or sells goods. Accounts Receivable are reduced to net realizable value by an Allowance for Uncollectible Accounts. This allowance is estimated periodically using methods such as the identification of specific delinquent receivables, and the analysis of aging schedules and historical trends adjusted for current market conditions.

Ⓖ Advances and Prepayments

Advances are payments the Department has made to cover a part or all of a grant recipient's anticipated expenses, or are advance payments for the cost of goods and services to be acquired. For grant awards, the recipient is required to periodically (monthly or quarterly) report the amount of costs incurred. Prepayments are payments the Department has made to cover certain periodic expenses before those expenses are incurred, such as subscriptions and rent. Advances and Prepayments are included in Other Assets.

H *Direct Loans and Loan Guarantees*

A direct loan is recorded as a receivable after the Department disburses funds to a borrower. The Department also makes loan guarantees with respect to the payment of all or part of the principal or interest on debt obligations of non-federal borrowers to non-federal lenders. A borrower-defaulted loan guaranteed by the Department is recorded as a receivable from the borrower after the Department disburses funds to the lender.

Interest Receivable generally represents uncollected interest income earned on loans. For past-due loans, only up to 180 days of interest income is generally recorded.

Foreclosed Property is acquired primarily through foreclosure and voluntary conveyance, and is recorded at the fair market value at the time of acquisition. Foreclosed Property is adjusted to the current fair market value each fiscal year-end.

Direct Loans and Loan Guarantees Obligated before October 1, 1991 (pre-FY 1992): Loans Receivable are reduced by an Allowance for Loan Losses, which is based on an analysis of each loan's outstanding balance. The value of each receivable, net of any Allowance for Loan Losses, is supported by the values of pledged collateral and other assets available for liquidation, and by the Department's analysis of financial information of parties against whom the Department has recourse for the collection of these receivables.

The Economic Development Revolving Fund is required to make annual interest payments to Treasury after each fiscal year-end, based on its outstanding receivables at September 30.

Direct Loans and Loan Guarantees Obligated after September 30, 1991 (post-FY 1991): Post-FY 1991 obligated direct loans and loan guarantees and the resulting receivables are governed by the Federal Credit Reform Act of 1990.

For a direct or guaranteed loan disbursed during a fiscal year, a subsidy cost is initially recognized. Subsidy costs are intended to estimate the long-term cost to the U.S. government of its loan programs. The subsidy cost equals the present value of estimated cash outflows over the life of the loan, minus the present value of estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries are not included in the subsidy costs. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, loan origination and other fees, and other cash flows. The Department calculates its subsidy costs based on a model created and provided by OMB.

A Loan Receivable is recorded at the present value of the estimated cash inflows less cash outflows. The difference between the outstanding principal of the loan and the present value of its net cash inflows is recorded as the Allowance for Subsidy Cost. A subsidy reestimate is normally performed annually, as of September 30. The subsidy reestimate takes into account all factors that may have affected the estimated cash flows. Any adjustment resulting from the reestimate is recognized as a subsidy expense (or a reduction in subsidy expense). The portion of the Allowance for Subsidy Cost related to subsidy modifications and reestimates is calculated annually, as of September 30.

The amount of any downward subsidy reestimates as of September 30 must be disbursed to Treasury in the subsequent fiscal year. Appropriations are normally obtained in the following fiscal year for any upward subsidy reestimates.

I *Inventory, Materials, and Supplies, Net*

Inventory, Materials, and Supplies, Net are stated at the lower of cost or net realizable value primarily under the weighted-average and first-in, first-out methods, and are adjusted for the results of physical inventories. Inventory, Materials, and Supplies are expensed when consumed. There are no restrictions on their sale, use, or disposition.

J *General Property, Plant, and Equipment, Net*

General Property, Plant, and Equipment, Net (General PP&E) is composed of capital assets used in providing goods or services. General PP&E is stated at full cost, including all costs related to acquisition, delivery, and installation, less Accumulated Depreciation. General PP&E also includes assets acquired through capital leases, which are initially recorded at the amount recognized as a liability for the capital lease at its inception.

Capitalization Thresholds: The Department's general policy is to capitalize General PP&E if the initial acquisition price is \$25 thousand or more and the useful life is two years or more. NOAA is an exception to this policy, based on a cost vs. benefits and materiality analysis given the size of NOAA, having a capitalization threshold of \$200 thousand. General PP&E with an acquisition cost less than the capitalization threshold is expensed when purchased. When the purchase of a large quantity of items, each costing less than the capitalization threshold, would materially distort the amount of costs reported in a given period, the purchase is capitalized as a group.

Depreciation: Depreciation is expensed on a straight-line basis over the estimated useful life of the asset with the exception of leasehold improvements, which are depreciated over the remaining life of the lease or over the useful life of the improvement, whichever is shorter. Land and Construction-in-progress are not depreciated.

Real Property: The U.S. General Services Administration (GSA) provides most of the facilities in which the Department operates, and generally charges rent based on comparable commercial rental rates. Accordingly, GSA-owned properties are not included in the Department's General PP&E. The Department's real property primarily consists of facilities for NIST and NOAA. Land Improvements consist of a retaining wall to protect against shoreline erosion.

Construction-in-progress: Costs for the construction, modification, or modernization of General PP&E are initially recorded as Construction-in-progress. The Department's construction-in-progress consists primarily of satellites under development for NOAA, and major laboratory renovations and construction projects under development for NIST. Upon completion of the work, the costs are transferred to the appropriate General PP&E account.

K *Notes Receivable*

Notes Receivable, included in Other Assets, arise through the NOAA sale of foreclosed property to non-federal parties. The property is used as collateral, and an Allowance for Uncollectible Amounts is established if the net realizable value of the collateral is less than the outstanding balance of the Notes Receivable. An analysis of the collectibility of receivables is performed periodically. Any gains realized through the sale of foreclosed property are initially deferred and recognized in proportion to the percentage of principal repaid.

L *Non-entity Assets*

Non-entity assets are assets held by the Department that are not available for use in its operations. The non-entity Fund Balance with Treasury primarily represents the amount of the Fund Balance with Treasury which is also a liability to FCC for the spectrum auction proceeds for which licenses have not yet been granted by FCC. See Note 18, *Combined Statements of Budgetary Resources*, for more information. The non-entity Fund Balance with Treasury also includes customer deposits held by the Department until customer orders are received. Non-entity Loans Receivable and Related Foreclosed Property, Net represents EDA's Drought Loan Portfolio. The Portfolio collections are submitted to Treasury monthly.

M *Liabilities*

A liability for federal accounting purposes is a probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events.

Accounts Payable: Accounts Payable are amounts primarily owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due.

Debt to Treasury: The Department has borrowed funds from Treasury for its various credit programs: Fisheries Finance Traditional, Tuna Fleet, and Individual Fishing Quota (IFQ) Direct Loans, Fishing Vessel Obligation Guarantee (FVOG) Program, Bering Sea Pollock Fishery Buyout, Pacific Groundfish Buyback Loans, Crab Buyback Loans, Bering Sea and Aleutian Islands Non-Pollock Buyback Loans, and Emergency Steel Loan Guarantee Program. To simplify interest calculations, all borrowings are dated October 1. Interest rates are based on a weighted average of rates during the term of the borrowed funds. The weighted average rate for each cohort's borrowing is recalculated at the end of each fiscal year during which disbursements are made. Annual interest payments on unpaid principal balances as of September 30 are required. Principal repayments are required only at maturity, but are permitted at any time during the term of the loan. The Department's primary financing source for repayments of Debt to Treasury is the collection of principal on the associated Loans Receivable. Balances of any borrowed but undisbursed funds will earn interest at the same rate used in calculating interest expense. The amount reported for Debt to Treasury includes accrued interest payable.

The Department has also borrowed funds from Treasury for its Digital Television Transition and Public Safety Fund. This NTIA fund, which was created by the Digital Television Transition and Public Safety Act of 2005, receives proceeds from the auction of licenses for recovered analog spectrum from discontinued analog television signals, and provides funding for several programs from these receipts. This Act, as well as the Security and Accountability For Every Port Act of 2006, also provided borrowing authority to the Department to commence specified programs prior to the availability of earned auction proceeds. As of September 30, 2009, NTIA has fully reimbursed Treasury for the borrowings, without interest. For more information on certain programs under the Digital Television Transition and Public Safety Fund, see Note 18.

Spectrum Auction Proceeds Liability to Federal Communications Commission: FCC completed the auction of licenses for recovered analog spectrum in March 2008. These auction proceeds provide funding for several programs. An auction proceed is considered a liability to FCC until FCC grants the license. When the license is granted, a budgetary financing source is recognized on the Consolidated Statement of Changes in Net Position for the earned net auction proceed (auction proceed less FCC administrative fees due to FCC), and the liability is reduced by the dollar amount of the license granted. See Note 18 for more information on NTIA's Digital Television and Transition Public Safety Fund.

Resources Payable to Treasury: Resources Payable to Treasury includes liquidating fund assets in excess of liabilities that are being held as working capital for the Economic Development Revolving Fund loan programs and the FVOG loan guarantee program. EDA's Drought Loan Portfolio is a non-entity asset; therefore, the amount of the Portfolio is also recorded as a liability to the Treasury General Fund. The Portfolio collections are returned to the Treasury General Fund annually, and the liability is reduced accordingly.

Unearned Revenue: Unearned Revenue is the portion of monies received for which goods and services have not yet been provided or rendered by the Department. Revenue is recognized as reimbursable costs are incurred, and the Unearned Revenue balance is reduced accordingly. Unearned Revenue also includes the balances of customer deposit accounts held by the Department. The intragovernmental Unearned Revenue primarily relates to monies collected in advance under reimbursable agreements. The majority of the Unearned Revenue with the public represents patent and trademark application and user fees that are pending action.

Accrued FECA Liability: The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (DOL), which pays valid claims against the Department and subsequently seeks reimbursement from the Department for these paid claims. Accrued FECA Liability, included in Intragovernmental Other Liabilities, represents amounts due to DOL for claims paid on behalf of the Department.

Loan Guarantee Liabilities: Post-FY 1991 obligated loan guarantees are governed by the Federal Credit Reform Act of 1990. For a guaranteed loan disbursed during a fiscal year, a subsidy cost is initially recognized. Subsidy costs are intended to estimate the long-term cost to the U.S. government of its loan programs. The subsidy cost equals the present value of estimated cash outflows over the lives of the loans, minus the present value of estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries are not included in the subsidy costs. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, loan origination and other fees, and other cash flows. The Department calculates its subsidy costs based on a model created and provided by OMB.

For a non-acquired guaranteed loan outstanding, the present value of the estimated cash inflows less cash outflows of the loan guarantee is recognized as a Loan Guarantee Liability. The Loan Guarantee Liability is normally reestimated annually each year, as of September 30. The subsidy reestimate takes into account all factors that may have affected the estimated cash flows. Any adjustment resulting from the reestimate is recognized as a subsidy expense (or a reduction in subsidy expense).

Federal Employee Benefits:

Actuarial FECA Liability: Actuarial FECA Liability represents the liability for future workers' compensation (FWC) benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. The liability is determined by DOL annually, as of September 30, using a method that utilizes historical benefits payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds. To provide more specifically for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments of benefits by the Department to current-year constant dollars.

The model's resulting projections are analyzed by DOL to ensure that the amounts are reliable. The analysis is based on two tests: (1) a comparison of the percentage change in the liability amount by agency to the percentage change in the actual payments; and (2) a comparison of the ratio of the estimated liability to the actual payment of the beginning year calculated for the current projection to the liability-payment ratio calculated for the prior projection.

NOAA Corps Retirement System Liability and NOAA Corps Post-retirement Health Benefits Liability: These liabilities are recorded at the actuarial present value of projected benefits, calculated annually, as of September 30. The actuarial cost method used to determine these liabilities is the aggregate entry age normal method. Under this method, the actuarial present value of projected benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the normal cost. Actuarial gains and losses, and prior and past service costs, if any, are recognized immediately in the year they occur, without amortization. The actuarial calculations use U.S. Department of Defense Retirement Board of Actuaries economic assumptions (as used by the U.S. Military Retirement System) for investment earnings on federal securities, annual basic pay increases, and annual inflation. The medical claim rates used for the NOAA Corps Post-retirement Health Benefits Liability actuarial calculations are based on the claim rates used for the U.S.

Department of Defense Medicare-Eligible Retiree Health Care Fund actuarial valuations. Demographic assumptions appropriate to covered personnel are also used. For background information about these plans, see Note 1.Q, *Employee Retirement Benefits*.

Environmental and Disposal Liabilities: NIST operates a nuclear reactor licensed by the U.S. Nuclear Regulatory Commission, in accordance with NIST's mission of setting standards and examining new technologies. The Department currently estimates the cost of decommissioning this facility to be \$70.3 million. The NIST decommissioning estimate includes an assumption that an offsite waste disposal facility will become available, when needed, estimated in 2029. Currently, an offsite disposal location has not been identified, and the NIST environmental liability cost estimate includes an amount approved by the Nuclear Regulatory Commission for offsite waste disposal. The total estimated decommissioning cost is being accrued on a straight-line basis over the expected life of the facility. Under current legislation, funds to cover the expense of decommissioning the facility's nuclear reactor should be requested in a separate appropriation when the decommissioning date becomes relatively certain.

The Department has incurred cleanup costs related to the costs of removing, containing, and/or disposing of hazardous waste from facilities used by NOAA. The Department has estimated its liabilities for environmental cleanup costs at all NOAA-used facilities, including the decommissioning of ships. The largest of NOAA's environmental liabilities relates to the clean-up of the Pribilof Island in Alaska, which contains waste from the U.S. Department of Defense's use during World War II. The Department does not recognize a liability for environmental cleanup costs for NOAA-used facilities that are less than \$25 thousand per project. When an estimate of cleanup costs includes a range of possible costs, the most likely cost is reported. When no cost is more likely than another, the lowest estimated cost in the range is reported. The liability is reduced as progress payments are made.

The Department may have liabilities associated with asbestos-containing materials (ACM) and lead-based paints (LBP) at certain NOAA facilities. The Department has scheduled surveys to assess the potential for liabilities for ACM and LBP contamination. All known issues, however, are contained, and NOAA facilities meet current environmental standards. No cost estimates are presently available for facilities that have not yet been assessed for ACM or LBP issues.

Accrued Payroll and Annual Leave: These categories include salaries, wages, and other compensation earned by employees, but not disbursed as of September 30. Annually, as of September 30, the balances of Accrued Annual Leave are adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken.

Accrued Grants: The Department administers a diverse array of financial assistance programs and projects concerned with the entire spectrum of business and economic development efforts that promote activities such as expanding U.S. exports, creating jobs, contributing to economic growth, developing innovative technologies, promoting minority entrepreneurship, protecting coastal oceans, providing weather services, managing worldwide environmental data, and using telecommunications and information technologies to better provide public services. Disbursements of funds under the Department's grant programs are generally made when requested by grantees. These drawdown requests may be received and fulfilled before grantees make the program expenditures. When the Department has disbursed funds but the grant recipient has not yet reported expenditures, these disbursements are recorded as advances. If a recipient, however, reports program expenditures that have not been advanced by the Department by September 30, such amounts are recorded as grant expenses and grants payable as of September 30.

Accrued Coupons for Digital-to-Analog Converter Box Program: NTIA's Digital-to-Analog Converter Box Program provides households in the U.S. with forty-dollar coupons (two per household maximum) that can be applied toward the purchase of digital-to-analog converter boxes. This liability represents the projected amount due for coupons issued as of September 30 but not yet redeemed. See Note 18 for more information on the Digital-to-Analog Converter Box Program.

Capital Lease Liabilities: Capital leases are leases for property, plant, and equipment that transfer substantially all the benefits and risks of ownership to the Department.

ITA Foreign Service Nationals' Voluntary Separation Pay: This liability, included in Other Liabilities, is based on the salaries and benefit statuses of employees in countries where governing laws require a provision for separation pay.

Contingent Liabilities and Contingencies: A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability (included in Other Liabilities) and an expense are recognized when a past event has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is considered probable when the future confirming event or events are more likely than not to occur, with the exception of pending or threatened litigation and unasserted claims. For pending or threatened litigation and unasserted claims, the future confirming event or events are likely to occur. A contingency is disclosed in the Notes to the Financial Statements if any of the conditions for liability recognition are not met and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. A contingency is considered reasonably possible when the chance of the future confirming event or events occurring is more than remote but less than probable. A contingency is not recognized as a contingent liability and an expense nor disclosed in the Notes to the Financial Statements when the chance of the future event or events occurring is remote. A contingency is considered remote when the chance of the future event or events occurring is slight.

Liabilities Not Covered by Budgetary Resources: These are liabilities for which congressional actions are needed before budgetary resources can be provided. The Department anticipates that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed in Note 15.

Under accrual accounting, the expense for annual leave is recognized when the leave is earned. However, for most of the Department's fund groups, appropriations are provided to pay for the leave when it is taken. As a result, budgetary resources do not cover a large portion of Accrued Annual Leave.

The Department generally receives budgetary resources for Federal Employee Benefits when they are needed for disbursements.

N *Commitments*

Commitments are preliminary actions that will ultimately result in an obligation to the U.S. government if carried through, such as purchase requisitions, estimated travel orders, or unsigned contracts/grants. Major long-term commitments are disclosed in Note 16, *Commitments and Contingencies*.

O *Net Position*

Net Position is the residual difference between assets and liabilities, and is composed of Unexpended Appropriations and Cumulative Results of Operations.

Unexpended Appropriations represent the total amount of unexpended budget authority, both obligated and unobligated. Unexpended Appropriations are reduced for Appropriations Used and adjusted for other changes in budgetary resources, such as transfers and rescissions. Cumulative Results of Operations is the net result of the Department's operations since inception.

P *Revenues and Other Financing Sources*

Appropriations Used: Most of the Department's operating funds are provided by congressional appropriations of budget authority. The Department receives appropriations on annual, multiple-year, and no-year bases. Upon expiration of an annual or multiple-year appropriation, the obligated and unobligated balances retain their fiscal year identity, and are maintained separately within an expired account. The unobligated balances can be used to make legitimate obligation adjustments, but are otherwise not available for expenditures. Annual and multiple-year appropriations are canceled at the end of the fifth year after expiration. No-year appropriations do not expire. Appropriations of budget authority are recognized as used when costs are incurred, for example, when goods and services are received or benefits and grants are provided.

Exchange and Non-exchange Revenue: The Department classifies revenue as either exchange revenue or non-exchange revenue. Exchange revenue is derived from transactions in which both the government and the other party receive value, including processing patents and registering trademarks, the sale of weather data, nautical charts, and navigation information, and other sales of goods and services. This revenue is presented on the Department's *Consolidated Statements of Net Cost*, and serves to reduce the reported cost of operations borne by the taxpayer. Non-exchange revenue is derived from the government's sovereign right to demand payment, including fines for violations of fisheries and marine protection laws. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. This revenue is not considered to reduce the cost of the Department's operations and is therefore reported on the *Consolidated Statements of Changes in Net Position*.

In certain cases, law or regulation sets the prices charged by the Department, and, for program and other reasons, the Department may not receive full cost (e.g., the processing of patents and registering of trademarks, and the sale of weather data, nautical charts, and navigation information). Prices set for products and services offered through the Department's working capital funds are intended to recover the full costs incurred by these activities.

Imputed Financing Sources from Cost Absorbed by Others (and Related Imputed Costs): In certain cases, operating costs of the Department are paid for in full or in part by funds appropriated to other federal entities. For example, Civil Service Retirement System pension benefits for applicable Departmental employees are paid for in part by the U.S. Office of Personnel Management (OPM), and certain legal judgments against the Department are paid for in full from the Judgment Fund maintained by Treasury. Through FY 2008, OMB limited Imputed Costs to recognize by federal entities to the following: (1) employees' pension benefits; (2) health insurance, life insurance, and other benefits for retired employees; (3) other post-employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and (4) losses in litigation proceedings. Effective FY 2009, there is no longer a limitation on Imputed Costs to be recognized by federal entities, and the Department, accordingly, recognizes all Imputed Costs paid for in full or in part by other federal entities. The additional imputed costs recorded were not material. The Department includes applicable Imputed Costs on the *Consolidated Statements of Net Cost*. In addition, an Imputed Financing Source from Cost Absorbed by Others is recognized on the *Consolidated Statements of Changes in Net Position*.

Transfers In/(Out): Intragovernmental transfers of budget authority (i.e., appropriated funds) or of assets without reimbursement are recorded at book value.

Q Employee Retirement Benefits

Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS): Most employees of the Department participate in either the CSRS or FERS defined-benefit pension plans. FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in CSRS.

The Department is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. OPM, which administers the plans, is responsible for and reports these amounts.

For CSRS-covered regular employees, the Department was required to make contributions to the plan equal to 7 percent of an employee's basic pay. Employees contributed 7 percent of basic pay. For each fiscal year, OPM calculates the U.S. government's service cost for covered employees, which is an estimate of the amount of funds, that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. government's estimated service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by the Department and its employees. The Department has recognized an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

For FERS-covered regular employees, the Department was required to make contributions of 11.2 percent (since FY 2005) of basic pay. Employees contributed .8 percent of basic pay. For each fiscal year, OPM calculates the U.S. government's service cost for covered employees. For FY 2009, since the U.S. government's estimated service cost exceeds contributions made by employer agencies and covered employees, this plan was not fully funded by the Department and its employees. For FY 2009, the Department has recognized an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others for the difference between the estimated service cost and the contributions made by the Department and its covered employees. For FY 2008, this plan was fully funded by the Department and its employees.

Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA), for which the Department contributes a matching amount to the Social Security Administration.

NOAA Corps Retirement System: Active-duty officers of the NOAA Corps are covered by the NOAA Corps Retirement System, an unfunded, pay-as-you-go, defined-benefit plan administered by the Department. Participants do not contribute to this plan. Plan benefits are based primarily on years of service and compensation. Participants, as of September 30, 2009, included 301 active duty officers, 348 nondisability retiree annuitants, 18 disability retiree annuitants, and 47 surviving families. Key provisions include voluntary nondisability retirement after 20 years of active service, disability retirement, optional survivor benefits, Consumer Price Index (CPI) optional survivor benefits, and CPI adjustments for benefits.

Foreign Service Retirement and Disability System, and the Foreign Service Pension System: Foreign Commercial Officers are covered by the Foreign Service Retirement and Disability System and the Foreign Service Pension System. ITA makes contributions to the systems based on a percentage of an employee's pay. Both systems are multi-employer plans administered by the U.S. Department of State. The Department is not responsible for and does not report plan assets, accumulated plan benefits, or liabilities applicable to its employees. The U.S. Department of State, which administers the plan, is responsible for and reports these amounts.

Thrift Savings Plan (TSP): Employees covered by CSRS and FERS are eligible to contribute to the U.S. government's TSP, administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and the Department makes a mandatory contribution of one percent of basic pay. Beginning in January 2007, FERS and CSRS covered

employees have no limit on the percentage of pay contributed to their TSP account. However, the total contribution for 2009 may not exceed the IRS limit of \$16.5 thousand. The Department makes no matching contributions for CSRS-covered employees. TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions, subject to the IRS dollar limit for catch-up contributions.

Federal Employees Health Benefit (FEHB) Program: Most Departmental employees are enrolled in the FEHB Program, which provides post-retirement health benefits. OPM administers this program and is responsible for the reporting of liabilities. Employer agencies and covered employees are not required to make any contributions for post-retirement health benefits. OPM calculates the U.S. government's service cost for covered employees each fiscal year. The Department has recognized the entire service cost of these post-retirement health benefits for covered employees as an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others.

NOAA Corps Post-retirement Health Benefits: Active-duty officers of the NOAA Corps are covered by the health benefits program for the NOAA Corps, which provides post-retirement health benefits. This is a pay-as-you-go plan administered by the Department. Participants do not make any contributions to this plan.

Federal Employees Group Life Insurance (FGLI) Program: Most Department employees are entitled to participate in the FGLI Program. Participating employees can obtain basic term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. government's service cost for the post-retirement portion of basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and an Imputed Financing Source From Cost Absorbed by Others.

R *Use of Estimates*

The preparation of financial statements requires the Department to make estimates and assumptions that affect these financial statements. Actual results may differ from those estimates.

S *Tax Status*

The Department is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded.

T *Fiduciary Activities*

Fiduciary activities are the collection or receipt, and the management, protection, accounting, and disposition by the U.S. government of cash or other assets in which non-federal individuals or entities have an ownership interest that the U.S. government must uphold. Fiduciary cash and other assets are not assets of the U.S. government, and, accordingly, are not recognized in the accompanying consolidated financial statements.

The Department's fiduciary activities consists of the following:

The Patent Cooperation Treaty authorizes USPTO to collect patent filing and search fees on behalf of the World Intellectual Property Organization (WIPO), European Patent Office, Korean Intellectual Property Office, and the Australian Patent Office, from U.S. citizens requesting an international patent. The Madrid Protocol Implementation Act authorizes USPTO to collect trademark application fees on behalf of the International Bureau of WIPO from U.S. citizens requesting an international trademark. These fiduciary activities for FY 2009 are reported in Note 20.

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury, by type, is as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
General Funds	\$ 14,878,540	\$ 7,127,382
Revolving Funds	730,441	705,489
Special Funds		
Patent and Trademark Surcharge Fund	233,529	233,529
Digital Television Transition and Public Safety Fund	9,230,126	1,204,539
Others	91,440	60,861
Deposit Funds		
Spectrum Auction Proceeds Liability to FCC	400,451	17,177,707
Others	115,738	129,149
Trust Funds	674	786
Other Fund Types	(9,177)	(6,028)
Total	<u>\$ 25,671,762</u>	<u>\$ 26,633,414</u>

Status of Fund Balance with Treasury is as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Temporarily Precluded From Obligation	\$ 553,954	\$ 556,087
Unobligated Balance		
Available	8,156,433	950,357
Unavailable	8,439,100	1,233,473
Obligated Balance Not Yet Disbursed	7,781,735	6,359,140
Non-budgetary	740,540	17,534,357
Total	<u>\$ 25,671,762</u>	<u>\$ 26,633,414</u>

See Note 18 for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2009 and FY 2008.

NOTE 3. ACCOUNTS RECEIVABLE, NET

FY 2009			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	\$ 78,111	\$ -	\$ 78,111
With the Public	\$ 43,974	\$ (12,545)	\$ 31,429
FY 2008			
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	\$ 64,963	\$ -	\$ 64,963
With the Public	\$ 48,851	\$ (10,660)	\$ 38,191

NOTE 4. CASH

	FY 2009	FY 2008
Cash Not Yet Deposited with Treasury	\$ 3,248	\$ 4,621
Imprest Funds	324	514
Total	\$ 3,572	\$ 5,135

Cash Not Yet Deposited with Treasury primarily represents patent and trademark fees that were not processed as of September 30, due to the lag time between receipt and initial review. Certain bureaus maintain imprest funds for operational necessity, such as law enforcement activities, and for environments that do not permit the use of electronic payments.

NOTE 5. DIRECT LOANS AND LOAN GUARANTEES, NET

The Department operates the following direct loan and loan guarantee programs:

Direct Loan Programs:

EDA	Drought Loan Portfolio
EDA	Economic Development Revolving Fund
NOAA	Alaska Purse Seine Fishery Buyback Loans ¹
NOAA	Bering Sea and Aleutian Islands Non-Pollock Buyback Loans
NOAA	Bering Sea Pollock Fishery Buyback
NOAA	Coastal Energy Impact Program (CEIP)
NOAA	Crab Buyback Loans
NOAA	Federal Gulf of Mexico Reef Fish Buyback Loans ¹
NOAA	Fisheries Finance Individual Fishing Quota (IFQ) Loans
NOAA	Fisheries Finance Traditional Loans
NOAA	Fisheries Finance Tuna Fleet Loans
NOAA	Fisheries Loan Fund
NOAA	New England Groundfish Buyback Loans ¹
NOAA	New England Lobster Buyback Loans ¹
NOAA	Pacific Groundfish Buyback Loans

¹ No loans have been issued under these programs as of September 30, 2009.

Loan Guarantee Programs:

EDA	Economic Development Revolving Fund
ELGP-Oil/Gas	Emergency Oil and Gas Loan Guarantee Program
ELGP-Steel	Emergency Steel Loan Guarantee Program
NOAA	Fishing Vessel Obligation Guarantee Program (FVOG Program)

The net assets for the Department's loan programs consist of:

	<u>FY 2009</u>	<u>FY 2008</u>
Direct Loans Obligated Prior to FY 1992	\$ 27,046	\$ 31,564
Direct Loans Obligated After FY 1991	481,370	476,005
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees	4	4
Defaulted Guaranteed Loans from Post-FY 1991 Guarantees	2,672	3,436
Total	<u>\$ 511,092</u>	<u>\$ 511,009</u>

Direct Loans Obligated Prior to FY 1992 consist of:

FY 2009				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
CEIP	\$ 20,443	\$ 4,874	\$ (18,780)	\$ 6,537
Drought Loan Portfolio	14,104	188	(158)	14,134
Economic Development Revolving Fund	6,405	46	(76)	6,375
Fisheries Loan Fund	293	38	(331)	-
Total	\$ 41,245	\$ 5,146	\$ (19,345)	\$ 27,046

FY 2008				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
CEIP	\$ 20,902	\$ 4,903	\$ (17,380)	\$ 8,425
Drought Loan Portfolio	15,620	207	(158)	15,669
Economic Development Revolving Fund	7,488	58	(76)	7,470
Fisheries Loan Fund	354	39	(393)	-
Total	\$ 44,364	\$ 5,207	\$ (18,007)	\$ 31,564

Direct Loans Obligated After FY 1991 consist of:

FY 2009				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	\$ 34,500	\$ 1,023	\$ 8,380	\$ 43,903
Bering Sea Pollock Fishery Buyback	49,970	116	3,558	53,644
Crab Buyback Loans	94,904	3,037	20,718	118,659
Fisheries Finance IFQ Loans	20,149	203	2,779	23,131
Fisheries Finance Traditional Loans	165,529	2,256	21,945	189,730
Fisheries Finance Tuna Fleet Loans	5,769	34	671	6,474
Pacific Groundfish Buyback Loans	34,366	1,051	10,412	45,829
Total	\$ 405,187	\$ 7,720	\$ 68,463	\$ 481,370

FY 2008				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans, Net
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	\$ 35,000	\$ 1,181	\$ 194	\$ 36,375
Bering Sea Pollock Fishery Buyback	51,260	101	3,644	55,005
Crab Buyback Loans	96,336	3,107	19,826	119,269
Fisheries Finance IFQ Loans	18,693	197	3,076	21,966
Fisheries Finance Traditional Loans	162,999	1,673	25,597	190,269
Fisheries Finance Tuna Fleet Loans	6,451	60	786	7,297
Pacific Groundfish Buyback Loans	34,727	1,046	10,051	45,824
Total	\$ 405,466	\$ 7,365	\$ 63,174	\$ 476,005

New Disbursements of Direct Loans (Post-FY 1991):

Direct Loan Program	FY 2009	FY 2008
Fisheries Finance IFQ Loans	\$ 3,126	\$ 3,616
Fisheries Finance Traditional Loans	19,907	16,651
Total	\$ 23,033	\$ 20,267

Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Disbursements of Direct Loans:

FY 2009

Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	\$ (593)	\$ 14	\$ (21)	\$ 238	\$ (362)
Fisheries Finance Traditional Loans	(2,718)	37	(125)	1,542	(1,264)
Total	<u>\$ (3,311)</u>	<u>\$ 51</u>	<u>\$ (146)</u>	<u>\$ 1,780</u>	<u>\$ (1,626)</u>

FY 2008

Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	\$ (662)	\$ 15	\$ (25)	\$ 310	\$ (362)
Fisheries Finance Traditional Loans	(2,195)	37	(113)	953	(1,318)
Total	<u>\$ (2,857)</u>	<u>\$ 52</u>	<u>\$ (138)</u>	<u>\$ 1,263</u>	<u>\$ (1,680)</u>

Modifications and Reestimates:

FY 2009

Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	\$ -	\$ -	\$ (8,801)	\$ (8,801)
Bering Sea Pollock Fishery Buyback	-	-	(472)	(472)
Crab Buyback Loans	-	-	(1,037)	(1,037)
Fisheries Finance IFQ Loans	-	-	491	491
Fisheries Finance Traditional Loans	-	-	3,854	3,854
Fisheries Finance Tuna Fleet Loans	-	-	(15)	(15)
Pacific Groundfish Buyback Loans	-	-	(1,110)	(1,110)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,090)</u>	<u>\$ (7,090)</u>

FY 2009

The primary reason for the favorable reestimates in FY 2009 was because NOAA's interest rate on borrowings from Treasury declined, while the interest rate on loans receivable remained steady.

FY 2008

Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	\$ -	\$ -	\$ 8,118	\$ 8,118
Bering Sea Pollock Fishery Buyback	-	-	(92)	(92)
Crab Buyback Loans	-	-	(8,191)	(8,191)
Fisheries Finance IFQ Loans	-	-	444	444
Fisheries Finance Traditional Loans	-	-	6,935	6,935
Fisheries Finance Tuna Fleet Loans	-	-	(25)	(25)
Pacific Groundfish Buyback Loans	-	-	(1,624)	(1,624)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,565</u>	<u>\$ 5,565</u>

FY 2008

Total Direct Loan Subsidy Expense:

Direct Loan Program	FY 2009	FY 2008
Bering Sea and Aleutian Islands Non-Pollock Buyback Loans	\$ (8,801)	\$ 8,118
Bering Sea Pollock Fishery Buyback	(472)	(92)
Crab Buyback Loans	(1,037)	(8,191)
Fisheries Finance IFQ Loans	129	82
Fisheries Finance Traditional Loans	2,590	5,617
Fisheries Finance Tuna Fleet Loans	(15)	(25)
Pacific Groundfish Buyback Loans	(1,110)	(1,624)
Total	<u>\$ (8,716)</u>	<u>\$ 3,885</u>

Subsidy Rates for Direct Loans by Program and Component:**Budget Subsidy Rates for Direct Loans for the Current Fiscal-year's Cohorts:**

FY 2009					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	(20.11) %	0.39 %	(0.69) %	7.63 %	(12.78) %
Fisheries Finance Traditional Loans	(16.21) %	0.16 %	(0.57) %	10.19 %	(6.43) %

FY 2008					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	(17.66) %	0.38 %	(0.68) %	7.38 %	(10.58) %
Fisheries Finance Traditional Loans	(13.95) %	0.15 %	(0.57) %	9.73 %	(4.64) %

The budget subsidy rates disclosed pertain only to the reporting period's cohorts. These rates cannot be applied to the new disbursements of direct loans during the reporting period to yield the subsidy expense. The subsidy expense for new disbursements of direct loans for the reporting period could result from disbursements of loans from both the reporting period's cohorts and prior fiscal-year(s) cohorts. The subsidy expense for the reporting period may also include modifications and reestimates.

Schedule for Reconciling Allowance for Subsidy Cost (Post-FY 1991 Direct Loans):

	<u>FY 2009</u>	<u>FY 2008</u>
Beginning Balance of the Allowance for Subsidy Cost	\$ 63,174	\$ 72,028
Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:		
Interest Rate Differential Costs	3,311	2,857
Default Costs (Net of Recoveries)	(51)	(52)
Fees and Other Collections	146	138
Other Subsidy Costs	(1,780)	(1,263)
Total of the above Subsidy Expense Components	<u>1,626</u>	<u>1,680</u>
Adjustments:		
Fees Received	(92)	(155)
Foreclosed Property Acquired	167	-
Subsidy Allowance Amortization	(3,502)	(4,814)
Ending Balance of the Allowance for Subsidy Cost Before Reestimates	<u>61,373</u>	<u>68,739</u>
Add or Subtract Subsidy Reestimates by Component:		
Technical/Default Reestimates	<u>7,090</u>	<u>(5,565)</u>
Ending Balance of the Allowance for Subsidy Cost	<u><u>\$ 68,463</u></u>	<u><u>\$ 63,174</u></u>

Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees:

FY 2009				
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	<u>\$ 11,997</u>	<u>\$ 4</u>	<u>\$ (11,997)</u>	<u>\$ 4</u>
FY 2008				
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	<u>\$ 11,997</u>	<u>\$ 4</u>	<u>\$ (11,997)</u>	<u>\$ 4</u>

Defaulted Guaranteed Loans from Post-FY 1991 Guarantees:

FY 2009

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	\$ 14,128	\$ 1,254	\$ (12,710)	\$ 2,672

FY 2008

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FVOG Program	\$ 14,128	\$ 1,254	\$ (11,946)	\$ 3,436

Loan Guarantees:

Guaranteed Loans Outstanding:

Outstanding non-acquired guaranteed loans as of September 30, 2009 and 2008, which are not reflected in the financial statements, are as follows:

Loan Guarantee Program	FY 2009		FY 2008	
	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
FVOG Program	\$ 4,331	\$ 4,331	\$ 9,353	\$ 9,353

New Guaranteed Loans Disbursed:

There were no new guaranteed loans disbursed during FY 2009 and FY 2008.

Loan Guarantee Liabilities:

	<u>FY 2009</u>	<u>FY 2008</u>
Loan Guarantee Program	Loan Guarantee Liabilities for Post-FY 1991 Guarantees, Present Value	Loan Guarantee Liabilities for Post-FY 1991 Guarantees, Present Value
FVOG Program	\$ 589	\$ 621

Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Loan Guarantees Disbursed:

As there were no new loan guarantees disbursed during FY 2009 and FY 2008, there is not any related subsidy expense.

Modifications and Reestimates:

<u>FY 2009</u>		<u>FY 2009</u>		
Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
FVOG Program	\$ -	\$ -	\$ 451	\$ 451

<u>FY 2008</u>		<u>FY 2008</u>		
Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Emergency Steel Loan Guarantee Program	1,152	-	\$ (56,105)	\$ (56,105)
FVOG Program	-	-	(281)	(281)
Total	\$ 1,152	\$ -	\$ (56,386)	\$ (56,386)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Program	<u>FY 2009</u>	<u>FY 2008</u>
Emergency Steel Loan Guarantee Program	\$ -	\$ (54,953)
FVOG Program	451	(281)
Total	\$ 451	\$ (55,234)

The most significant portion of the FY 2008 technical reestimates resulted from the early repayment of the remaining Emergency Steel Loan Program loans that had been guaranteed. As a result, the remaining balance in the related subsidy financing account was returned to the Treasury General Fund.

Subsidy Rates for Loan Guarantees by Program and Component:

Budget Subsidy Rates for Loan Guarantees for the Current Fiscal-year's Cohorts:

There were no new cohorts of guaranteed loans during FY 2009 and FY 2008.

Schedule for Reconciling Loan Guarantee Liabilities (Post-FY 1991 Loan Guarantees):

	FY 2009	FY 2008
Beginning Balance of Loan Guarantee Liabilities	\$ 621	\$ 55,732
Adjustments:		
Loan Guarantee Modifications	-	1,152
Fees Received	29	33
Interest Accumulation on the Liabilities Balance	(57)	478
Other	(4)	(388)
Ending Balance of Loan Guarantee Liabilities Before Reestimates	589	57,007
Add or Subtract Subsidy Reestimates by Component:		
Technical/Default Reestimates	-	(56,386)
Total of the above Reestimate Components	-	(56,386)
Ending Balance of Loan Guarantee Liabilities	\$ 589	\$ 621

Administrative Expenses:

Administrative expenses in support of the Department's direct loan and loan guarantee programs consist of:

Direct Loan Program	FY 2009	FY 2008
Drought Loan Portfolio and Economic Development Revolving Fund	\$ 1,091	\$ 932
NOAA Direct Loan Programs	3,169	2,776
Total	\$ 4,260	\$ 3,708
Loan Guarantee Program	FY 2009	FY 2008
Emergency Oil and Gas Loan Guarantee Program	\$ 17	\$ 41
Emergency Steel Loan Guarantee Program	134	249
FVOG Program	262	245
Total	\$ 413	\$ 535

NOTE 6. INVENTORY, MATERIALS, AND SUPPLIES, NET

Category	Cost Flow Assumption	FY 2009	FY 2008
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	First-in, first-out	\$ 22,200	\$ 21,220
Other	Various	198	212
Allowance for Excess, Obsolete, and Unserviceable Items		(155)	(108)
Total Inventory, Net		22,243	21,324
Materials and Supplies			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted-average	54,632	50,505
NOAA's National Reconditioning Center	Weighted-average	38,548	39,027
Census Bureau's Decennial Census	First-in, first-out	50,269	334
Other	Various	4,820	4,388
Allowance for Excess, Obsolete, and Unserviceable Items		(24,609)	(14,983)
Total Materials and Supplies, Net		123,660	79,271
Total		\$ 145,903	\$ 100,595

NIST's Standard Reference Materials Program provides reference materials for quality assurance of measurements, while NOAA's Materials and Supplies are primarily repair parts for weather forecasting equipment.

NOTE 7. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

FY 2009				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 16,787	\$ -	\$ 16,787
Land Improvements	30-40	2,996	(1,194)	1,802
Structures, Facilities, and Leasehold Improvements	2-60	1,338,090	(475,533)	862,557
Satellites/Weather Systems Personal Property	3-20	4,522,903	(3,747,384)	775,519
Other Personal Property	2-30	2,083,682	(1,379,468)	704,214
Assets Under Capital Lease	3-40	25,407	(18,437)	6,970
Construction-in-progress	N/A	4,390,978	-	4,390,978
Total		<u>\$ 12,380,843</u>	<u>\$ (5,622,016)</u>	<u>\$ 6,758,827</u>

FY 2008				
Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 16,771	\$ -	\$ 16,771
Land Improvements	30-40	2,996	(1,102)	1,894
Structures, Facilities, and Leasehold Improvements	2-60	1,252,509	(434,930)	817,579
Satellites/Weather Systems Personal Property	3-20	4,281,431	(3,589,625)	691,806
Other Personal Property	2-30	1,893,641	(1,245,621)	648,020
Assets Under Capital Lease	3-40	51,348	(27,248)	24,100
Construction-in-progress	N/A	3,990,238	-	3,990,238
Total		<u>\$ 11,488,934</u>	<u>\$ (5,298,526)</u>	<u>\$ 6,190,408</u>

NOTE 8. OTHER ASSETS

	<u>FY 2009</u>	<u>FY 2008</u>
With the Public		
Advances and Prepayments	\$ 52,061	\$ 55,439
Notes Receivable	1,853	1,849
Bibliographic Database	6,103	5,711
Other	4	4
Total	<u>\$ 60,021</u>	<u>\$ 63,003</u>

As of September 30, 2009 and 2008, there is one Note Receivable with a maturity date of July 2024 and an interest rate of 7.0 percent. The balances include accrued interest. This note is considered fully collectible.

The bibliographic database relates to NTIS's scientific and technical information used to prepare products and services for sale. The database is stated at capitalized costs of \$59.5 million and \$56.4 million, less accumulated amortization of \$53.4 million and \$50.7 million, at September 30, 2009 and 2008, respectively.

NOTE 9. NON-ENTITY ASSETS

The assets that are not available for use in the Department's operations are summarized below:

	<u>FY 2009</u>	<u>FY 2008</u>
Intragovernmental		
Fund Balance with Treasury	\$ 506,015	\$ 17,301,365
Total Intragovernmental	506,015	17,301,365
With the Public		
Cash	971	1,029
Accounts Receivable, Net	706	557
Direct Loans and Loan Guarantees, Net	14,134	15,669
Total	<u>\$ 521,826</u>	<u>\$ 17,318,620</u>

NOTE 10. DEBT TO TREASURY

Loan Program	FY 2009		
	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 465,095	\$ 17,310	\$ 482,405
Loan Guarantee Program			
FVOG Program	6,831	(1,961)	4,870
Digital Television Transition and Public Safety Fund			
	4,727	(4,727)	-
Total	\$ 476,653	\$ 10,622	\$ 487,275

For the Direct Loan and Loan Guarantee Programs, maturity dates range from September 2010 to September 2038, and interest rates range from 3.65 to 6.97 percent.

Loan Program	FY 2008		
	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 469,526	\$ (4,431)	\$ 465,095
Loan Guarantee Program			
Emergency Steel Loan Guarantee Program	2,551	(2,551)	-
FVOG Program	9,431	(2,600)	6,831
Digital Television Transition and Public Safety Fund			
	164,489	(159,762)	4,727
Total	\$ 645,997	\$ (169,344)	\$ 476,653

NOTE 11. OTHER LIABILITIES

	FY 2009			FY 2008
	Current Portion	Non-current Portion	Total	Total
Intragovernmental				
Accrued FECA Liability	\$ 26,728	\$ 10,296	\$ 37,024	\$ 33,839
Accrued Benefits	36,642	-	36,642	32,358
Downward Subsidy Reestimates Payable to Treasury	3,509	-	3,509	68,379
Other	620	-	620	958
Total	\$ 67,499	\$ 10,296	\$ 77,795	\$ 135,534
With the Public				
ITA Foreign Service Nationals' Voluntary Separation Pay	\$ 2,207	\$ 7,486	\$ 9,693	\$ 9,714
Contingent Liabilities	13,450	512	13,962	29,229
Employment-related	10,018	-	10,018	6,821
Other	9,283	-	9,283	8,946
Total	\$ 34,958	\$ 7,998	\$ 42,956	\$ 54,710

The Current Portion represents liabilities expected to be paid by September 30, 2010, while the Non-current Portion represents liabilities expected to be paid after September 30, 2010.

NOTE 12. FEDERAL EMPLOYEE BENEFITS

These liabilities consist of:

	<u>FY 2009</u>	<u>FY 2008</u>
Actuarial FECA Liability	\$ 171,234	\$ 169,463
NOAA Corps Retirement System Liability	471,600	448,100
NOAA Corps Post-retirement Health Benefits Liability	44,600	49,000
Total	<u>\$ 687,434</u>	<u>\$ 666,563</u>

Actuarial FECA Liability:

Actuarial FECA liability is calculated annually, as of September 30. For discounting projected annual future benefit payments to present value, the interest rate assumptions used by DOL were as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Year 1	4.22%	4.37%
Year 2 and Thereafter	4.72%	4.77%

The wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) applied to the calculation of projected future benefits, and also used to adjust the methodology's historical payments to current year constant dollars, were as follows:

<u>FY 2009</u>		
<u>Fiscal Year</u>	<u>Cost of Living Allowance</u>	<u>Consumer Price Index - Medical</u>
2010	0.47%	3.42%
2011	1.40%	3.29%
2012	1.50%	3.48%
2013	1.80%	3.71%
2014	2.00%	3.71%

<u>FY 2008</u>		
<u>Fiscal Year</u>	<u>Cost of Living Allowance</u>	<u>Consumer Price Index - Medical</u>
2009	3.87%	4.00%
2010	2.73%	3.86%
2011	2.20%	3.87%
2012	2.23%	3.93%
2013	2.30%	3.93%

NOAA Corps Retirement System Liability:

This liability represents the unfunded actuarial present value of projected plan benefits. The actuarial calculation is performed annually, as of September 30. The September 30, 2009 and 2008 actuarial calculations used the following U.S. Department of Defense Retirement Board of Actuaries economic assumptions:

	<u>FY 2009</u>	<u>FY 2008</u>
Investment Earnings on Federal Securities	5.75%	5.75%
Annual Basic Pay Scale Increases	3.75%	3.75%
Annual Inflation	3.00%	3.00%

The related pension costs included in the *Consolidated Statements of Net Cost* are as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Normal Cost	\$ 6,600	\$ 5,600
Interest on the Unfunded Liability	25,200	25,400
Actuarial (Gains)/Losses, Net		
Impact of New Investment Return	11,200	14,900
Impact of Updated Data for Active Duty Members, Retirees, and Survivors	(3,700)	5,300
Impact of New Demographic Assumptions	5,000	700
Total Pension Costs	<u>\$ 44,300</u>	<u>\$ 51,900</u>

NOAA Corps Post-retirement Health Benefits Liability:

This liability represents the unfunded actuarial present value of projected post-retirement plan benefits. The actuarial calculation is performed annually, as of September 30. The actuarial calculations used the same U.S. Department of Defense Retirement Board of Actuaries economic assumptions as used for the NOAA Corps Retirement System actuarial calculations.

The related post-retirement health benefits costs included in the *Consolidated Statements of Net Cost* are as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Normal Cost	\$ 1,300	\$ 1,400
Interest on the Unfunded Liability	2,700	2,500
Actuarial (Gains)/Losses, Net	(5,100)	2,700
Total Post-retirement Health Benefits Costs	<u>\$ (1,100)</u>	<u>\$ 6,600</u>

NOTE 13. ENVIRONMENTAL AND DISPOSAL LIABILITIES

	<u>FY 2009</u>	<u>FY 2008</u>
Pribilof Island Cleanup	\$ 10,030	\$ 10,586
Nuclear Reactor	48,039	52,228
Other	2,926	5,049
Total	<u>\$ 60,995</u>	<u>\$ 67,863</u>

NOTE 14. LEASES***Capital Leases:***

Assets under capital leases are as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Structures, Facilities, and Leasehold Improvements	\$ 22,860	\$ 28,852
Equipment	2,547	22,496
Less: Accumulated Depreciation	(18,437)	(27,248)
Net Assets Under Capital Leases	<u>\$ 6,970</u>	<u>\$ 24,100</u>

Capital Lease Liabilities are primarily related to NOAA. NOAA has real property capital leases covering both land and buildings. The majority of these leases are for weather forecasting offices, but the leases are also for radar system sites, river forecasting centers, and National Weather Service enforcement centers. NOAA's real property capital leases range from 10 to 40 years.

Capital Lease Liabilities:

Future payments due under capital leases are as follows:

FY 2009			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
2010	\$ 3,973	\$ 10	\$ 3,983
2011	4,008	-	4,008
2012	3,790	-	3,790
2013	3,647	-	3,647
2014	2,971	-	2,971
Thereafter	12,831	-	12,831
Total Future Lease Payments	31,220	10	31,230
Less: Imputed Interest	(13,149)	-	(13,149)
Less: Executory Costs	(5,492)	-	(5,492)
Net Capital Lease Liabilities	<u>\$ 12,579</u>	<u>\$ 10</u>	<u>\$ 12,589</u>

FY 2008			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
2009	\$ 4,205	\$ 19,391	\$ 23,596
2010	3,984	10	3,994
2011	4,010	-	4,010
2012	3,791	-	3,791
2013	3,648	-	3,648
Thereafter	16,010	-	16,010
Total Future Lease Payments	35,648	19,401	55,049
Less: Imputed Interest	(15,104)	(887)	(15,991)
Less: Executory Costs	(6,504)	(1,673)	(8,177)
Net Capital Lease Liabilities	<u>\$ 14,040</u>	<u>\$ 16,841</u>	<u>\$ 30,881</u>

Operating Leases:

Most of the Department's facilities are rented from GSA, which generally charges rent that is intended to approximate commercial rental rates. For federally owned property rented from GSA, the Department generally does not execute an agreement with GSA; the Department, however, is normally required to give 120 to 180 days notice to vacate. For non-federally owned property rented from GSA, an occupancy agreement is generally executed, and the Department may normally cancel these agreements with 120 days notice.

The Department's (1) estimated real property rent payments to GSA for FY 2010 through FY 2014; and (2) future payments due under noncancellable operating leases (non-GSA real property) are as follows:

Fiscal Year	FY 2009	
	General PP&E Category	
	GSA Real Property	Non-GSA Real Property
2010	\$ 257,435	\$ 16,681
2011	268,664	17,117
2012	263,004	17,000
2013	257,126	15,790
2014	257,231	10,912
Thereafter	¹	80,449
Total Future Lease Payments	N/A	\$ 157,949

¹ Not estimated.

NOTE 15. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

	<u>FY 2009</u>	<u>FY 2008</u>
Intragovernmental		
Debt to Treasury - Digital Television and Transition Public Safety Fund	\$ -	\$ 4,727
Accrued FECA Liability	35,616	33,059
Total Intragovernmental	35,616	37,786
Accrued Payroll	26,987	31,510
Accrued Annual Leave	253,347	233,682
Federal Employee Benefits	687,434	666,563
Environmental and Disposal Liabilities	60,995	67,863
Contingent Liabilities	13,962	29,229
Unearned Revenue	681,032	774,832
ITA Foreign Service Nationals' Voluntary Separation Pay	9,693	9,714
Other	578	1,644
Total	<u>\$ 1,769,644</u>	<u>\$ 1,852,823</u>

Due to USPTO's funding structure, budgetary resources do not cover a portion of its Unearned Revenue. The Unearned Revenue reported above is the portion of USPTO's Unearned Revenue that is considered not covered by budgetary resources. USPTO's Unearned Revenue is a liability for revenue received before the patent or trademark work has been completed. Budgetary resources derived from the current reporting period's revenue have been partially used to cover the current reporting period's costs associated with unearned revenue from a prior reporting period. In addition, the current patent fee structure sets low initial application fees that are followed by income from maintenance fees as a supplement in later years to cover the full cost of the patent examination and issuance processes. The combination of these funding circumstances requires USPTO to obtain additional budgetary resources to cover its liability for unearned revenue.

NOTE 16. COMMITMENTS AND CONTINGENCIES**Commitments:**

The Department has entered into long-term contracts for the purchase, construction, and modernization of environmental satellites and weather measuring and monitoring systems. A summary of major long-term commitments as of September 30, 2009 is shown below.

Major Long-term Commitments:

Description	FY 2009						Total
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	Thereafter	
Geostationary Operational							
Environmental Satellites	\$ 794,600	\$ 897,500	\$ 871,900	\$ 855,200	\$ 873,600	\$ 2,278,400	\$ 6,571,200
Convergence Satellites	382,200	428,800	383,900	413,800	501,700	2,340,000	4,450,400
Polar Operational							
Environmental Satellites	43,100	40,900	40,900	40,900	40,900	66,800	273,500
Other Weather Service	135,250	131,020	119,453	108,534	74,097	75,209	643,563
Other	1,207	-	-	-	-	-	1,207
Total	<u>\$ 1,356,357</u>	<u>\$ 1,498,220</u>	<u>\$ 1,416,153</u>	<u>\$ 1,418,434</u>	<u>\$ 1,490,297</u>	<u>\$ 4,760,409</u>	<u>\$ 11,939,870</u>

Legal Contingencies:

The Department is subject to potential liabilities in various administrative proceedings, legal actions, environmental suits, and claims brought against it. In the opinion of the Department's management and legal counsel, the ultimate resolution of these proceedings, actions, suits, and claims will not materially affect the financial position or net costs of the Department.

Probable Likelihood of an Adverse Outcome:

The Department is subject to potential liabilities where adverse outcomes are probable, and claims are approximately \$14.0 million and \$29.2 million as of September 30, 2009 and 2008, respectively. Accordingly, \$14.0 million and \$29.2 million of contingent liabilities were included in Other Liabilities on the *Consolidated Balance Sheets* as of September 30, 2009 and 2008, respectively. For a majority of these claims, any amounts ultimately due will be paid out of Treasury's Judgment Fund. For the claims to be paid by Treasury's Judgment Fund, once the claims are settled or court judgments are assessed relative to the Department, the liability will be removed and an Imputed Financing Source From Cost Absorbed by Others will be recognized.

Reasonably Possible Likelihood of an Adverse Outcome:

The Department and other federal agencies are subject to potential liabilities for a variety of environmental cleanup costs, many of which are associated with the Second World War, at various sites within the U.S. Since some of the potential liabilities represent claims with no stated amount, the exact amount of total potential liabilities is unknown, but may exceed \$89.8 million as of September 30, 2009. For these potential liabilities, it is reasonably possible that an adverse outcome will result. It is not possible, however, to speculate as to a range of loss. In the absence of a settlement agreement, decree, or judgment, there is neither an allocation of response costs between the U.S. government and other potentially responsible parties, nor is there an attribution of such costs to or among the federal agencies implicated in the claims. Although the Department has been implicated as a responsible

party, the U.S. Department of Justice was unable to provide an amount for these potential liabilities that is attributable to the Department. Of these potential liabilities, all will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

The Department and other federal agencies are subject to other potential liabilities. Since some of the potential liabilities represent claims with no stated amount, the exact amount of total potential liabilities is unknown, but may exceed \$153.4 million as of September 30, 2009. For these potential liabilities, it is reasonably possible that an adverse outcome will result. It is not possible, however, to speculate as to a range of loss. Of these potential liabilities, most will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

Guaranteed Loan Contingencies:

Fishing Vessels Obligation Guarantee Program: This loan guarantee program has outstanding non-acquired guaranteed loans (fully guaranteed by the Department) as of September 30, 2009 and 2008, with outstanding principal balances totaling \$4.3 million and \$9.4 million, respectively. A loan guarantee liability of \$589 thousand and \$621 thousand is recorded for the outstanding guarantees at September 30, 2009 and 2008, respectively.

NOTE 17. CONSOLIDATED STATEMENTS OF NET COST

FY 2009 Consolidating Statement of Net Cost:

	NOAA	USPTO	ESA	NIST	NTIA	Others	Departmental Management	Combining Total	Intra-Departmental Eliminations	Consolidating Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers										
Intragovernmental Gross Costs	\$ -	\$ -	\$ 547,708	\$ 11	\$ -	\$ 227,060	\$ 76,704	\$ 851,483	\$ (84,380)	\$ 767,103
Gross Costs With the Public	-	-	2,478,857	121,300	-	672,145	35,573	3,307,875	-	3,307,875
Total Gross Costs	-	-	3,026,565	121,311	-	899,205	112,277	4,159,358	(84,380)	4,074,978
Intragovernmental Earned Revenue	-	-	(237,357)	-	-	(29,831)	(81,588)	(348,776)	84,380	(264,396)
Earned Revenue From the Public	-	-	(6,878)	-	-	(9,266)	(24)	(16,168)	-	(16,168)
Total Earned Revenue	-	-	(244,235)	-	-	(39,097)	(81,612)	(364,944)	84,380	(280,564)
Net Program Costs	-	-	2,782,330	121,311	-	860,108	30,665	3,794,414	-	3,794,414
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness										
Intragovernmental Gross Costs	-	404,786	-	129,844	202,327	6,530	76,704	820,191	(97,949)	722,242
Gross Costs With the Public	-	1,577,154	-	694,433	996,539	21,640	35,575	3,325,341	-	3,325,341
Total Gross Costs	-	1,981,940	-	824,277	1,198,866	28,170	112,279	4,145,532	(97,949)	4,047,583
Intragovernmental Earned Revenue	-	(7,443)	-	(127,114)	(32,216)	(14,914)	(81,591)	(263,278)	97,949	(165,329)
Earned Revenue From the Public	-	(1,919,687)	-	(71,177)	(209)	(11,158)	(22)	(2,002,253)	-	(2,002,253)
Total Earned Revenue	-	(1,927,130)	-	(198,291)	(32,425)	(26,072)	(81,613)	(2,265,531)	97,949	(2,167,582)
Net Program Costs	-	54,810	-	625,986	1,166,441	2,098	30,666	1,880,001	-	1,880,001
Strategic Goal 3: Promote Environmental Stewardship										
Intragovernmental Gross Costs	677,895	-	-	-	-	-	76,727	754,622	(82,650)	671,972
Gross Costs With the Public	3,710,398	-	-	-	-	-	35,586	3,745,984	-	3,745,984
Total Gross Costs	4,388,293	-	-	-	-	-	112,313	4,500,606	(82,650)	4,417,956
Intragovernmental Earned Revenue	(184,643)	-	-	-	-	-	(81,615)	(266,258)	82,650	(183,608)
Earned Revenue From the Public	(82,001)	-	-	-	-	-	(23)	(82,024)	-	(82,024)
Total Earned Revenue	(266,644)	-	-	-	-	-	(81,638)	(348,282)	82,650	(265,632)
Net Program Costs	4,121,649	-	-	-	-	-	30,675	4,152,324	-	4,152,324
NET COST OF OPERATIONS	\$ 4,121,649	\$ 54,810	\$ 2,782,330	\$ 747,297	\$ 1,166,441	\$ 862,206	\$ 92,006	\$ 9,826,739	\$ -	\$ 9,826,739

NOTES TO THE FINANCIAL STATEMENTS

FY 2008 Consolidating Statement of Net Cost:

	NOAA	USPTO	ESA	TA	Others	Departmental Management	Combining Total	Intra-Departmental Eliminations	Consolidating Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers									
Intragovernmental Gross Costs	\$ -	\$ -	\$ 370,872	\$ -	\$ 209,606	\$ 74,640	\$ 655,118	\$ (79,520)	\$ 575,598
Gross Costs With the Public	-	-	1,193,020	108,440	576,239	46,406	1,924,105	-	1,924,105
Total Gross Costs	-	-	1,563,892	108,440	785,845	121,046	2,579,223	(79,520)	2,499,703
Intragovernmental Earned Revenue	-	-	(233,519)	-	(35,776)	(85,029)	(354,324)	79,520	(274,804)
Earned Revenue From the Public	-	-	(15,873)	-	(10,895)	-	(26,768)	-	(26,768)
Total Earned Revenue	-	-	(249,392)	-	(46,671)	(85,029)	(381,092)	79,520	(301,572)
Net Program Costs	-	-	1,314,500	108,440	739,174	36,017	2,198,131	-	2,198,131
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness									
Intragovernmental Gross Costs	-	359,059	-	151,201	35,895	74,640	620,795	(89,058)	531,737
Gross Costs With the Public	-	1,533,531	-	679,436	703,318	46,406	2,962,691	-	2,962,691
Total Gross Costs	-	1,892,590	-	830,637	739,213	121,046	3,583,486	(89,058)	3,494,428
Intragovernmental Earned Revenue	-	(7,428)	-	(137,089)	(33,798)	(85,029)	(263,344)	89,058	(174,286)
Earned Revenue From the Public	-	(1,854,746)	-	(42,330)	(303)	-	(1,897,379)	-	(1,897,379)
Total Earned Revenue	-	(1,862,174)	-	(179,419)	(34,101)	(85,029)	(2,160,723)	89,058	(2,071,665)
Net Program Costs	-	30,416	-	651,218	705,112	36,017	1,422,763	-	1,422,763
Strategic Goal 3: Promote Environmental Stewardship									
Intragovernmental Gross Costs	673,505	-	-	-	-	74,663	748,168	(77,638)	670,530
Gross Costs With the Public	3,619,018	-	-	-	-	46,419	3,665,437	-	3,665,437
Total Gross Costs	4,292,523	-	-	-	-	121,082	4,413,605	(77,638)	4,335,967
Intragovernmental Earned Revenue	(173,045)	-	-	-	-	(85,055)	(258,100)	77,638	(180,462)
Earned Revenue From the Public	(77,586)	-	-	-	-	-	(77,586)	-	(77,586)
Total Earned Revenue	(250,631)	-	-	-	-	(85,055)	(335,686)	77,638	(258,048)
Net Program Costs	4,041,892	-	-	-	-	36,027	4,077,919	-	4,077,919
NET COST OF OPERATIONS	\$ 4,041,892	\$ 30,416	\$ 1,314,500	\$ 759,658	\$ 1,444,286	\$ 108,061	\$ 7,698,813	\$ -	\$ 7,698,813

Major Programs: The following tables illustrate major programs of the Department. "Other Programs" refers to the other programs within each strategic goal. The "Others" column refers to the Department's reporting entities that are not listed. The Others column data and the Other Programs data are presented solely to reconcile these tables to the Combining Total columns on the *Consolidating Statements of Net Cost*.

FY 2009 Statement of Net Cost by Major Program (Combining Basis):

PROGRAM COSTS	NOAA	Census Bureau	NIST	USPTO	Others	Combining Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
<i>Decennial and Periodic Censuses</i>						
Gross Costs	\$ -	\$ 2,015,059	\$ -	\$ -	\$ -	\$ 2,015,059
Less: Earned Revenue	-	-	-	-	-	-
Net Program Costs	-	2,015,059	-	-	-	2,015,059
<i>Other Programs</i>						
Gross Costs	-	911,079	121,311	-	1,111,909	2,144,299
Less: Earned Revenue	-	(238,281)	-	-	(126,663)	(364,944)
Net Program Costs	-	672,798	121,311	-	985,246	1,779,355
Net Program Costs for Strategic Goal 1	-	2,687,857	121,311	-	985,246	3,794,414
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Gross Costs	-	-	689,751	-	-	689,751
Less: Earned Revenue	-	-	(170,517)	-	-	(170,517)
Net Program Costs	-	-	519,234	-	-	519,234
<i>Patents</i>						
Gross Costs	-	-	-	1,744,676	-	1,744,676
Less: Earned Revenue	-	-	-	(1,697,432)	-	(1,697,432)
Net Program Costs	-	-	-	47,244	-	47,244
<i>Trademarks</i>						
Gross Costs	-	-	-	193,187	-	193,187
Less: Earned Revenue	-	-	-	(229,698)	-	(229,698)
Net Program Costs	-	-	-	(36,511)	-	(36,511)
<i>Other Programs</i>						
Gross Costs	-	-	134,526	44,077	1,339,315	1,517,918
Less: Earned Revenue	-	-	(27,774)	-	(140,110)	(167,884)
Net Program Costs	-	-	106,752	44,077	1,199,205	1,350,034
Net Program Costs for Strategic Goal 2	-	-	625,986	54,810	1,199,205	1,880,001
Strategic Goal 3: Promote Environmental Stewardship						
<i>Ecosystems</i>						
Gross Costs	1,701,525	-	-	-	-	1,701,525
Less: Earned Revenue	(135,569)	-	-	-	-	(135,569)
Net Program Costs	1,565,956	-	-	-	-	1,565,956
<i>Other Programs</i>						
Gross Costs	2,686,768	-	-	-	112,313	2,799,081
Less: Earned Revenue	(131,075)	-	-	-	(81,638)	(212,713)
Net Program Costs	2,555,693	-	-	-	30,675	2,586,368
Net Program Costs for Strategic Goal 3	4,121,649	-	-	-	30,675	4,152,324
NET COST OF OPERATIONS	\$ 4,121,649	\$ 2,687,857	\$ 747,297	\$ 54,810	\$ 2,215,126	\$ 9,826,739

FY 2008 Statement of Net Cost by Major Program (Combining Basis):

PROGRAM COSTS	NOAA	Census Bureau	NIST	USPTO	Others	Combining Total
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
<i>Decennial and Periodic Censuses</i>						
Gross Costs	\$ -	\$ 585,247	\$ -	\$ -	\$ -	\$ 585,247
Less: Earned Revenue	-	-	-	-	-	-
Net Program Costs	-	585,247	-	-	-	585,247
<i>Other Programs</i>						
Gross Costs	-	888,587	108,440	-	996,949	1,993,976
Less: Earned Revenue	-	(243,930)	-	-	(137,162)	(381,092)
Net Program Costs	-	644,657	108,440	-	859,787	1,612,884
Net Program Costs for Strategic Goal 1	-	1,229,904	108,440	-	859,787	2,198,131
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Gross Costs	-	-	671,829	-	-	671,829
Less: Earned Revenue	-	-	(115,746)	-	-	(115,746)
Net Program Costs	-	-	556,083	-	-	556,083
<i>Patents</i>						
Gross Costs	-	-	-	1,655,656	-	1,655,656
Less: Earned Revenue	-	-	-	(1,624,993)	-	(1,624,993)
Net Program Costs	-	-	-	30,663	-	30,663
<i>Trademarks</i>						
Gross Costs	-	-	-	192,587	-	192,587
Less: Earned Revenue	-	-	-	(237,181)	-	(237,181)
Net Program Costs	-	-	-	(44,594)	-	(44,594)
<i>Other Programs</i>						
Gross Costs	-	-	133,714	44,347	885,353	1,063,414
Less: Earned Revenue	-	-	(41,210)	-	(141,593)	(182,803)
Net Program Costs	-	-	92,504	44,347	743,760	880,611
Net Program Costs for Strategic Goal 2	-	-	648,587	30,416	743,760	1,422,763
Strategic Goal 3: Promote Environmental Stewardship						
<i>Ecosystems</i>						
Gross Costs	1,645,797	-	-	-	-	1,645,797
Less: Earned Revenue	(67,201)	-	-	-	-	(67,201)
Net Program Costs	1,578,596	-	-	-	-	1,578,596
<i>Other Programs</i>						
Gross Costs	2,646,726	-	-	-	121,082	2,767,808
Less: Earned Revenue	(183,430)	-	-	-	(85,055)	(268,485)
Net Program Costs	2,463,296	-	-	-	36,027	2,499,323
Net Program Costs for Strategic Goal 3	4,041,892	-	-	-	36,027	4,077,919
NET COST OF OPERATIONS	\$ 4,041,892	\$ 1,229,904	\$ 757,027	\$ 30,416	\$ 1,639,574	\$ 7,698,813

NOTE 18. COMBINED STATEMENTS OF BUDGETARY RESOURCES

The amount of Budget Authority, Appropriations, on the *Combined Statements of Budgetary Resources* (SBR) reconciles to the amount of Budgetary Financing Sources, Appropriations Received, reported on the *Consolidated Statements of Changes in Net Position* (SCNP) as follows:

	<u>FY 2009</u>	<u>FY 2008</u>
Budget Authority, Appropriations (SBR)	\$ 34,069,220	\$ 9,551,340
Less:		
Appropriated Receipts for NOAA and DM/G&B, Classified as Exchange Revenue	(17,306)	(20,824)
Appropriated Receipts for NTIA's Digital Television Transition and Public Safety Fund, Classified as Transfers In of Spectrum Auction Proceeds from Federal Communications Commission	(16,689,557)	(1,778,983)
Other	2	(1,585)
Budgetary Financing Sources, Appropriations Received (SCNP)	<u>\$ 17,362,359</u>	<u>\$ 7,749,948</u>

Budget Authority, Appropriations, included on the SBR has increased significantly from FY 2008 to FY 2009 primarily due to the large increase of \$14.91 billion in appropriated receipts for NTIA's Digital Television Transition and Public Safety Fund and appropriations of \$7.92 billion received in FY 2009 under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5). Additional information on the above noted appropriations is included in this note.

Total borrowing authority available for NOAA's loan programs amounted to \$260.5 million and \$214.9 million at September 30, 2009 and 2008, respectively, while total borrowing authority available for NTIA's Digital Television Transition and Public Safety Fund amounted to \$914.9 million at September 30, 2008. During FY 2009, the Digital Television Transition and Public Safety Fund's borrowing authority was decreased by \$914.9 million; this decrease is included as a reduction of budgetary resources on the SBR for FY 2009 on the line Permanently Not Available. The Borrowing Authority amounts reported in the SBR Budgetary Resources section represent only borrowing authority realized during the fiscal year being reported. See Note 1M, *Debt to Treasury*, for debt repayment requirements, financing sources for repayments, and other terms of borrowing authority used.

Ninety-five percent of the Department's reporting entities have one or more permanent no-year appropriations to finance operations.

Reductions to the Department's appropriations under Public Law 111-8 amounted to \$25.6 million for FY 2009, while reductions for FY 2008 under Public Law 110-161 amounted to \$36.7 million. These reductions are included in the SBR Budgetary Resources line Permanently Not Available. These reductions are also part of the amounts reported on the line Other Adjustments in the Unexpended Appropriations section, Budgetary Financing Sources subsection of the SCNP.

Legal arrangements affecting the Department's use of Unobligated Balances of Budget Authority and/or Fund Balance with Treasury during FY 2009 and FY 2008 include the following:

- The Department's Deposit Funds, reported in Note 2, *Fund Balance with Treasury*, are not available to finance operating activities. These funds are also included in Note 2 on the line Non-budgetary (breakdown by status).

- The Department's Fund Balance with Treasury as of September 30, 2009 and 2008 includes \$528.7 million of USPTO offsetting collections exceeding prior years' appropriations. USPTO may use these funds only as authorized by the U.S. Congress, and only as made available by the issuance of a Treasury warrant. These funds are included in Note 2 on the lines General Funds (breakdown by type), and Temporarily Precluded From Obligation (breakdown by status).
- The Omnibus Budget Reconciliation Act of 1990 established surcharges on certain statutory patent fees collected by USPTO. Subsequent legislation extended the surcharges through the end of FY 1998. These surcharges were deposited into the Patent and Trademark Surcharge Fund, a Special Fund Receipt Account at Treasury. USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. At September 30, 2009 and 2008, \$233.5 million is held in the Patent and Trademark Surcharge Fund. These funds are included in Note 2 on the lines Special Fund (Patent and Trademark Surcharge Fund) (breakdown by type), and Non-budgetary (breakdown by status).
- The Department's Fund Balance with Treasury as of September 30, 2009 includes \$8.29 billion of funds temporarily not available for the Digital Television and Transition Public Safety Fund. These funds are included in Note 2 on the lines Digital Television and Transition Public Safety Fund - Special Funds section (breakdown by type), and Unobligated Balance - Unavailable (breakdown by status). On the SBR for FY 2009, these funds are included on the line Unobligated Balance Not Available.
- The Department's Fund Balance with Treasury as of September 30, 2009 and 2008 includes \$23.1 and \$25.3 million, respectively, of funds temporarily not available for the Coastal Zone Management Fund, which accounts for the Coastal Energy Impact Program direct loans. These funds are included in Note 2 on the lines Revolving Funds (breakdown by type), and Temporarily Precluded From Obligation (breakdown by status).
- For loan programs prior to the Federal Credit Reform Act of 1990 (pre-FY 1992 loans), most or all liquidating fund unobligated balances in excess of working capital needs are required to be transferred to Treasury as soon as practicable during the following fiscal year.
- For direct loan programs under the Federal Credit Reform Act of 1990 (post-FY 1991 loans) that have outstanding debt to Treasury, regulations require that most unobligated balances be returned to Treasury on September 30, or require that the borrowing authority be cancelled on September 30.
- For loan guarantee programs under the Federal Credit Reform Act of 1990 that have outstanding debt to Treasury, regulations require that unobligated balances in excess of the outstanding guaranteed loans' principal and interest be returned to Treasury on September 30.

There are no material differences between the amounts reported in the FY 2008 *Combined Statement of Budgetary Resources* and the actual FY 2008 amounts reported in the FY 2010 budget of the U.S. government.

Apportionment Categories of Obligations Incurred:

The amounts of direct and reimbursable obligations incurred against amounts apportioned under Category A, Category B, and Exempt from Apportionment are as follows:

	FY 2009		
	Direct	Reimbursable	Total
Category A	\$ 5,638,199	\$ 2,273,490	\$ 7,911,689
Category B	6,395,748	77,395	6,473,143
Exempt from Apportionment	172,688	852,294	1,024,982
Total	<u>\$ 12,206,635</u>	<u>\$ 3,203,179</u>	<u>\$ 15,409,814</u>

	FY 2008		
	Direct	Reimbursable	Total
Category A	\$ 2,988,891	\$ 2,237,810	\$ 5,226,701
Category B	5,433,981	48,247	5,482,228
Exempt from Apportionment	173,309	779,337	952,646
Total	<u>\$ 8,596,181</u>	<u>\$ 3,065,394</u>	<u>\$ 11,661,575</u>

Category A apportionments distribute budgetary resources by fiscal quarters, whereas Category B apportionments typically distribute budgetary resources by activities, projects, objects, or a combination of these categories.

Undelivered Orders:

Undelivered orders were \$7.87 billion and \$6.64 billion at September 30, 2009 and 2008, respectively.

American Recovery and Reinvestment Act of 2009:

The Department received Appropriations of \$7.92 billion in FY 2009 under the American Recovery and Reinvestment Act of 2009, including \$4.70 billion for NTIA's Broadband Technology Opportunities Program; \$1.00 billion for Census Bureau's Periodic Censuses and Programs; \$650.0 million for NTIA's Digital-to-Analog Converter Box Program; and \$600.0 million for NOAA's Procurement, Acquisition, and Construction.

Digital Television Transition and Public Safety Fund:

The Digital Television Transition and Public Safety Fund (Fund) was created by the Digital Television Transition and Public Safety Act of 2005. This NTIA fund receives proceeds from the auction of licenses for recovered analog spectrum from discontinued analog television signals, and provides funding for several programs from these receipts. Funding for these programs, prior to the availability of auction receipts, was provided by Treasury borrowings, as discussed in Note 1, *Summary of Significant Accounting Policies*.

The Federal Communications Commission (FCC) completed the auction of licenses for recovered analog spectrum in March 2008. The auction resulted in proceeds of \$18.96 billion, which were deposited to the Fund by FCC on June 30, 2008. A net auction proceed (auction proceed less any FCC administrative fees due to FCC) becomes a budgetary resource on the SBR when FCC grants the license and the net auction proceed is provided as a budgetary resource by OMB. Net auction proceeds for which licenses have been granted, totaling \$16.69 billion and \$1.78 billion for FY 2009 and FY 2008, respectively, are included as a budgetary resource on the SBR (Budget Authority, Appropriations), and as a budgetary financing source on the SCNP. Auction proceeds for which licenses have not yet been granted, totaling \$400.5 million and \$17.18 billion as of September 30, 2009 and 2008, respectively, are considered a non-budgetary financing source (unavailable for use), and, accordingly, are not included in the SBR and are recorded as a liability to FCC on the Consolidated Balance Sheet. For the proprietary financial statements, an auction proceed is considered a liability to FCC until FCC grants the license. When the license is granted, a financing source (Transfers In of Spectrum Auction Proceeds from FCC) is recognized on the SCNP for the earned net auction proceeds, and the liability is reduced by the dollar amount of the license granted.

As of September 30, 2009, payments for the programs under the Fund may not exceed \$2.82 billion. On September 30, 2009, the Fund transferred \$7.36 billion to the General Fund of the Treasury. This transfer is included as a reduction of budgetary resources on the SBR for FY 2009 on the line Permanently Not Available, and is reported on the SCNP for FY 2009 as a negative budgetary financing source. The Department understands that Congress' intent is for the Fund to further transfer funds beyond the needs of its programs to the General Fund of the Treasury. At September 30, 2009, the Fund has a Net Position, Cumulative Results of Operations balance of \$9.62 billion.

Below is a brief summary of the three largest programs under this Fund, and significant financial activity recorded for the FY 2009 and FY 2008 SBR under this Fund for each program:

Public Safety Interoperable Communications (PSIC): This is a grant program to assist public safety agencies in the acquisition of, deployment of, or training for the use of interoperable communications systems that can utilize reallocated public safety spectrum for radio communication. The Fund may make payments not to exceed \$1.00 billion for this program. The Department has in place a Memorandum of Understanding with the Federal Emergency Management Agency (FEMA), in which FEMA administers the PSIC grant program. NTIA provides FEMA with funds for the grants under the program, and for the charges for FEMA's management and administrative services. NTIA records budgetary obligations with FEMA, while FEMA records the grants activity under the program. Budgetary obligations for FY 2009 and FY 2008 under the PSIC program amounted to \$5.6 million and \$6.7 million, respectively. Budgetary Obligations through September 30, 2007 under the PSIC program amounted to \$974.7 million.

Digital-to-Analog Converter Box Program: This program is to provide eligible households in the U.S. and territories with forty-dollar coupons (two per household maximum) that can be applied toward the purchase of digital-to-analog converter boxes. The Fund may make payments not to exceed \$1.52 billion for this program. Budgetary obligations for FY 2009 and FY 2008 under this fund for this program amounted to \$535.1 million and \$840.8 million, respectively.

National Alert and Tsunami Warning Program: This program is to implement a unified national alert system capable of alerting the public, on a national, regional, or local basis to emergency situations by using a variety of communications technologies. The Fund may make payments not to exceed \$156.0 million for this program. The Department shall use \$50.0 million of such amounts to implement a tsunami warning and coastal vulnerability program. Budgetary obligations for FY 2009 and FY 2008 amounted to \$49.8 million and \$14.7 million, respectively.

NOTE 19. CUSTODIAL NONEXCHANGE ACTIVITY

NOAA receives interest, penalties, and fines primarily related to its past due Accounts Receivable, while BIS receives civil monetary penalties from private entities that violate the Export Administration Act. These collections are required to be transferred to Treasury. For FY 2009, the Department had custodial nonexchange revenue of \$9.9 million; custodial nonexchange revenue of \$706 thousand was payable to Treasury at September 30, 2009. For FY 2008, the Department had custodial nonexchange revenue of \$3.9 million; custodial nonexchange revenue of \$486 thousand was payable to Treasury.

NOTE 20. FIDUCIARY ACTIVITIES**Schedule of Fiduciary Activities for the Year Ended September 30, 2009**

	FY 2009		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fiduciary Net Assets, Beginning Balance	\$ 11,598	\$ 311	\$ 11,909
Contributions	116,818	8,618	125,436
Disbursements to and on Behalf of Beneficiaries	(119,282)	(8,477)	(127,759)
Increase/(Decrease) in Fiduciary Net Assets	(2,464)	141	(2,323)
Fiduciary Net Assets, Ending Balance	<u>\$ 9,134</u>	<u>\$ 452</u>	<u>\$ 9,586</u>

Fiduciary Net Assets as of September 30, 2009

	FY 2009		
	Patent Cooperation Treaty	Madrid Protocol	Total
Fund Balance with Treasury	<u>\$ 9,134</u>	<u>\$ 452</u>	<u>\$ 9,586</u>

The reporting of fiduciary activities is a new federal reporting requirement effective FY 2009.

NOTE 21. EARMARKED FUNDS

The following tables depict major earmarked funds separately chosen based on their significant financial activity and importance to taxpayers. All other earmarked funds not shown are aggregated as "Other Earmarked Funds."

**United States Department of Commerce Consolidated Balance Sheet
As of September 30, 2009**

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Broadband Technology Opportunities Program - Recovery Act	Digital- to-Analog Converter Box Program - Recovery Act	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
ASSETS									
Fund Balance with Treasury	\$ 1,212,683	\$ 9,230,126	\$ 4,597,413	\$ 262,443	\$ 23,155	\$ 22,699	\$ 37,168	\$ 90,557	\$ 15,476,244
Cash	2,278	-	-	-	-	-	-	-	2,278
Accounts Receivable, Net	438	-	235	-	-	2,391	165	184	3,413
Direct Loans and Loan Guarantees, Net	-	-	-	-	6,537	-	-	-	6,537
Inventory, Materials, and Supplies, Net	-	-	-	-	-	38	-	-	38
General Property, Plant, and Equipment, Net	205,802	-	-	-	-	1,930	-	-	207,732
Other	13,062	396,640	61,217	-	-	6,456	-	155	477,530
TOTAL ASSETS	\$ 1,434,263	\$ 9,626,766	\$ 4,658,865	\$ 262,443	\$ 29,692	\$ 33,514	\$ 37,333	\$ 90,896	\$ 16,173,772
LIABILITIES									
Accounts Payable	\$ 90,026	\$ 1,375	\$ 941	\$ 8,034	\$ -	\$ 9,623	\$ 583	\$ 304	\$ 110,886
Debt to Treasury	-	-	-	-	-	-	-	-	-
Federal Employee Benefits	8,097	-	-	-	-	993	-	-	9,090
Other									
Accrued Payroll and Annual Leave	144,270	146	247	-	-	1,546	50	135	146,394
Accrued Grants	-	8,333	-	615	-	-	-	3,099	12,047
Accrued Coupons for Digital-to-Analog Converter Box Program	-	-	-	25,533	-	-	-	-	25,533
Unearned Revenue	800,256	-	-	-	-	7,950	-	-	808,206
Other	15,820	-	-	-	-	287	51	-	16,158
TOTAL LIABILITIES	\$ 1,058,469	\$ 9,854	\$ 1,188	\$ 34,182	\$ -	\$ 20,399	\$ 684	\$ 3,538	\$ 1,128,314
NET POSITION									
Unexpended Appropriations	\$ -	\$ -	\$ 4,657,677	\$ 228,261	\$ -	\$ -	\$ -	\$ 4,479	\$ 4,890,417
Cumulative Results of Operations	375,794	9,616,912	-	-	29,692	13,115	36,649	82,879	10,155,041
TOTAL NET POSITION	\$ 375,794	\$ 9,616,912	\$ 4,657,677	\$ 228,261	\$ 29,692	\$ 13,115	\$ 36,649	\$ 87,358	\$ 15,045,458
TOTAL LIABILITIES AND NET POSITION	\$ 1,434,263	\$ 9,626,766	\$ 4,658,865	\$ 262,443	\$ 29,692	\$ 33,514	\$ 37,333	\$ 90,896	\$ 16,173,772

United States Department of Commerce Consolidated Balance Sheet
As of September 30, 2008

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
ASSETS							
Fund Balance with Treasury	\$ 1,318,817	\$ 1,204,539	\$ 25,268	\$ 23,919	\$ 41,737	\$ 60,627	\$ 2,674,907
Cash	3,399	-	-	-	-	-	3,399
Accounts Receivable, Net	517	124	-	1,218	11	3	1,873
Direct Loans and Loan Guarantees, Net	-	-	8,426	-	-	-	8,426
Inventory, Materials, and Supplies, Net	-	-	-	120	-	-	120
General Property, Plant, and Equipment, Net	204,184	-	-	583	-	-	204,767
Other	7,989	55,309	-	5,995	-	161	69,454
TOTAL ASSETS	\$ 1,534,906	\$ 1,259,972	\$ 33,694	\$ 31,835	\$ 41,748	\$ 60,791	\$ 2,962,946
LIABILITIES							
Accounts Payable	\$ 96,693	\$ 20,493	\$ -	\$ 7,580	\$ 3,753	\$ 185	\$ 128,704
Debt to Treasury	-	4,727	-	-	-	-	4,727
Federal Employee Benefits	8,318	-	-	655	-	-	8,973
Other							
Accrued Payroll and Annual Leave	136,111	149	-	1,376	75	123	137,834
Accrued Grants	-	-	-	-	-	932	932
Unearned Revenue	848,505	-	-	7,806	-	-	856,311
Other	12,675	165,534	-	186	51	-	178,446
TOTAL LIABILITIES	\$ 1,102,302	\$ 190,903	\$ -	\$ 17,603	\$ 3,879	\$ 1,240	\$ 1,315,927
NET POSITION							
Unexpended Appropriations	\$ -	\$ (27)	\$ -	\$ -	\$ -	\$ 489	\$ 462
Cumulative Results of Operations	432,604	1,069,096	33,694	14,232	37,869	59,062	1,646,557
TOTAL NET POSITION	\$ 432,604	\$ 1,069,069	\$ 33,694	\$ 14,232	\$ 37,869	\$ 59,551	\$ 1,647,019
TOTAL LIABILITIES AND NET POSITION	\$ 1,534,906	\$ 1,259,972	\$ 33,694	\$ 31,835	\$ 41,748	\$ 60,791	\$ 2,962,946

**United States Department of Commerce Consolidated Statement of Net Cost
For the Year Ended September 30, 2009**

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Broadband Technology Opportunities Program - Recovery Act	Digital- to-Analog Converter Box Program - Recovery Act	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers									
Gross Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,343	\$ 1,343
Less: Earned Revenue	-	-	-	-	-	-	-	-	-
Net Program Costs	-	-	-	-	-	-	-	1,343	1,343
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness									
Gross Costs	1,981,940	763,565	12,503	351,135	-	28,173	-	-	3,137,316
Less: Earned Revenue	(1,927,130)	122	(235)	-	-	(26,075)	-	-	(1,953,318)
Net Program Costs	54,810	763,687	12,268	351,135	-	2,098	-	-	1,183,998
Strategic Goal 3: Promote Environmental Stewardship									
Gross Costs	-	-	-	-	1,400	-	12,285	21,789	35,474
Less: Earned Revenue	-	-	-	-	(398)	-	-	-	(398)
Net Program Costs	-	-	-	-	1,002	-	12,285	21,789	35,076
NET COST OF OPERATIONS	\$ 54,810	\$ 763,687	\$ 12,268	\$ 351,135	\$ 1,002	\$ 2,098	\$ 12,285	\$ 23,132	\$ 1,220,417

**United States Department of Commerce Consolidated Statement of Net Cost
For the Year Ended September 30, 2008**

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers							
Gross Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,843	\$ 4,843
Less: Earned Revenue	-	-	-	-	-	-	-
Net Program Costs	-	-	-	-	-	4,843	4,843
Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness							
Gross Costs	1,892,590	663,648	-	24,565	-	-	2,580,803
Less: Earned Revenue	(1,862,174)	(123)	-	(22,340)	-	-	(1,884,637)
Net Program Costs	30,416	663,525	-	2,225	-	-	696,166
Strategic Goal 3: Promote Environmental Stewardship							
Gross Costs	-	-	(32)	-	16,751	17,871	34,590
Less: Earned Revenue	-	-	(200)	-	-	-	(200)
Net Program Costs	-	-	(232)	-	16,751	17,871	34,390
NET COST OF OPERATIONS	\$ 30,416	\$ 663,525	\$ (232)	\$ 2,225	\$ 16,751	\$ 22,714	\$ 735,399

**United States Department of Commerce Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2009**

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Broadband Technology Opportunities Program - Recovery Act	Digital- to-Analog Converter Box Program - Recovery Act	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
Cumulative Results of Operations:									
Beginning Balance	\$ 432,604	\$ 1,069,096	\$ -	\$ -	\$ 33,694	\$ 14,232	\$ 37,869	\$ 59,062	\$ 1,646,557
Budgetary Financing Sources:									
Appropriations Used	-	(27)	12,268	351,135	-	-	-	1,342	364,718
Non-exchange Revenue	-	-	-	-	-	-	5,335	16,097	21,432
Transfers In of Spectrum Auction Proceeds from Federal Communications Commission	-	16,689,557	-	-	-	-	-	-	16,689,557
Transfer Out of Spectrum Auction Proceeds to Treasury General Fund	-	(7,363,000)	-	-	-	-	-	-	(7,363,000)
Transfers In/(Out) Without Reimbursement, Net	(2,000)	(15,000)	-	-	(3,000)	-	5,730	29,510	15,240
Other Financing Sources (Non-exchange):									
Imputed Financing Sources from Cost Absorbed by Others	-	-	-	-	-	981	-	-	981
Other Financing Sources/ (Uses), Net	-	(27)	-	-	-	-	-	-	(27)
Total Financing Sources	(2,000)	9,311,503	12,268	351,135	(3,000)	981	11,065	46,949	9,728,901
Net Cost of Operations	(54,810)	(763,687)	(12,268)	(351,135)	(1,002)	(2,098)	(12,285)	(23,132)	(1,220,417)
Net Change	(56,810)	8,547,816	-	-	(4,002)	(1,117)	(1,220)	23,817	8,508,484
Cumulative Results of Operations	375,794	9,616,912	-	-	29,692	13,115	36,649	82,879	10,155,041
Unexpended Appropriations:									
Beginning Balance	-	(27)	-	-	-	-	-	489	462
Budgetary Financing Sources:									
Appropriations Received	-	-	4,700,000	650,000	-	-	-	-	5,350,000
Appropriations Transferred In/(Out), Net	-	-	(30,055)	(70,604)	-	-	-	5,331	(95,328)
Other Adjustments	-	-	-	-	-	-	-	1	1
Appropriations Used	-	27	(12,268)	(351,135)	-	-	-	(1,342)	(364,718)
Total Budgetary Financing Sources	-	27	4,657,677	228,261	-	-	-	3,990	4,889,955
Unexpended Appropriations	-	-	4,657,677	228,261	-	-	-	4,479	4,890,417
NET POSITION	\$ 375,794	\$ 9,616,912	\$ 4,657,677	\$ 228,261	\$ 29,692	\$ 13,115	\$ 36,649	\$ 87,358	\$ 15,045,458

**United States Department of Commerce Consolidated Statement of Changes in Net Position
For the Year Ended September 30, 2008**

	USPTO Earmarked Funds	NTIA Digital Television Transition and Public Safety Fund	Coastal Zone Management Fund	NTIS Revolving Fund	Damage Assessment and Restoration Revolving Fund	Other Earmarked Funds	Total Earmarked Funds
Cumulative Results of Operations:							
Beginning Balance	\$ 464,020	\$ (46,389)	\$ 36,461	\$ 15,535	\$ 33,042	\$ 49,678	\$ 552,347
Budgetary Financing Sources:							
Appropriations Used	-	27	-	-	-	4,843	4,870
Non-exchange Revenue	-	-	-	-	14,780	9,391	24,171
Transfers In of Spectrum Auction Proceeds from Federal Communications Commission	-	1,778,983	-	-	-	-	1,778,983
Transfers In/(Out) Without Reimbursement, Net	(1,000)	-	(2,999)	-	6,798	7,595	10,394
Other Financing Sources (Non-exchange):							
Imputed Financing Sources from Cost Absorbed by Others	-	-	-	922	-	-	922
Other Financing Sources/(Uses), Net	-	-	-	-	-	10,269	10,269
Total Financing Sources	(1,000)	1,779,010	(2,999)	922	21,578	32,098	1,829,609
Net Cost of Operations	(30,416)	(663,525)	232	(2,225)	(16,751)	(22,714)	(735,399)
Net Change	(31,416)	1,115,485	(2,767)	(1,303)	4,827	9,384	1,094,210
Cumulative Results of Operations	432,604	1,069,096	33,694	14,232	37,869	59,062	1,646,557
Unexpended Appropriations:							
Beginning Balance	-	-	-	-	-	-	-
Budgetary Financing Sources:							
Appropriations Transferred In/(Out), Net	-	-	-	-	-	5,332	5,332
Appropriations Used	-	(27)	-	-	-	(4,843)	(4,870)
Total Budgetary Financing Sources	-	(27)	-	-	-	489	462
Unexpended Appropriations	-	(27)	-	-	-	489	462
NET POSITION	\$ 432,604	\$ 1,069,069	\$ 33,694	\$ 14,232	\$ 37,869	\$ 59,551	\$ 1,647,019

Below is a description of major earmarked funds shown in the above tables.

The **USPTO Earmarked Funds** consist of its Salaries and Expenses Fund, and the Patent and Trademark Surcharge Fund.

The Salaries and Expenses Fund contains monies used for the administering of the laws relevant to patents and trademarks and advising the Secretary of Commerce, the President of the United States, and the Administration on patent, trademark, and copyright protection, and trade-related aspects of intellectual property. This fund is used for USPTO's two core business activities—granting patents and registering trademarks—that promote the use of intellectual property rights as a means of achieving economic prosperity. These activities give innovators, businesses, and entrepreneurs the protection and encouragement they need to turn their creative ideas into tangible products, and also provide protection for their inventions and trademarks. Since FY 1993, the Salaries and Expenses Fund has been funded primarily by the collection of fees for patent and trademark services. The USPTO may use monies from this fund only as authorized by Congress via appropriations.

The Patent and Trademark Surcharge Fund, a Special Fund Receipt Account at Treasury, is discussed in Note 18, *Combined Statements of Budgetary Resources*. The USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. As of September 30, 2009, \$233.5 million is held in this fund.

The **NTIA Digital Television Transition and Public Safety Fund** makes digital television available to every home in America, improves communications between local, state, and federal agencies, allows smaller television stations to broadcast digital television, and improves how warnings are received when disasters occur. NTIA received funding from borrowings from the Bureau of Public Debt, and repaid the Bureau of Public Debt from the proceeds of the auction of recovered analog spectrum which was completed in March 2008. The proceeds from the auction provide funding for several programs, and has been and is expected to be further used to reduce the National Deficit. The law establishing this program can be found in the Deficit Reduction Act of 2005, P.L. 109-171 Section 3001-3014.

The **Broadband Technology Opportunities Program - Recovery Act** includes funds from the American Recovery and Reinvestment Act of 2009 (Recovery Act) that provides awards to eligible entities to develop and expand broadband services to rural and underserved areas and improve access to broadband by public safety agencies. Specifically, funds will be used for innovative programs that encourage sustainable adoption of broadband services, to upgrade technology and capacity at public computing centers, including community colleges and public libraries, and for the development and maintenance of statewide broadband inventory maps.

The **Digital-to-Analog Converter Box Program - Recovery Act** includes funds from the Recovery Act that allowed NTIA to issue coupons to households to ensure vulnerable populations were prepared for the transition from analog-to-digital television transmission.

The **Coastal Zone Management Fund**, operated by NOAA, is primarily used for interstate projects, demonstration projects for improving coastal zone management, and emergency grants to state coastal zone management agencies to address unforeseen or disaster-related circumstances. The law establishing the Coastal Zone Management Fund can be found in 16 USC Section 1456a.

The **NTIS Revolving Fund** is used to collect, process, market, and disseminate government-sponsored and foreign scientific, technical, and business information, and to assist other agencies with their information programs. Activities funded by the NTIS Revolving Fund allow customers, both public and private, access to scientific and technical information produced by and for the federal government. All receipts from the sale of products and services are deposited in this fund, and all expenses, including capital expenditures, are paid from it.

The **Damage Assessment and Restoration Revolving Fund** receives monies for the reimbursement of expenses related to oil or hazardous substance spill response activities, or natural resource damages assessment, restoration, rehabilitation, replacement, or acquisition activities conducted by NOAA. The recovered sums by a federal, state, indian, or foreign trustee for natural resource damages is retained by the trustee and is only used to reimburse or pay costs incurred by the trustee for the damaged natural resources. The law establishing the Damage Assessment and Restoration Revolving Fund can be found in 33 USC Section 2706. Natural Resources.

NOTE 22. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

The Reconciliation of Net Cost of Operations to Budget reconciles the Department's *Resources Used to Finance Activities* (first section), which consists of the budgetary basis of accounting Net Obligations plus the proprietary basis of accounting Other Resources, to the proprietary basis of accounting Net Cost of Operations. The second section, *Resources Used to Finance Items Not Part of Net Cost of Operations*, reverses out items included in the first section that are not included in Net Cost of Operations. The third section, *Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period*, adds items included in Net Cost of Operations that are not included in the first section.

NOTES TO THE FINANCIAL STATEMENTS

The third section's subsection, Components Requiring or Generating Resources in Future Periods, includes costs reported in the current period that are included in the Liabilities Not Covered by Budgetary Resources reported in Note 15. This subsection does not include costs reported in prior fiscal years that are also included in Liabilities Not Covered by Budgetary Resources.

The reconciliations of Net Cost of Operations to Budget for FY 2009 and FY 2008 are as follows:

	FY 2009	FY 2008
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 15,409,814	\$ 11,661,575
Less: Spending Authority From Offsetting Collections and Recoveries	(3,795,302)	(3,527,208)
Obligations Net of Offsetting Collections and Recoveries	11,614,512	8,134,367
Less: Distributed Offsetting (Receipts)/Outlays, Net	(101,324)	(20,397)
Net Obligations	11,513,188	8,113,970
Other Resources		
Donations and Forfeitures of Property	55	228
Transfers In/(Out) Without Reimbursement, Net	4,254	3,301
Imputed Financing From Cost Absorbed by Others	235,744	214,243
Downward Subsidy Reestimates Payable to Treasury	(3,509)	(68,379)
Other Financing Sources/(Uses), Net	1,365	20,193
Net Other Resources Used to Finance Activities	237,909	169,586
Total Resources Used to Finance Activities	11,751,097	8,283,556
Resources Used to Finance Items Not Part of Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(1,225,950)	(230,158)
Resources that Fund Expenses Recognized in Prior Periods	(67,368)	(29,815)
Budgetary Obligation for Downward Subsidy Reestimates Payable to Treasury	(20,653)	(21,700)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations:		
Distributed Offsetting (Receipts)/Outlays, Net (excludes Clearing Accounts' Gross Costs)	101,324	20,397
Credit Program Collections which Increase Loan Guarantee Liabilities or Allowance for Subsidy Cost	26,908	49,630
Budgetary Financing Sources/(Uses), Net	8,695	18,449
Resources that Finance the Acquisition of Assets	(1,087,927)	(1,009,263)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations:		
Change in Unfilled Customer Orders	(129,746)	1,645
Donations and Forfeitures of Property	(55)	(228)
Transfers In/(Out) Without Reimbursement, Net	(4,254)	(3,301)
Downward Subsidy Reestimates Payable to Treasury	3,509	68,379
Other Financing Sources/(Uses), Net	(1,365)	(20,193)
Other	(15,002)	(389)
Total Resources Used to Finance Items Not Part of Net Cost of Operations	(2,411,884)	(1,156,547)
Total Resources Used to Finance Net Cost of Operations	9,339,213	7,127,009
Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods		
Increase in Accrued Annual Leave Liability	19,665	19,267
Increases in NOAA Corps Retirement System Liability and NOAA Corps Post-retirement Health Benefits Liability	19,100	35,700
Increase (Decrease) in Contingent Liabilities	(15,267)	20,512
Reestimates of Credit Subsidy Expense	2,045	(58,038)
Other	7,134	14,452
Total Components of Net Cost of Operations that Will Require or Generate Resources in Future Periods	32,677	31,893
Components Not Requiring or Generating Resources		
Depreciation and Amortization	400,474	503,524
NOAA Issuances of Materials and Supplies	22,768	19,336
Revaluation of Assets or Liabilities	27,062	16,676
Other	4,545	375
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	454,849	539,911
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	487,526	571,804
NET COST OF OPERATIONS	\$ 9,826,739	\$ 7,698,813

NOTE 23. STEWARDSHIP PROPERTY, PLANT, AND EQUIPMENT

This note provides information on certain resources entrusted to the Department and certain stewardship responsibilities assumed by the Department. The physical properties of stewardship property, plant, and equipment (Stewardship PP&E) resemble those of the General PP&E that is capitalized traditionally in the financial statements of federal entities. Due to the nature of these assets, however, valuation would be difficult and matching costs with specific periods would not be meaningful. Therefore, federal accounting standards require the disclosure of the nature and quantity of these assets. NOAA, NIST, and the Census Bureau are the only entities within the Department that have Stewardship PP&E. Additional information on Stewardship PP&E is presented in the Required Supplementary Information section.

Stewardship Marine Sanctuaries, Marine National Monuments, and Conservation Area:

NOAA maintains the following Stewardship PP&E, which are similar in nature to stewardship land:

National Marine Sanctuaries: In 1972, Congress passed the Marine Protection, Research, and Sanctuaries Act (Act) in response to a growing awareness of the intrinsic environmental and cultural value of coastal waters. The Act authorized the Secretary of Commerce to designate discrete areas as National Marine Sanctuaries. These protected waters provide a secure habitat for species close to extinction, and also protect historically significant shipwrecks and prehistoric artifacts. The sanctuaries are also used for recreational diving and sport fishing, and support valuable commercial industries such as fishing and kelp harvesting. As of September 30, 2009, 13 National Marine Sanctuaries, which include near-shore coral reefs and open ocean, have been designated, covering a total area of nearly 19,000 square miles. Each individual sanctuary site (Monterey Bay, the Florida Keys, the Olympic Coast, and Channel Island are the largest four) conducts research and monitoring activities to characterize existing resources and document changes.

Papahānaumokuākea Marine National Monument: The majority of all coral reef habitats located in U.S. waters surround the Northwestern Hawaiian Islands (NWHI). The NWHI Coral Reef Ecosystem Reserve is the nation's largest marine protected area, and was established by Executive Orders in December 2000 and January 2001, in accordance with the National Marine Sanctuaries Amendments Act of 2000. On June 15, 2006, the President created the world's second largest marine conservation area off the coast of the northern Hawaiian Islands. This conservation area, designated the Northwestern Papahānaumokuākea Marine National Monument, encompasses nearly 140,000 square miles of U.S. waters, including approximately 5,200 square miles of relatively undisturbed coral reef habitat that is home to more than 7,000 species. The Monument is managed by NOAA, with the Department of the Interior, and the State of Hawaii.

Rose Atoll Marine National Monument: On January 6, 2009, President Bush designated Rose Atoll in American Samoa a Marine National Monument. The atoll includes the Rose Atoll National Wildlife Refuge. It also includes about 20 acres of land and 1,600 acres of lagoon and is one of the most pristine atolls in the world. The areas around the atoll support a dynamic reef ecosystem that is home to many land and marine species, many of which are threatened or endangered. The Department of the Interior has primary management responsibility of the atoll while NOAA has primary management responsibility for the marine areas of the monument seaward of mean low water, with respect to fishery-related activities regulated pursuant to the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1801 et seq.) and any other applicable authorities. Management strategies will be developed in coming years.

Marianas Trench Marine National Monument: On January 6, 2009, President Bush designated the Marianas Trench Marine National Monument. The Monument consists of approximately 95,000 square miles of submerged lands and waters of the Mariana Archipelago. It includes three units: the Islands Unit, the waters and submerged lands of the three northernmost Mariana Islands; the Volcanic Unit, the submerged lands within 1 nautical mile of 21 designated volcanic sites; and the Trench Unit, the submerged lands extending from the northern limit of the Exclusive Economic Zone of the United States in the Commonwealth of the

Northern Mariana Islands (CNMI) to the southern limit of the Exclusive Economic Zone of the United States in the Territory of Guam. No waters are included in the Volcanic and Trench Units, and CNMI maintains all authority for managing the three islands within the Islands Unit (Farallon de Pajaros or Uracas, Maug, and Asuncion) above the mean low water line. The Department of the Interior has primary management responsibility for the monument while NOAA has primary management responsibility with respect to fishery-regulated activities regulated pursuant to the Magnuson-Stevens Fishery Conservation and Management Act and any other applicable authorities. NOAA will develop a management plan, and, with the Department of the Interior, establish an advisory council for the Monument. These actions will require the preparation of associated National Environmental Policy Act documentation.

Pacific Remote Islands Marine National Monument: On January 6, 2009, President Bush designated the Pacific Remote Islands Marine National Monument. The Pacific Remote Islands area consists of Wake, Baker, Howland, and Jarvis Islands, Johnston Atoll, Kingman Reef, and Palmyra Atoll, which lie to the south and west of Hawaii. With the exception of Wake Island, these islands are administered as National Wildlife Refuges by the U.S. Fish and Wildlife Service of the Department of the Interior. They sustain many endemic species including corals, fish, shellfish, marine mammals, seabirds, water birds, land birds, insects, and vegetation not found elsewhere.

NOAA has primary responsibility for management of the monument seaward of the area 12 nautical miles of the mean low water lines of Wake, Baker, Howland, and Jarvis Islands, Johnston Atoll, Kingman Reef, and Palmyra Atoll, with respect to fishery-related activities regulated pursuant to the Magnuson-Stevens Fishery Conservation and Management Act and any other applicable legal authorities. Management strategies will be developed in coming years.

Aleutian Islands Habitat Conservation Area: On July 28, 2006, NOAA Fisheries Service formally established the Aleutian Islands Habitat Conservation Area in Alaska, which covers nearly 370,000 square miles and may harbor among the highest diversity of deep-water corals in the world. The conservation area established a network of fishing closures in the Aleutian Islands and Gulf of Alaska, and protects habitat for deep water corals and other sensitive features that are slow to recover once disturbed by fishing gear or other activities. Six small areas that include fragile coral gardens discovered by NOAA Fisheries Service scientists are closed to all bottom-contact fishing gear. This effort is part of a network of new marine protected areas in Alaskan waters designed to protect essential fish habitat and prevent any further damage of the area.

Written policy statements or permit guidelines for the National Marine Sanctuaries and Monuments have been developed for the areas of acoustic impacts, artificial reefs, climate change, invasive species, marine debris, and submarine cables. The Office of Marine National Sanctuaries answers the most frequently asked questions related to alternative energy and oil and gas policy decisions for national marine sanctuaries.

Heritage Assets:

Heritage assets are unique for their historical or natural significance, for their cultural, educational, or artistic importance, or for their significant architectural characteristics. The Department generally expects that these assets will be preserved indefinitely.

In cases where a heritage asset also has a practical and predominant use for general government operations, the asset is considered a multi-use heritage asset. The cost of a multi-use heritage asset is capitalized as General PP&E and is depreciated over the useful life of the asset.

NOAA has established policies for heritage assets to ensure the proper care and handling of these assets under its control or jurisdiction. The Deputy Under Secretary of NOAA has established the Heritage Assets Working Committee to administer NOAA's stewardship policies and procedures. In carrying out these policies and procedures, the Working Committee:

- Maintains a nationwide inventory of heritage assets, ensuring that they are identified and recorded in the Personal Property Heritage Asset Accountability System;
- Establishes nationwide NOAA policies, procedures, and standards for the preservation, security, handling, storage, and display of NOAA heritage assets;
- Tracks and updates each loan of NOAA heritage assets, including assigning current values and inventory numbers, and reporting the current conditions of heritage assets;
- Determines the feasibility of new asset loans, such as meters, standard tide gauges, portraits, and books for exhibit loans;
- Collects heritage assets and properties of historic, cultural, artistic, or educational significance to NOAA.

NOAA maintains the following Heritage Assets:

Galveston Laboratory: Galveston Laboratory is comprised of seven buildings that were originally part of Fort Crockett, Texas, an army coastal defense facility built shortly after 1900. These buildings are eligible for placement on the National Register. Due to their historic significance, exterior architectural features, and predominant use in government operations, the Galveston Laboratory is considered a multi-use heritage asset. This facility underwent renovation in three phases and the renovation was completed in September 2008. After the renovation was complete, two incidents have occurred to the laboratory requiring repair work.

The first incident was a fire in building 303 due to a lightning strike. The overall fire repair of building 303 was completed as of March 2009. The second incident resulted in damage due to Hurricane Ike and will be completed in two phases. The emergency repair work for the Galveston campus buildings is 85 percent complete as of September 2009. The estimated completion month for this project is October 2009. In addition, the new turtle sick bay, lightning protection, surge suppression, fire alarm for small buildings, sea water tanks, walk-in freezer, and hazmat building is 50 percent complete as of September 2009. This phase has an estimated completion month of February 2010.

National Marine Fisheries Service (NMFS) St. George Sealing Plant: On St. George Island, in the Pribilof Islands group, Alaska, is the only remaining northern fur seal pelt processing building in the world. In 1986, the building was listed on the National Register of Historic Properties, within the Seal Islands National Historic Landmark. The Pribilof Island commercial fur seal harvest was an extremely profitable business for the U.S. government, and, by the early 1900s, had covered the purchase price of Alaska. The building is the largest on the island, and is comprised of four distinct work areas from the seal pelt processing area. In 1950, the original wood-framed pelt processing plant was destroyed in a fire and rebuilt in 1951 with concrete walls on remnants of the original foundation. Harsh weather and a lack of maintenance funding after the expiration of the Northern Fur Seal Convention in 1985 resulted in significant deterioration of the building by the early 1990s.

In November 1999, after numerous site surveys and assessments, the building's crumbling foundation was stabilized and the building's exterior was painted. This effort allowed for NOAA's continued, but limited, use of the building by the NMFS Alaska Region and Alaska Fisheries Science Center to achieve NOAA's mission on St. George Island. In addition, the U.S. Fish and Wildlife Service (USFWS) Alaska Maritime National Wildlife Refuge used the building as a bunkhouse until 2006 when NOAA's Safety Officer and the USFWS Safety Officer both determined the bunkhouse portion of the building lacked sufficient means of egress in the event of fire and deemed it to be unsafe for habitation. It was determined by USFWS that the cost of making the necessary modifications to the space was not fiscally justifiable. NOAA's Preserve America program funded an interpretive display project in the Seal Plant to promote public outreach and education for the modest tourism program on St. George.

NMFS Cottage M, St. George: The last remnants of the U.S. commercial harvest of northern fur seals can be found on St. George Island, in the Pribilof Islands group, Alaska. In 1986, Cottage M (locally known as Cottage C), was listed on the National Register of Historic Places within the Seal Islands National Historic Landmark. This building was constructed in the 1930s and was the residence of the island doctor and hospital through 1955, when the current clinic/hospital was built. Later, the construction of a health clinic on St. George Cottage M provided housing for government scientists and managers. In recent years, USFWS Alaska Maritime National Wildlife Refuge staff have also used the building. NMFS Cottage M is considered a multi-use heritage asset because of the critical housing for NOAA's research and management staff, along with USFWS staff.

NMFS St. Paul Old Clinic/Hospital: On St. Paul Island, in the Pribilof Islands group, Alaska, fewer historic structures remain than on St. George Island. In 1986, the clinic/hospital was listed on the National Register of Historic Places within the Seal Islands National Historic Landmark. The old clinic/hospital is the combination of three historic buildings (physician's house, 1929; dispensary, 1929; and hospital, 1934) connected in 1974 with an addition. The building was used as a clinic/hospital through 2006 under a Memorandum of Agreement between NMFS and the Department of Health, Education and Welfare, and later, the Indian Health Service/Bureau of Indian Affairs. Since August 2007, NMFS has maintained the facility. While the facility remains largely unused at this time, except for occasional storage needs, NMFS will continue to maintain the facility, and plans to retain it to accommodate its expanding mission needs on St. Paul Island.

NMFS Aquarium: In Woods Hole, Massachusetts, this aquarium was established in 1875 by Spencer Baird, the originator of NMFS. In addition to being part of the first laboratory of today's NMFS, this aquarium is the oldest marine research display aquarium in the world. It is used to educate the public, raise public awareness of NMFS activities, and accommodate in-house research for the Northeast Fisheries Science Center, part of NOAA's mission. The aquarium houses 16 permanent exhibition tanks and approximately 12 freestanding aquaria and touch tanks holding more than 140 species of fish and invertebrates. The tanks range in size from 75 to 2,800 gallons. The aquarium's outdoor habitat for resident seals was completely replaced in 2008, and was re-opened to the public in July 2008. NMFS Aquarium is considered a multi-use heritage asset because it is also used for NOAA's scientific research, which is part of its mission.

Office of Atmospheric Research (OAR) Great Lakes Environmental Research Laboratory (GLERL), Lake Michigan Field Station (LMFS): In Muskegon, Michigan, the GLERL main building, constructed in 1904 by the U.S. Life Saving Service, is eligible for National Register designation and has been recognized by state and local historical societies for its maritime significance. With the creation of the U.S. Coast Guard in 1915, the facility was transferred and served as a base for search and rescue operations for 75 years. In 2004, a renovation project was completed that restored the exterior to its original architecture and color scheme - a style that is considered rare. Today, GLERL carries out research and provides scientific products, expertise, and services required for effective management and protection of Great Lakes and coastal ecosystems. GLERL/LMFS includes three buildings and a research vessel dockage. The function of the field station is to provide a base of operations for GLERL's primary research vessel, which is presently the Research Vessel Laurentian, and to provide a focal point for GLERL's research on Lake Michigan. Due to its historic significance, exterior architectural features, and predominant use in government operations, GLERL/LMFS is considered a multi-use heritage asset.

NOAA's collection-type heritage assets are comprised primarily of books, journals, publications, photographs and motion pictures, manuscripts, records, nautical chart plates, and artifacts. Many of these heritage assets are maintained by the NOAA Central Library (Library). As evidenced by a search of international catalogs, 35 to 50 percent of the Library's collection is unique. Historically, 40 percent of the items catalogued are not found anywhere else. Many older books cannot be replaced. The works include 17th century works of Francis Bacon and Robert Boyle, 18th century works of Daniel Bernouilli, Daniel Defoe, and Pierre Bougher, and 19th and 20th century works of Benjamin Franklin and George Washington Carver. The Library has an extensive collection of historical Coast and Geodetic Survey materials (from 1807) and Weather Bureau materials (from the 1830s), including foreign and historical meteorological data, information on instruments, and metadata.

NOAA's collection-type heritage assets include items in the Thunder Bay Sanctuary Research Collection (Collection). In 2004, the Thunder Bay National Marine Sanctuary (jointly managed by NOAA and the State of Michigan to protect and interpret a nationally significant collection of shipwrecks and other maritime heritage resources) established an agreement with the Alpena County George N. Fletcher Public Library to jointly manage this Collection. Amassed over a period of more than 40 years by historian C. Patrick Labadie, the Collection includes information about such diverse subjects as Great Lakes ports and waterways, docks, cargoes, ships, shipbuilders, owners and fleets, machinery and rigging, notable maritime personalities, and shipwrecks. Special features of the Collection are extensive collections of a) data cards listing most of the ships on the Great Lakes before year 1900, a roster of some 15,000 vessels complete with descriptive data and highlights of the ships' careers and their ultimate losses; and b) ship photograph negatives of 19th and 20th century Great Lakes ships. Heritage assets also include copies of vessel ownership documents, contemporary ship photographs, books, and other items documenting the Great Lakes history.

NOAA's collection-type heritage assets also include items in the National Climatic Data Center Library. Heritage assets include a) books, manuals, and slides; b) thermometers, gauges, and radiosondes; and c) laboratory equipment.

Historical artifacts are designated collection-type heritage assets if they help illustrate the social, educational, and cultural heritage of NOAA and its predecessor agencies (Coast and Geodetic Survey, U.S. Fish Commission, the Weather Bureau, the Institutes for Environmental Research, the Environmental Science Services Administration, etc.). These include, but are not limited to, bells, gyrocompasses, brass citations, flags, pennants, chronometers, ship seals, clocks, compasses, fittings, miscellaneous ship fragments, lithographic plates, barometers, rain gauges, and any items that represent the uniqueness of the mission of NOAA and its predecessor agencies.

The NOAA Logistics Office conducted a review during FY 2009 of the collection-type heritage assets reported for the NOAA Central Library and concluded that many items do not qualify as heritage assets. This resulted in a decrease in the number of individual heritage asset items, primarily for the Circulating Collection. Because the Central Library has several distinct collections that include numerous heritage asset items, it was decided in FY 2009 that it would be more appropriate to report heritage assets for these distinct collections as individual collections of one each, rather than reporting each individual heritage asset item in each collection. This change in the reporting methodology of heritage assets took place in FY 2009 for the Circulating Collection, the Rare Book Room, the Weather Bureau Collection, the publications acquired or issued by the Coast and Geodetic Survey from 1807 to 1970, and the collection of photographs and motion pictures. The Heritage Assets Working Committee continues to work with the respective NOAA line offices to ensure all heritage assets are properly defined and catalogued.

NIST currently maintains collection-type heritage assets under its Museum and History Program, which collects, conserves, and exhibits artifacts, such as scientific instruments, equipment, objects, and records of significance to NIST and predecessor agencies. This program provides institutional memory and demonstrates the contributions of NIST to the development of standards measurement, technology, and science. The Information Services Division (ISD) maintains the historical archives, rare book collection, and oversees the oral history program. The historical archives and rare book collection contain titles that are considered "classics" of historical scientific interest, books by prominent contemporary scientists, and books by NIST authors or about NIST work. Titles are recommended for inclusion by ISD staff and customers. Materials are not specifically purchased for the collection nor are funds specifically allocated for the collection. Photos and manuscripts include images of NIST staff, facilities, and artifacts that demonstrate NIST accomplishments.

NIST's collection-type heritage assets are maintained in a museum and historical library collection, which are considered inactive and experienced no accretions during FY 2009. During FY 2009, NIST's historical book collection was evaluated and it was determined that most of the books are not heritage assets in accordance with NIST's heritage asset policy. ISD conducted an inventory of the NIST historical books resulting in a decrease due to reclassification. NIST's online catalog has been updated to reflect the difference between the collection-type heritage assets and historical books.

NIST's Museum and History Program has policies in place for acquisitions and loans. Objects are either on display or in storage and are not used by visitors. Archives, including the historical book collection, are used according to established research library policies and procedures. When considering artifacts for accession, the following criteria are considered:

- Direct connection to NIST program activity
- Direct connection to a NIST prominent person
- Physical size
- Safety considerations

Archive material is not loaned. Artifacts are rarely loaned, but can be loaned within established policies and procedures for educational purposes, scholarly research, and limited public exhibition to qualified institutions. The loan policy packet for these artifacts includes an introduction to the NIST Loan Program, Borrower Checklist, Artifact Loan Request, NIST Loan Policy, Insurance Requirements, Facilities Report, Outgoing Loan Agreement, Condition Report Form, and Outgoing Loan Process.

ISD preserves and promotes the history of NIST through a program that collects, organizes, and preserves records of enduring value and encourages and supports their use by researchers. The policies and procedures cover such topics as submitting reference inquiries, regulations for use of the archives collection, scope of archives collection, criteria for accepting archival material, providing physical and bibliographic access, preservation, and reviewing the collection.

Collection-type heritage assets maintained by Census Bureau are items considered unique for their historical, cultural, educational, technological, methodological, or artistic importance. They help illustrate the social, educational, and cultural heritage of Census Bureau. Some items because of their age or obvious historical significance are inherently historical artifacts. Some examples of these historical artifacts include:

1900 Hollerith Key Punch: Census Bureau clerks used the key punch during the 1900s to punch round holes into cards for tabulation by electric tabulating machines housed at the Census Bureau. The key punch increased the speed with which clerks could transfer data entered on census schedules to the punch cards used to tabulate census results.

Hollerith Tabulator (Dial): The Hollerith Tabulator dial was manufactured by the Tabulating Machine Company for the Census Bureau and it has been in the agency's possession since. The Hollerith Tabulator dial mechanically illustrated the data being read from punched paper cards entered into the tabulator. The holes punched in cards were sensed by pins or pointers making contact through the holes to a drum. The completion of an electric circuit through a hole advanced the counter on this dial representing data tabulated for a specific population, economic, or agriculture inquiry on the census schedule.

Gang Punch: The Gang punch was manufactured by the Tabulating Machine Company for the Census Bureau, and it has been in the agency's possession since. The gang punch was used for recording facts common to a number of punch cards, such as the month, day, year, etc. It is equipped with a number of moveable punches, which can easily be changed and set for any desired combination. Using the gang punch, clerks could punch a number of cards at once, thus speeding the transcription of data.

Pantograph: This item was manufactured by the Tabulating Machine Company for the Census Bureau, and it has been in the agency's possession since. Census Bureau clerks used the pantograph, or keyboard punch, to transfer information on the census schedule to punch cards. To operate the pantograph, the clerk guided one end of the lever over a board showing the categories of information from the census (age, sex, place of birth, etc.) and depressed the lever at the appropriate position, punching a hole in the punch card. With the information found on the schedule translated into punch holes on cards, the data could then be read and the results tallied by tabulators designed to read the punch cards.

Census Bureau Enumerators Badge: The Census Bureau provided enumerators with badges during the 1900s and later censuses, and recipients were instructed to wear them when on duty. The 1900s instructions to enumerators noted that the badge offered additional evidence of the bearer's authority to ask the question required by law. Furthermore, enumerators were instructed to wear the badge attached to the vest under the coat, and to exhibit it only when it would aid the enumerator in obtaining the information. Upon completion of the census, the Census Bureau permitted enumerators to keep the badge as a souvenir of their service.

Data Stewardship Button: The data stewardship button served as a visible reminder to employees that the Census Bureau complies with all federal legal requirements affecting the collection, handling, and dissemination of personal and business information. In addition, the Census Bureau believes that individuals and businesses have fundamental rights to be treated fairly and ethically when asked to provide their personal information to the government for statistical purposes.

Steel Hand Bander: The steel hand bander is used to secure paper, boxes, and other goods to pallets, via ribbons of steel, for shipment. The Census Bureau has used similar banders since the early 20th century to secure boxes of questionnaires, publications, etc., for shipment to census offices throughout the United States, Puerto Rico, and the Island Areas.

Unisys Tape and Reel: It is assumed that Unisys Corporation manufactured this tape and reel in the 1980s, and it has been in the Census Bureau's possession since new. This tape technology, released in 1964, introduced what is now generally known as 9-track tape. The magnetic tape is 1/2 inch wide, with eight data tracks and one parity track for a total of nine parallel tracks. Data is stored as 8-bit characters, spanning the full width of the tape (including the parity bit). Various recording methods are used to place the data on tape, depending on the tape speed and data density, including PE (phase encoding), GCR (group code recording), and NRZI (non-return-to-zero, inverted).

Film Optical Sensing Device for Input to Computers (FOSDIC): This 1980s file cabinet-sized version of FOSDIC was manufactured by the Census Bureau for the 1990 census and it has been in the agency's possession since. During the 1950s, the Census Bureau and the National Bureau of Standards developed a system called Film Optical Sensing Device for Input to Computers (FOSDIC), which took census and survey questionnaires that had been photographed onto microfilm, read blackened dots opposite the appropriate answers, and transferred that data to magnetic tape. These tapes constituted the input for the Census Bureau's computers. One important result of this process was the elimination of most discrepancies in data records sent for processing. First used to process 1960 census results, FOSDIC played an integral part in the Census Bureau's data processing system into the mid-1990s.

Artwork and Gifts: Census Bureau's artwork and gifts include items bequeathed to, given to, or commissioned by the agency, such as posters, paintings, sculptures, postage stamps, photographs, antiques, memorial plaques, cultural artifacts from other statistical agencies and countries, awards, time capsules, buttons and badges, and more.

Census Bureau has developed a Project Charter for heritage assets which has developed policy and procedures for the acquisition and removal of Census Bureau heritage assets. If a Census Bureau employee receives a gift from a foreign government's statistical agency or any other agency while on official government travel, the Census Bureau employee will deliver the item to a member of Census Bureau's Heritage Assets Committee for review upon his or her return to Census Bureau, if the item is valued at more than \$25 dollars. The Committee will decide if the item meets the criteria for a heritage asset based on the uniqueness, historical age, and/or if the item helps to illustrate Census Bureau's historic contributions to the nation's growth. If the item is deemed a heritage asset, the applicable property management office will ensure the heritage asset is catalogued and stored in a safe, secure environment, allowing for appropriate preservation and conservation. All necessary actions will be taken to reduce deterioration of heritage assets due to environmental conditions, and to limit damage, loss, and misuse of heritage assets. The Committee meets on a regular basis to determine if any heritage assets should be removed from the approved list, or if a newly arrived item should be classified as a heritage asset. Once a determination has been made to no longer classify an item as a heritage asset, Census Bureau will follow any applicable established policies and procedures for surplus property.

Collection-type Heritage Assets					
Category	Description of Assets	Quantity of Items Held September 30, 2008	FY 2009 Additions	FY 2009 Withdrawals	Quantity of Items Held September 30, 2009
NOAA Central Library:					
Circulating Collection	Books, journals, and other publications	465,528	N/A	465,527	1
Rare Book Room Collection	Books and other publications	8,753	N/A	8,752	1
Weather Bureau Collection	Publications	57,549	N/A	57,548	1
Collection of Coast and Geodetic Survey Materials from 1807 to 1970	Publications acquired or issued by the Coast and Geodetic Survey from 1807 to 1970	22,960	N/A	22,959	1
Collection of photographs and motion pictures	Photographs and motion pictures	40000 (est.)	N/A	39,999	1
Other	Artifacts, documents, and other items	2,553	11	2,508	56
National Ocean Service–Thunder Bay Sanctuary Research Collection	Data cards, photograph negatives, document copies, photographs, books, and other items	106,254	-	-	106,254
National Climatic Data Center Library	Artifacts, books, documents, and other items	5,155	1	43	5,113
NOAA Others	Artifacts, artwork, books, films, instruments, maps, and records	3,824	374	466	3,732
NIST Artifacts and Scientific Measures	National Bureau of Standards (NBS)/NIST scientific instruments, equipment, and objects	343	-	-	343
NIST Historical Books and Manuscripts	Books of historical scientific interest, books by prominent contemporary scientists, and books by NBS/NIST authors and manuscripts of NBS/NIST staff, facilities, and artifacts	1,527	-	1,466	61
Census Bureau Artwork and Gifts	Artifacts, artwork, books, films, instruments, and records	132	-	-	132
Census Bureau Collectable Assets	Publications, books, manuscripts, photographs, and maps	19	-	-	19
Total		714,597	386	599,268	115,715
N/A - Not applicable; effective FY 2009, this category is reported as one collection.					

Additional information on the condition of the above Heritage Assets is presented in the Required Supplementary Information section.



CONSOLIDATING BALANCE SHEET





**United States Department of Commerce Consolidating Balance Sheet
As of September 30, 2009 (In Thousands)**

	Intra- Departmental Eliminations	BIS	Census Bureau	DM/688	DM/SSE	DM/WCF	EDA	ELGP	ESM/BEA	Franchise Fund	HCHB	ITA	MRDA	NIPC	NIST	NOAA	NTIA	NTIS	OIG	USFTO
ASSETS																				
Intragovernmental:																				
Fund Balance with Treasury	\$ -	\$ 19,399	\$ 2,279,483	\$ 674	\$ 26,592	\$ 39,252	\$ 1,481,091	\$ 49,215	\$ 14,307	\$ 4,371	\$ 5,535	\$ 110,970	\$ 12,613	\$ 273	\$ 1,426,790	\$ 4,255,320	\$ 14,587,226	\$ 23,589	\$ 25,255	\$ 1,309,807
Accounts Receivable, Net	78,111	(16,742)	254	12,474	9,425	1,499	-	-	565	-	4,251	-	-	-	2,237	60,897	650	2,124	354	143
Other - Advances and Prepayments	696,068	(89,685)	1,477	13,348	3,792	1,718	859	-	895	785	1,610	8,982	596	-	18,788	269,089	459,342	240	552	3,460
Total Intragovernmental	26,445,941	(106,427)	21,130	2,305,905	674	39,809	1,481,950	49,215	15,202	5,701	7,145	124,203	13,209	273	1,447,815	4,585,306	15,047,218	25,953	26,161	1,313,430
Cash	3,172	-	-	-	-	-	-	-	-	-	-	-	-	-	-	324	-	17	-	3,231
Accounts Receivable, Net	31,429	1,954	2,579	6	4	18	-	-	7	-	-	128	13	-	5,626	20,510	20	267	2	295
Direct Loans and Loan Guarantees, Net	511,092	-	-	-	-	-	20,510	-	-	-	-	-	-	-	-	490,582	-	-	-	-
Inventory, Materials, and Supplies, Net	145,903	-	-	45,341	-	-	-	-	-	-	-	-	-	-	27,013	73,599	-	-	-	-
General Property, Plant, and Equipment, Net	6,758,827	-	238	141,710	8,130	809	6,972	-	660	1,023	-	2,551	-	-	634,658	5,745,110	9,234	1,930	-	205,802
Other	60,021	(1)	(1)	1,240	4	(2)	(1)	-	-	-	-	1,650	1	-	75	41,248	-	6,215	2	9,582
TOTAL ASSETS	\$ 33,956,785	\$ (106,427)	\$ 23,321	\$ 2,496,275	\$ 8,808	\$ 40,632	\$ 1,502,477	\$ 49,215	\$ 15,869	\$ 6,724	\$ 7,145	\$ 128,532	\$ 13,223	\$ 273	\$ 2,115,187	\$ 10,956,679	\$ 15,056,472	\$ 34,420	\$ 26,165	\$ 1,532,340
LIABILITIES																				
Intragovernmental:																				
Accounts Payable	\$ 134,877	\$ (15,506)	\$ 3,208	\$ 24,694	\$ -	\$ 1,345	\$ 1,569	\$ 30	\$ 1,348	\$ 558	\$ 27	\$ 3,055	\$ 155	\$ -	\$ 3,098	\$ 96,705	\$ 2,505	\$ 7,750	\$ 215	\$ 4,852
Debt to Treasury	487,275	-	-	-	-	-	-	-	-	-	-	-	-	-	-	487,275	-	-	-	-
Other																				
Spectrum Auction Proceeds Liability to Federal Communications Commission	400,451	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,451	-	-	-
Resources Payable to Treasury	22,689	-	-	-	-	-	20,832	-	-	-	-	-	-	-	-	1,857	-	-	-	-
Unearned Revenue	337,255	(89,685)	2,399	82,944	-	10,976	32,157	70,104	129	2,271	-	411	73	-	109,581	68,615	37,488	4,373	-	5,419
Other	77,995	(236)	1,991	17,407	-	919	1,385	450	663	13	-	2,239	677	-	5,889	31,281	717	286	256	14,257
Total Intragovernmental	1,460,342	(106,427)	7,198	125,045	-	13,240	35,111	91,655	31	2,140	2,842	5,705	905	-	118,568	685,733	441,161	12,409	471	24,558
Accounts Payable	371,067	-	383	102,188	194	3,180	2,840	629	(387)	(4)	(191)	4,687	965	(46)	23,383	132,114	10,731	1,873	3,324	85,174
Loan Guarantee Liabilities	589	-	-	-	-	-	-	-	-	-	-	-	-	-	-	589	-	-	-	-
Federal Employee Benefits	687,434	-	2,346	65,052	-	1,691	4,458	1,254	299	116	-	7,042	2,609	-	8,910	582,473	1,568	993	526	8,097
Environmental and Disposal Liabilities	60,995	-	-	-	-	-	-	-	-	-	-	-	-	-	48,040	12,955	-	-	-	-
Other																				
Accrued Payroll and Annual Leave	540,082	-	4,918	118,353	-	4,572	9,947	3,135	7,104	344	-	29,796	937	-	41,936	165,903	4,891	1,546	2,227	146,270
Accrued Grants	446,207	-	-	-	-	-	278,795	-	-	-	-	2,184	3,103	-	60,634	74,859	26,632	-	-	-
Accrued Coupons for Digital-to-Analog Converter Box Program	24,489	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	24,489	-	-	-
Capital Lease Liabilities	12,889	-	-	-	-	-	-	-	-	-	-	-	-	-	10	12,579	-	-	-	-
Unearned Revenue	974,015	-	3,343	2,630	-	-	7	-	630	-	-	13,747	-	-	16,521	37,428	309	4,485	-	892,915
Other	42,956	-	69	11,948	1	6,540	-	-	-	-	-	9,696	-	1	438	10,744	1,045	(1)	-	1,562
TOTAL LIABILITIES	\$ 4,620,765	\$ (106,427)	\$ 18,257	\$ 425,416	\$ 195	\$ 29,223	\$ 52,356	\$ 376,388	\$ 64	\$ 9,786	\$ 3,298	\$ (164)	\$ 72,857	\$ 8,519	\$ (45)	\$ 320,440	\$ 1,715,377	\$ 510,826	\$ 21,305	\$ 6,548
NET POSITION																				
Unexpended Appropriations																				
Unexpended Appropriations - Emarked Funds	\$ 4,890,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,479	\$ -	\$ -	\$ -	\$ -	\$ 4,885,938	\$ -	\$ -	\$ -
Unexpended Appropriations - All Other Funds	8,246,105	-	10,705	1,730,348	-	18,898	-	49,151	9,405	-	7,309	81,584	8,428	318	1,136,171	4,006,265	37,755	-	19,603	-
Cumulative Results of Operations																				
Cumulative Results of Operations - Emarked Funds	10,155,041	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149,220	9,616,912	13,115	-
Cumulative Results of Operations - All Other Funds	6,044,457	-	(5,641)	340,111	8,613	(7,489)	(4,076)	-	(3,322)	3,426	-	(30,388)	(3,724)	-	658,576	5,085,817	5,041	-	14	-
TOTAL NET POSITION	\$ 29,336,020	\$ -	\$ 5,064	\$ 2,070,859	\$ 8,613	\$ 11,409	\$ (2,001)	\$ 1,126,089	\$ 49,151	\$ 6,083	\$ 3,426	\$ 55,675	\$ 4,704	\$ 318	\$ 1,794,747	\$ 9,241,302	\$ 14,545,646	\$ 13,115	\$ 19,617	\$ 375,794
TOTAL LIABILITIES AND NET POSITION	\$ 33,956,785	\$ (106,427)	\$ 23,321	\$ 2,496,275	\$ 8,808	\$ 40,632	\$ 1,502,477	\$ 49,215	\$ 15,869	\$ 6,724	\$ 7,145	\$ 128,532	\$ 13,223	\$ 273	\$ 2,115,187	\$ 10,956,679	\$ 15,056,472	\$ 34,420	\$ 26,165	\$ 1,532,340

See accompanying independent auditors' report.



REQUIRED
SUPPLEMENTARY
INFORMATION
(UNAUDITED)





Required Supplementary Information (unaudited)

A *Deferred Maintenance*

Deferred maintenance is maintenance that was not performed when it should have been, that was scheduled and not performed, or that was delayed for a future period. Maintenance is the act of keeping property, plant, and equipment (PP&E) in acceptable operating condition and includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended. Critical maintenance is defined as those projects where the required maintenance will have a critical impact on the public access, functionality and mission support, health and safety, and life cycle cost of a facility if the maintenance is not performed. The significant portions of Departmental deferred maintenance relate to the PP&E of both NOAA and NIST (see below for abbreviations). These two entities represent 94 percent of the Department's General PP&E, Net balance as of September 30, 2009.

National Oceanic and Atmospheric Administration (NOAA):

NOAA uses the Condition Assessment Survey (CAS) method to identify and quantify deferred maintenance for assets meeting NOAA's \$200 thousand capitalization threshold. The CAS method employs a periodic inspection of real property and heritage assets to determine its current condition and to estimate costs to correct any deficiencies. Estimated costs reflect potential costs variance of +/- 10 percent.

The following shows NOAA's deferred maintenance for projects with estimated costs greater than \$50 thousand, as of September 30, 2009:

(In Thousands)

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Buildings and Structures	4	\$ 6,403 to \$ 7,825
Heritage Assets	4, 3	11,760 to 14,370
Total		\$ 18,163 to \$ 22,195

NOAA has established a facility condition code to classify the condition of the Buildings and Structures. Each Building and Structure is assessed an individual facility condition code. The average of the individual facility condition codes determines the CAS Asset Condition. The CAS method for Buildings and Structures is based on a five-point scale, with 1 representing excellent condition; 2 – good condition; 3 – fair condition; 4 – poor condition; and 5 – very poor condition. The amounts reported represent non-critical maintenance to bring the assets to good condition. The CAS method for heritage assets is based on the same five-point scale as the Buildings and Structures. Acceptable condition is considered to be those assets rated in good or excellent condition. There is an annual call each year to the NOAA components, requesting their submissions of new projects and updates to existing unfunded projects to reflect changes in requirements or costs.

National Institute of Standards and Technology (NIST):

NIST also uses the CAS method to estimate deferred maintenance. NIST values the condition of assets using a five-point scale, with 1 representing excellent condition; 2 – good condition; 3 – acceptable condition; 4 – poor condition; and 5 – very poor condition. Assets that are assessed at 4 or 5 require repairs and maintenance to increase their value to 3, or acceptable condition. The following shows NIST’s deferred maintenance as of September 30, 2009:

(In Thousands)

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Mechanical and Electrical Devices	5	\$ 357,400 to \$ 476,900
Buildings (Internal Structures)	4	27,800 to 37,300
Buildings (External Structures)	4	52,500 to 62,500
Total		\$ 437,700 to \$ 576,700

B Stewardship Marine Sanctuaries, Marine National Monuments, and Conservation Area

NOAA maintains the following sanctuaries, marine national monuments, and conservation area, which are similar in nature to stewardship land and which are more fully described in Note 23, *Stewardship Property, Plant, and Equipment*, of the Notes to the Financial Statements.

National Marine Sanctuaries: These protected waters provide a secure habitat for species close to extinction, and also protect historically significant shipwrecks and prehistoric artifacts. Each of the 13 individual sanctuary sites, which include near-shore coral reefs and open ocean, conducts research and monitoring activities to characterize existing resources and document changes. The waters and resources of the National Marine Sanctuaries are generally in good condition, though some specific resources (e.g. certain coral reefs, some commercial and recreational fisheries, and some benthic habitats) are threatened.

Papahānaumokuākea Marine National Monument: The majority of all coral reef habitats located in U.S. waters surround the Northwestern Hawaiian Islands (NWHI). The Papahānaumokuākea Marine National Monument, located off the coast of the NWHI, encompasses nearly 140,000 square miles of U.S. waters, including approximately 5,200 square miles of relatively undisturbed coral reef habitat that is home to more than 7,000 species. The condition of the Papahānaumokuākea Marine National Monument is good, but the Monument does face emerging threats.

Rose Atoll Marine National Monument: The atoll includes the Rose Atoll National Wildlife Refuge. It also includes about 20 acres of land and 1,600 acres of lagoon and is one of the most pristine atolls in the world. The areas around the atoll support a dynamic reef ecosystem that is home to many land and marine species, many of which are threatened or endangered. The condition of the Rose Atoll Marine National Monument is good.

Marianas Trench Marine National Monument: The Marianas Trench Marine National Monument consists of approximately 95,000 square miles of submerged lands and waters of the Mariana Archipelago. It includes three units: the Islands Unit, the waters and submerged lands of the three northernmost Mariana Islands; the Volcanic Unit, the submerged lands within 1 nautical mile of 21 designated volcanic sites; and the Trench Unit, the submerged lands extending from the northern limit of the Exclusive Economic Zone of the United States in the Commonwealth of the Northern Mariana Islands (CNMI) to the southern limit of the Exclusive Economic Zone of the United States in the Territory of Guam. The condition of the Marianas Trench Marine National Monument is good.

Pacific Remote Islands Marine National Monument: The Pacific Remote Islands area consists of Wake, Baker, Howland, and Jarvis Islands, Johnston Atoll, Kingman Reef, and Palmyra Atoll, which lie to the south and west of Hawaii. With the exception of Wake Island, these islands are administered as National Wildlife Refuges by the U.S. Fish and Wildlife Service of the Department of the Interior. They sustain many endemic species including corals, fish, shellfish, marine mammals, seabirds, water birds, land birds, insects, and vegetation not found elsewhere. The condition of the Pacific Remote Islands Marine National Monument is good.

Aleutian Islands Habitat Conservation Area: This conservation area in Alaska, which covers nearly 370,000 square miles, may harbor among the highest diversity of deep-water corals in the world, and protects habitat for deep water corals and other sensitive features that are slow to recover once disturbed by fishing gear or other activities. The condition of the Aleutian Islands Habitat Conservation Area is generally good, although some specific resources are threatened. For example, the conservation area contains six small areas of fragile coral gardens.

🕒 Collection-type Heritage Assets

NOAA's collection-type heritage assets are comprised primarily of books, journals, publications, photographs and motion pictures, manuscripts, records, nautical chart plates, and artifacts. Many of these heritage assets are maintained by the NOAA Central Library (Library). As evidenced by a search of international catalogs, 35 to 50 percent of the Library's collection is unique. Historically, 40 percent of the items catalogued are not found anywhere else. The Library has an extensive collection of historical Coast and Geodetic Survey materials (from 1807) and Weather Bureau materials (from the 1830s), including foreign and historical meteorological data, information on instruments, and metadata.

NOAA's collection-type heritage assets include items in the Thunder Bay Sanctuary Research Collection, composed primarily of a) data cards listing most of the ships on the Great Lakes before 1900, a roster of some 15,000 vessels complete with descriptive data and highlights of the ships' careers and their ultimate losses; and b) ship photograph negatives of 19th and 20th century Great Lakes ships.

NOAA's collection-type heritage assets also include items in the National Climatic Data Center Library. Heritage assets include a) books, manuals, and slides; b) thermometers, gauges, and radiosondes; and c) laboratory equipment.

NOAA uses the Condition Assessment Survey (CAS) method to describe the condition of its assets. The CAS method is based on a five-point scale with 1 representing excellent condition; 2 – good condition; 3 – fair condition; 4 – poor condition; and 5 – very poor condition. Assets with the condition assessment level between 1 through 3 are defined as being suitable for public display. The books, journals, and other publications that make up the majority of the NOAA Central Library collection-type heritage assets are in 4 – poor condition, and 5 – very poor condition. The heritage assets of the Thunder Bay Sanctuary Research Collection are in 2 – good condition, and the heritage assets of the National Climatic Data Center Library are generally in 3 – fair condition.

NIST currently maintains the Museum and History Program, which collects, conserves, and exhibits artifacts such as scientific instruments, equipment, objects and records of significance to NIST and the National Bureau of Standards (NBS). This program provides institutional memory and demonstrates the contributions of NIST to the development of standards, measurement, technology, and science. Conditions of these artifacts are listed in the Registrar's database and are generally fair.

NIST Information Services Division (ISD) maintains the historical archives, rare book collection, and oversees the oral history program. The historical collection contains titles that are considered "classics" of historical scientific interest, books by prominent contemporary scientists, and books by NIST authors or about NIST work. Materials are not specifically purchased for the collection nor are funds specifically allocated for the collection. Conditions of these books are generally fair. The photos and manuscripts

maintained include images of NIST staff, facilities, and artifacts that demonstrate NIST accomplishments. These images are in good condition.

Heritage assets at the Census Bureau are items considered unique for their historical, cultural, educational, technological, methodological, or artistic importance. These assets help illustrate the social, educational, and cultural heritage of the Census Bureau. Some items, because of their age or obvious historical significance, are inherently historical artifacts. These historical artifacts include but are not limited to: Hollerith Key Punch, Hollerith Tabulator, Gang Punch, Pantograph, Census Enumerators Badge, Steel Hand Bander, Unisys Tape and Reel, Film Optical Sensing Device, and any items which represent the uniqueness of the mission of the Census Bureau. The heritage assets at the Census Bureau are classified as generally being in good condition.

ⓓ Schedule of Budgetary Resources by Major Budget Account

The following table illustrates the Department's FY 2009 budgetary resources by major budget account. The "Other Programs" column refers to the Department's reporting entities and their budget accounts that are not listed.

United States Department of Commerce Schedule of Budgetary Resources by Major Budget Account
For the Year Ended September 30, 2009 (In Thousands)

	NOAA Operations, Research, and Facilities	USPTO Salaries and Expenses	NOAA Procurement, Acquisition, and Construction	NOAA Digital Television Transition and Public Safety Fund	ITA Operations and Administration	Census Bureau Periodic Censuses and Programs - Recovery Act	EDA Grant Fund	Census Bureau Periodic Censuses and Programs - Recovery Act	NTIA Broadband Technology Opportunities Program - Recovery Act	NTIA Digital- to-Analog Converter Box Program - Recovery Act	NOAA Procurement, Acquisition, and Construction - Recovery Act	Other Programs
BUDGETARY RESOURCES:												
Unobligated Balance, Brought Forward, October 1	\$ 2,348,933	\$ 72,079	\$ 36,770	\$ 686,703	\$ 17,541	\$ 94,892	\$ 494,589	\$ -	\$ -	\$ -	\$ -	\$ 621,906
Adjustments to Unobligated Balance, Brought Forward	466	-	-	-	-	-	-	-	-	-	-	466
Recoveries of Prior-years Unpaid Obligations	367,877	30,760	12,513	196,991	10,368	15,724	31,775	-	-	-	-	48,404
Budget Authority	34,069,220	3,069,822	1,243,647	16,689,557	420,433	2,906,262	279,999	1,000,000	4,700,000	650,000	600,000	2,509,500
Appropriations	88,368	-	-	-	-	-	-	-	-	-	-	88,368
Borrowing Authority	-	-	-	-	-	-	-	-	-	-	-	-
Spending Authority From Offsetting Collections Earned	3,536,190	1,927,415	76	-	15,990	61	27,325	-	-	-	-	1,338,044
Collected	18,868	136	-	(123)	105	-	(7,600)	-	235	-	-	11,283
Change in Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Change in Unfiled Customer Orders	(87,441)	(47,186)	-	123	252	-	(5,710)	-	-	-	-	(41,201)
Advances Received	(42,305)	(18,993)	-	-	(7,935)	-	-	-	-	-	-	(15,377)
Without Advances	2,113	-	-	-	-	-	-	-	-	-	-	2,113
Previously Unavailable	-	-	-	-	-	-	-	-	-	-	-	-
Total Budget Authority	37,585,013	3,209,221	1,243,723	16,689,557	428,845	2,906,323	294,014	1,000,000	4,700,235	650,000	600,000	3,892,730
Nonexpenditure Transfers, Net	57,381	(2,000)	(1,250)	-	1,725	-	(4,350)	-	(30,055)	(70,605)	(600)	80,217
Permanently Not Available	(8,354,000)	-	-	(8,282,674)	329	(1,000)	(15,000)	-	-	-	-	(39,557)
TOTAL BUDGETARY RESOURCES	\$ 32,005,670	\$ 3,713,217	\$ 1,291,756	\$ 9,290,577	\$ 458,808	\$ 3,015,939	\$ 801,028	\$ 1,000,000	\$ 4,670,180	\$ 579,395	\$ 599,400	\$ 4,604,166
STATUS OF BUDGETARY RESOURCES:												
Obligations Incurred												
Direct	\$ 12,206,635	\$ 3,312,792	\$ 1,186,227	\$ 593,842	\$ 429,749	\$ 2,987,043	\$ 434,074	\$ 100,438	\$ 77,477	\$ 418,341	\$ 319,201	\$ 2,347,451
Reimbursable	3,203,179	231,620	1,862,512	-	17,859	-	13,914	-	-	-	-	1,077,274
Total Obligations Incurred	15,409,814	3,544,412	1,186,227	593,842	447,608	2,987,043	447,988	100,438	77,477	418,341	319,201	3,424,725
Unobligated Balance	7,800,617	132,948	118,692	409,666	6,017	21,954	349,971	899,562	4,592,703	161,054	280,199	734,776
Appropriated	356,139	-	93,075	-	-	-	-	-	-	-	-	356,139
Exempt From Apportionment	8,156,756	132,948	118,692	409,666	6,017	21,954	349,971	899,562	4,592,703	161,054	280,199	734,776
Total Unobligated Balance	8,439,100	35,857	12,454	8,287,069	5,183	6,942	3,069	-	-	-	-	1,090,915
Unobligated Balance Not Available	-	-	-	-	-	-	-	-	-	-	-	88,526
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 32,005,670	\$ 3,713,217	\$ 1,291,756	\$ 9,290,577	\$ 458,808	\$ 3,015,939	\$ 801,028	\$ 1,000,000	\$ 4,670,180	\$ 579,395	\$ 599,400	\$ 4,604,166
CHANGE IN UNPAID OBLIGATED BALANCE, NET:												
Unpaid Obligated Balance, Net, Brought Forward, October 1	\$ 7,640,566	\$ 2,098,061	\$ 483,860	\$ 1,432,784	\$ 81,356	\$ 307,023	\$ 813,572	\$ -	\$ -	\$ -	\$ -	\$ 1,443,656
Unpaid Obligations, Brought Forward	(315,802)	(211,136)	661	(123)	(17,154)	-	(7,600)	-	-	-	-	(80,450)
Less: Uncollected Customer Payments, Brought Forward	7,324,764	1,886,925	484,521	1,432,661	64,202	307,023	805,972	-	-	-	-	1,363,206
Obligations Incurred	15,409,814	3,544,412	1,186,227	593,842	447,608	2,987,043	447,988	100,438	77,477	418,341	319,201	3,424,725
Less: Gross Outlays	(14,347,857)	(3,592,306)	(1,984,363)	(1,296,243)	(429,378)	(2,406,176)	(262,632)	(23,375)	(72,532)	(316,952)	(142,447)	(2,778,619)
Less: Actual Recoveries of Prior-years Unpaid Obligations	(367,877)	(21,342)	(30,760)	(196,991)	(10,368)	(15,724)	(31,775)	-	-	-	-	(48,404)
Change in Uncollected Customer Payments	23,437	4,161	(136)	123	7,830	-	7,600	-	(235)	-	-	4,094
TOTAL UNPAID OBLIGATED BALANCE, NET, END OF PERIOD	\$ 8,042,281	\$ 1,821,850	\$ 331,774	\$ 533,392	\$ 79,894	\$ 872,166	\$ 967,153	\$ 77,063	\$ 4,710	\$ 101,389	\$ 176,754	\$ 1,965,002
Unpaid Obligated Balance, Net, End of Period	\$ 8,334,646	\$ 2,028,825	\$ 331,249	\$ 533,392	\$ 89,218	\$ 872,166	\$ 967,153	\$ 77,063	\$ 4,945	\$ 101,389	\$ 176,754	\$ 2,041,358
Unpaid Obligations	(292,365)	(206,975)	525	-	(9,324)	-	-	-	(235)	-	-	(76,356)
Less: Uncollected Customer Payments	\$ 8,042,281	\$ 1,821,850	\$ 331,774	\$ 533,392	\$ 79,894	\$ 872,166	\$ 967,153	\$ 77,063	\$ 4,710	\$ 101,389	\$ 176,754	\$ 1,965,002
NET OUTLAYS:												
Gross Outlays	\$ 14,347,857	\$ 3,592,306	\$ 1,984,363	\$ 1,296,243	\$ 429,378	\$ 2,406,176	\$ 262,632	\$ 23,375	\$ 72,532	\$ 316,952	\$ 142,447	\$ 2,778,619
Less: Offsetting Collections	(3,448,749)	(233,560)	(1,880,229)	(123)	(16,242)	(61)	(21,615)	-	-	-	-	(1,296,843)
Less: Distributed Offsetting (Receipts)/Outlays, Net	(101,324)	-	-	-	-	-	-	-	-	-	-	(101,324)
NET OUTLAYS	\$ 10,797,784	\$ 3,358,746	\$ 104,134	\$ 1,296,120	\$ 413,136	\$ 2,406,115	\$ 241,017	\$ 23,375	\$ 72,532	\$ 316,952	\$ 142,447	\$ 1,380,452



REQUIRED
SUPPLEMENTARY
STEWARDSHIP
INFORMATION
(UNAUDITED)





Required Supplementary Stewardship Information (unaudited)

Stewardship Investments

Stewardship investments are substantial investments made by the federal government for the benefit of the nation, but are not physical assets owned by the federal government. Though treated as expenses when incurred to determine the Department's Net Cost of Operations, these items merit special treatment so that users of federal financial reports know the extent of investments that are made for the long-term benefit of the nation.

Investments in Non-federal Physical Property:

Non-federal physical property investments are expenses included in the Department's Net Cost of Operations for the purchase, construction, or major renovation of physical property owned by state and local governments. Based on a review of the Department's programs, NOAA and EDA have significant investments in non-federal physical property.

NOAA:

National Estuarine Research Reserves (NERR): The NERR system consists of 27 estuarine reserves protected by federal, state, and local partnerships that work to preserve and protect the nation's estuaries. The NERR system helps to fulfill NOAA's stewardship mission to sustain healthy coasts by improving the nation's understanding and stewardship of estuaries. Estuarine reserves are the areas where freshwater from rivers meet the ocean. These areas are known as bays, swamps, sloughs, and sounds. These important coastal habitats are used as spawning grounds and nurseries for the nation's commercial fish and shellfish. Estuaries filter much of the polluted runoff from rivers and streams that would otherwise contaminate oceans. The reserves were created with the passage of the Coastal Zone Management Act of 1972, and, as of September 30, 2009, encompassed approximately 1.3 million acres of estuarine waters, wetlands, and uplands. The newest reserve, Mission-Aransas, TX, was designated on May 3, 2006. NERRs are state-operated and managed in cooperation with NOAA. NOAA's investments in non-federal physical property are for the acquisition of lands and development or construction of facilities, auxiliary structures, and public access routes for any NERR site.

Coastal and Estuarine Land Conservation Program: This program was established under the Commerce, Justice, and State Appropriations Act of 2002, "for the purpose of protecting important coastal and estuarine areas that have significant conservation, recreation, ecological, historical, or aesthetic values, or that are threatened by conversion from their natural or recreational state to other uses." The investments in non-federal physical property include matching grants awarded to state and local governments for land acquisition in coastal and estuarine areas. Since FY 2002, matching grants have been directed to 166 such projects.

Coastal Zone Management Fund: The Coastal Zone Management Program is authorized by the Coastal Zone Management Act of 1972, and administered at the federal level by NOAA's Office of Ocean and Coastal Resource Management. The investments in non-federal physical property include incidental expenses of land acquisition, and low-cost construction on behalf of various state and local governments, for the purpose of preservation or restoration of coastal resources and habitats. NOAA's financing supports various coastal states in their redevelopment of deteriorating and urbanized waterfronts and ports, as well as providing for public access to beaches and coastal areas. The state and local governments receive funding for these

investments through NOAA grant expenditures, and these grant expenditures also include funding for purposes other than the investments in non-federal physical property. There is currently not in place a mechanism for the state and local governments to determine and report to NOAA the amount of monies they expend for the investments in non-federal physical property. The Department, accordingly, cannot report the amount of investments in non-federal physical property for the Coastal Zone Management Fund.

NOAA's investments in non-federal physical property for FY 2005 through FY 2009 were as follows:

(In Millions)

Program	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
National Estuarine Research Reserves	\$ 15.4	\$ 6.8	\$ 11.6	\$ 11.8	\$ 11.7	\$ 57.3
Coastal and Estuarine Land Conservation Program	15.5	18.5	34.7	28.1	21.6	118.4
Total	\$ 30.9	\$ 25.3	\$ 46.3	\$ 39.9	\$ 33.3	\$ 175.7

EDA:

Public Works: The Public Works program promotes long-range economic development in distressed areas by providing investments for vital public infrastructure and development facilities. These critical investments enable communities to attract new, or support existing, businesses that will generate new jobs and income for unemployed and underemployed residents. Among the types of projects funded are water, sewer, fiber optics, access roads, and facilities such as industrial and business parks, business incubator and skill training facilities, and port improvements.

Economic and Defense Adjustments: The Economic and Defense Adjustments program provides flexible investments for communities facing sudden or severe economic distress to diversify and stabilize its economy. Factors that seriously threaten the economic survival of local communities include essential plant closures, military base closures or realignments, defense laboratory or contractor downsizings, natural resource depletion, out-migration, under-employment, and destructive impacts of foreign trade.

Global Climate Change Mitigation Incentive Fund (GCCMIF): The GCCMIF program was established to strengthen the linkage between economic development and environmental quality. The purpose and mission of the GCCMIF program is to finance projects that foster economic development by advancing the green economy in distressed communities. The GCCMIF program is the development and use of products and services that contribute to economic growth and alleviate economic distress by respecting and revitalizing the environment. The GCCMIF program supports projects that create jobs through, and increase private capital investment in, efforts to limit the nation's dependence on fossil fuels, enhance energy efficiency, curb greenhouse gas emissions, and protect natural systems.

Disaster Recovery: The Disaster Recovery program awards grants for the repair of infrastructure and economic development related facilities damaged by floods and other natural disasters. Funding for the Disaster Recovery program is generally through supplemental funding from Congress for recovery efforts to save, sustain, and preserve private enterprise and job creation in economically distressed communities.

EDA's investments in non-federal physical property for FY 2005 through FY 2009 were as follows:

(In Millions)

Program	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Public Works	\$ 220.1	\$ 180.1	\$ 155.5	\$ 133.5	\$ 139.9	\$ 829.1
Economic and Defense Adjustments	75.4	53.1	53.5	60.0	68.6	310.6
Global Climate Change Mitigation Incentive Fund	-	-	-	-	0.2	0.2
Disaster Recovery	10.1	24.2	4.4	1.8	6.3	46.8
Total	\$ 305.6	\$ 257.4	\$ 213.4	\$ 195.3	\$ 215.0	\$ 1,186.7

The above investments require matching funds by state and local governments of 20 to 50 percent.

Investments in Human Capital:

Human capital investments are expenses, included in the Department's Net Cost of Operations, for education and training programs that are intended to increase or maintain national economic productive capacity and produce outputs and outcomes that provide evidence of the constant or increasing national productive capacity. These investments exclude education and training expenses for federal civilian and military personnel. Based on a review of the Department's programs, the most significant dollar investments in human capital are by NOAA.

NOAA:

National Sea Grant College Program: Sea Grant is a nationwide network, administered through NOAA, of 32 university-based programs that work with coastal communities. With the adoption in 1966 of the National Sea Grant College Act, Congress established an academic/industry/government partnership that would enhance the nation's education, economy, and environment into the 21st century. The program supports activities designed to increase public awareness of coastal, ocean, and Great Lakes issues, to provide information to improve management decisions in coastal, ocean, and Great Lakes policy, and to train graduate students in marine and Great Lakes science. The Knauss Fellowship Program offers qualified masters and doctoral students the opportunity to spend a year working on marine and Great Lakes policy issues with the Executive and Legislative branches of the federal government. There is also a Graduate Fellowship Program for Ph.D. candidates in the specialized areas of population dynamics and marine resource economics. Participants in this program can receive up to three years of funding.

National Estuarine Research Reserve Program: This program supports activities designed to increase public awareness of estuary issues, provide information to improve management decisions in estuarine areas, and train graduate students in estuarine science. The National Estuarine Research Reserve System's Graduate Research Fellowship (GRF) Program offers qualified masters and doctoral students the opportunity to address scientific questions of local, regional, and national significance. The result is high-quality research focused on improving coastal management issues. All GRF projects must be conducted in a National Estuarine Research Reserve and enhance the scientific understanding of the reserve's ecosystem. As of September 30, 2009, 53 Graduate Research Fellowships have been awarded.

Educational Partnership Program: The NOAA Educational Partnership Program (EPP) with Minority Serving Institutions (MSI) provides financial assistance through competitive processes to minority serving institutions that support research and training of students in NOAA-related sciences. The program's goal is to increase the number of educated, trained, and graduated students from underrepresented communities in science and technology directly related to NOAA's mission. The EPP/MSI also seeks to increase collaborative research efforts between NOAA scientists and researchers at minority serving academic

institutions. Financial assistance is provided through four competitive program components: the Cooperative Science Centers, the Environmental Entrepreneurship Program, the Graduate Sciences Program, and the Undergraduate Scholars Program.

NOAA provides funding to eligible MSIs on a competitive basis to educate, train, and graduate students in NOAA sciences, particularly atmospheric, oceanic, environmental, living marine resources, remote sensing, and scientific environmental technology. NOAA EPP Cooperative Science Centers' goals are to:

- Educate, train, and graduate students, particularly from underrepresented communities, in NOAA mission sciences;
- Develop expertise in a NOAA scientific area;
 - Strengthen and build capacity in a NOAA scientific and management area
 - Build research experience in a NOAA scientific and management area
- Increase graduation rates of students from underrepresented communities in NOAA mission sciences;
- Impact NOAA workforce statistics by increasing representation from underrepresented communities in NOAA mission sciences; and
- Leverage NOAA funds to build the education and research capacity at MSIs.

The EPP/MSI Environmental Entrepreneurship Program (EEP) provides funding to eligible minority serving institutions on a competitive basis to engage students to pursue advanced academic study and entrepreneurship opportunities in the NOAA-related sciences. NOAA's EEP supports student training and experiential learning opportunities for the purpose of stimulating job creation and business development, and revitalizing local communities. EEP's objective is to increase the number of students at MSIs proficient in environmental business enterprises.

The Graduate Sciences Program (GSP) is aimed primarily at increasing opportunities for students in NOAA-related fields to pursue research and educational training in atmospheric, environmental, remote sensing, and oceanic sciences at MSIs when possible. The GSP offers between two years (master's candidates) to four years (doctoral students) of NOAA-related research and training opportunities. The GSP provides college graduates entry-level employment and hands-on research and work experience at NOAA. Nine students were selected to participate in the GSP in FY 2009. The program plans to add five students in FY 2010.

The Undergraduate Scholarship Program is designed to increase the number of students who undertake course work and graduate with degrees in the targeted areas integral to NOAA's mission. Appointments are for two years, and are made to students who have recently declared or are about to declare a major in atmospheric, oceanic, or environmental science. The students participate in research, training, and development activities at NOAA offices and facilities during two summer internships. 11 students started the program in FY 2009.

Ernest F. Hollings Undergraduate Scholarship Program: This program was established in 2005 to (1) increase undergraduate training in oceanic and atmospheric science, research, technology, and education, and foster multidisciplinary training opportunities; (2) increase public understanding and support for stewardship of the ocean and atmosphere and improve environmental literacy; (3) recruit and prepare students for public service careers with NOAA and other agencies at the federal, state, and local levels of government; and (4) recruit and prepare students for careers as teachers and educators in oceanic and atmospheric science and to improve scientific and environmental education in the U.S. There were 112 students that started the program in 2008. 122 students started the program in FY 2009.

Southeast Fisheries Science Center's Recruiting Training Research Program: This is a joint program between NMFS and Virginia Tech to: (1) recruit top undergraduates into the field of fisheries population dynamics and careers with NMFS; (2) train graduate students; and (3) conduct population dynamics and stock assessment research in support of the NMFS mission. The program also offers graduate courses and workshops in computer programming, simulation modeling, and fish population dynamics. In 2009, 15 undergraduate students from across the country participated in a week-long undergraduate workshop, eight students participated in a six-week summer program, and three M.S. students were supported by the program at Virginia Tech. In 2010, the program is expected to operate at a similar scale.

The following table summarizes NOAA's investments in human capital for FY 2005 through FY 2009:

(In Millions)

Program	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
National Sea Grant College Program	\$ 0.7	\$ 0.7	\$ 0.5	\$ 0.5	\$ 0.7	\$ 3.1
National Estuarine Research Reserve Program	0.9	0.9	0.8	0.8	1.0	4.4
Educational Partnership Program	7.0	13.9	14.2	12.8	15.0	62.9
Ernest F. Hollings Undergraduate Scholarship Program	0.3	3.8	4.1	3.6	3.6	15.4
Southeast Fisheries Science Center's Recruiting Training Research Program	1	1	1	1	0.4	0.4
Total	\$ 8.9	\$ 19.3	\$ 19.6	\$ 17.7	\$ 20.7	\$ 86.2

¹ Not applicable

The following table further summarizes NOAA's human capital investments for FY 2005 to FY 2009 by performance goal:

(In Millions)

Performance Outcome	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Protect, Restore, and Manage the Use of Coastal and Ocean Resources	\$ 8.9	\$ 19.3	\$ 19.6	\$ 17.7	\$ 20.7

Investments in Research and Development (R&D):

Investments in R&D are expenses that are included in the Department's Net Cost of Operations. The investments are divided into three categories: (1) basic research, the systematic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind; (2) applied research, the systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and (3) development, the systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes. The investments are made with the expectation of maintaining or increasing national economic productive capacity, or yielding other future economic or societal benefits. Based on a review of the Department's programs, the only significant investments in R&D are by NIST and NOAA.

NIST:

NIST Laboratories Program:

NIST Laboratories have been the stewards of the nation's measurement infrastructure since their inception in 1901 as the National Bureau of Standards. NIST Laboratories foster scientific and technological leadership by helping the U.S. to drive and take advantage of the increased pace of technological change, fostering more efficient transactions in the domestic and global marketplace, and addressing other critical needs assigned to NIST by the Administration and Congress. In support of the President's Plan for Science and Innovation, NIST develops and disseminates measurement techniques, reference data, test methods, standards, and other infrastructural technologies and services required by U.S. industry, government, and academia to compete in the 21st century. NIST laboratories promote innovation, facilitate trade, and ensure public safety and security by strengthening the nation's measurement and standards infrastructure.

The American Recovery and Reinvestment Act of 2009 included \$250 million (including transfers from the Department of Health and Human Services and Department of Energy) in funding for NIST laboratory research, measurements, and other services supporting economic growth and U.S. innovation through funding of such items as competitive grants, research fellowships, advanced measurement equipment and supplies, standards-related research that supports the security and interoperability of electronic medical records to reduce health care costs and improve the quality of care, and development of a comprehensive framework for a nationwide, fully interoperable smart grid for the U.S. electric power system. This funding will result in additional R&D investments for the NIST Laboratories Program.

Advanced Technology Program (ATP)/Technology Innovation Program (TIP):

ATP is a cost-shared funding program for businesses that was intended to develop new technologies for commercial use. ATP was abolished by the America COMPETES Act, which was signed into law by President Bush on August 9, 2007. This same Act established TIP, which supports, promotes, and accelerates innovation in the United States by offering cost-shared funding for high-risk, high-reward research in areas of critical national need.

Critical national need areas in TIP are those for which government attention is demanded because the magnitude of the problem is large and the societal challenges that need to be overcome are not being addressed. TIP was explicitly established within NIST to assist U.S. small- and medium-size businesses, institutes of higher education, national laboratories, and non-profit research organizations to conduct high-risk, high-reward research that has the potential for yielding transformational results with wide-reaching implications, and that is within NIST's areas of technical competence. The America COMPETES Act statute allows for continued support for previously awarded ATP projects and new TIP awards.

The following table summarizes NIST's R&D investments for FY 2005 through FY 2009 by R&D Category:

(In Millions)

R&D Category	NIST Laboratories					Advanced Technology Program/ Technology Innovation Program					Total				
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Basic Research	\$ 66.6	\$ 85.2	\$ 110.7	\$ 132.8	\$ 144.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66.6	\$ 85.2	\$ 110.7	\$ 132.8	\$ 144.9
Applied Research	325.6	345.8	345.3	381.0	378.5	96.1	58.0	31.0	23.2	25.0	421.7	403.8	376.3	404.2	403.5
Development	14.3	16.7	15.3	14.4	15.4	96.0	58.0	30.9	23.2	25.1	110.3	74.7	46.2	37.6	40.5
Total	\$ 406.5	\$ 447.7	\$ 471.3	\$ 528.2	\$ 538.8	\$ 192.1	\$ 116.0	\$ 61.9	\$ 46.4	\$ 50.1	\$ 598.6	\$ 563.7	\$ 533.2	\$ 574.6	\$ 588.9

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)

The following tables further summarize NIST's R&D investments for FY 2005 through FY 2009 by performance outcome.

(In Millions)

FY 2009 ¹				
Performance Outcome	Basic Research	Applied Research	Development	Total
Promote Innovation, Facilitate Trade, and Ensure Public Safety and Security by Strengthening the Nation's Measurements and Standards Infrastructure	\$ 144.9	\$ 403.5	\$ 40.5	\$ 588.9
¹ The performance outcome "Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies" was eliminated in FY 2009. Related costs are merged into the above outcome goal.				

(In Millions)

FY 2008				
Performance Outcome	Basic Research	Applied Research	Development	Total
Promote Innovation, Facilitate Trade, and Ensure Public Safety and Security by Strengthening the Nation's Measurements and Standards Infrastructure	\$ 132.8	\$ 381.0	\$ 14.4	\$ 528.2
Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies	-	23.2	23.2	46.4
Total	\$ 132.8	\$ 404.2	\$ 37.6	\$ 574.6

(In Millions)

FY 2007				
Performance Outcome	Basic Research	Applied Research	Development	Total
Promote Innovation, Facilitate Trade, and Ensure Public Safety and Security by Strengthening the Nation's Measurements and Standards Infrastructure	\$ 110.7	\$ 345.3	\$ 15.3	\$ 471.3
Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies	-	31.0	30.9	61.9
Total	\$ 110.7	\$ 376.3	\$ 46.2	\$ 533.2

(In Millions)

FY 2006				
Performance Outcome	Basic Research	Applied Research	Development	Total
Promote Innovation, Facilitate Trade, Ensure Public Safety and Security, and Help Create Jobs by Strengthening the Nation's Measurements and Standards Infrastructure	\$ 85.2	\$ 345.8	\$ 16.7	\$ 447.7
Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies	-	58.0	58.0	116.0
Total	\$ 85.2	\$ 403.8	\$ 74.7	\$ 563.7

(In Millions)

FY 2005				
Performance Outcome	Basic Research	Applied Research	Development	Total
Promote Innovation, Facilitate Trade, Ensure Public Safety and Security and Help Create Jobs by Strengthening the Nation's Measurements and Standards Infrastructure	\$ 66.6	\$ 325.6	\$ 14.3	\$ 406.5
Accelerate Private Investment in and Development of High-risk, Broad-Impact Technologies	-	96.1	96.0	192.1
Total	\$ 66.6	\$ 421.7	\$ 110.3	\$ 598.6

NOAA:

NOAA conducts a substantial program of environmental R&D in support of its mission, much of which is performed to improve the United States' understanding of and ability to predict environmental phenomena. The scope of research includes:

- Improving predictions and warnings associated with the weather, on timescales ranging from minutes to weeks;
- Improving predictions of climate, on timescales ranging from months to centuries;
- Improving understanding of natural relationships to better predict and manage renewable marine resources and coastal and ocean ecosystems.

NOAA also conducts research that is intended to provide a solid scientific basis for environmental policy-making in government. Examples of this research include determining the stratospheric ozone-depleting potential of proposed substitutes for chlorofluorocarbons (CFCs), and identifying the causes of the episodic high rural ozone levels that significantly damage crops and forests.

NOAA conducts most R&D in-house; however, contractors to NOAA undertake most systems R&D. External R&D work supported by NOAA includes that undertaken through federal-academic partnerships such as the National Sea Grant College Program, the Cooperative Institutes of the Environmental Research Laboratories, the Climate and Global Change Program, and the Coastal Ocean Program.

Here is a brief description of the major R&D programs of NOAA:

Environmental and Climate: The Office of Oceanic and Atmospheric Research is NOAA's primary research and development office. This office conducts research in three major areas: climate research; weather and air quality research; and ocean, coastal, and Great Lakes research. NOAA's research laboratories, Climate Program Office, and research partners conduct a wide range of research into complex climate systems, including the exploration and investigation of ocean habitats and resources. NOAA's research organizations conduct applied research on the upper and lower atmosphere as well as the space environment.

Fisheries: NOAA's NMFS is responsible for the management and stewardship of living marine resources and their habitat within the Nation's Exclusive Economic Zone. NMFS manages these resources through science-based conservation and management, and the protection and restoration of healthy ecosystems to ensure their continuation as functioning components of ecosystems, while also affording economic opportunities and enhancing the quality of life for the American public. Fishery stocks and protected species are surveyed, catch data are collected, and research is conducted to better understand the variables affecting the abundance and variety of marine fishes and protected species. Protection of endangered species, restoration of coastal and estuarine fishery habitats, and enforcement of fishery regulations are primary NOAA activities. The research and management of living marine resources is conducted in partnership with states, universities, other countries, and international organizations.

Marine Operations and Maintenance and Aircraft Services: These efforts support NOAA's programs requiring operating days and flight hours to collect data at sea and in the air. NOAA's Marine and Aviation Operations manage a wide variety of specialized aircraft and ships to complete NOAA's environmental and scientific missions. The aircraft collect the environmental and geographic data essential to NOAA hurricane and other weather and atmospheric research, conduct aerial surveys for hydrologic research to help predict flooding potential from snowmelt, and provide support to NOAA's fishery research and marine mammal assessment programs. NOAA's ship fleet provides oceanographic and atmospheric research and fisheries research vessels to support NOAA's strategic plan elements and mission.

Weather Service: The National Weather Service conducts applied research and development, building upon research conducted by NOAA laboratories and the academic community. Applied meteorological and hydrological research is integral to providing more timely and accurate weather, water, and climate services to the public.

Other Programs: As a national lead for coastal stewardship, National Ocean Service promotes a wide range of research activities to create the strong science foundation required to advance the sustainable use of precious coastal systems. Understanding of the coastal environment is enhanced through coastal ocean activities that support science and resource management programs. The National Environmental Satellite Data and Information Service, through its Office of Research and Applications, conducts atmospheric, climatological, and oceanic research into the use of satellite data for monitoring environmental characteristics and their changes. It also provides guidance for the development and evolution of spacecraft and sensors to meet future needs.

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)

NOAA's R&D investments by program for FY 2005 through FY 2009 were as follows:

(In Millions)

Program	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Environmental and Climate	\$ 307.8	\$ 324.2	\$ 289.3	\$ 331.2	\$ 337.0	\$ 1,589.5
Fisheries	53.5	56.3	49.3	53.6	55.7	268.4
Marine Operations and Maintenance and Aircraft Services	57.5	50.7	51.1	51.5	38.4	249.2
Weather Service	26.9	15.1	40.8	56.7	58.4	197.9
Others	124.9	124.1	120.2	111.1	103.8	584.1
Total	\$ 570.6	\$ 570.4	\$ 550.7	\$ 604.1	\$ 593.3	\$ 2,889.1

The following table summarizes NOAA's R&D investments for FY 2005 through FY 2009 by R&D category:

(In Millions)

R&D Category	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Total
Applied Research	\$ 514.8	\$ 523.1	\$ 475.7	\$ 517.6	\$ 491.3	\$ 2,522.5
Development	55.8	47.3	75.0	86.5	102.0	366.6
Total	\$ 570.6	\$ 570.4	\$ 550.7	\$ 604.1	\$ 593.3	\$ 2,889.1

The following tables further summarize NOAA's R.D investments for FY 2005 through FY 2009 by performance outcome.

(In Millions)

FY 2009			
Performance Outcome	Applied Research	Development	Total
Protect, Restore, and Manage the Use of Coastal and Ocean Resources	\$ 211.5	\$ 8.1	\$ 219.6
Advance Understanding of Climate Variability and Change	140.4	60.5	200.9
Provide Accurate and Timely Weather and Water Information	138.9	32.7	171.6
Support Safe, Efficient, and Environmentally Sound Commercial Navigation	0.5	0.7	1.2
Total	\$ 491.3	\$ 102.0	\$ 593.3

REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION (UNAUDITED)

(In Millions)

FY 2008			
Performance Outcome	Applied Research	Development	Total
Protect, Restore, and Manage the Use of Coastal and Ocean Resources	\$ 229.8	\$ 11.4	\$ 241.2
Advance Understanding of Climate Variability and Change	145.9	35.7	181.6
Provide Accurate and Timely Weather and Water Information	140.3	39.2	179.5
Support Safe, Efficient, and Environmentally Sound Commercial Navigation	1.6	0.2	1.8
Total	\$ 517.6	\$ 86.5	\$ 604.1

(In Millions)

FY 2007			
Performance Outcome	Applied Research	Development	Total
Protect, Restore, and Manage the Use of Coastal and Ocean Resources Through an Ecosystem Approach to Management	\$ 225.9	\$ 12.3	\$ 238.2
Understand Climate Variability and Change to Enhance Society's Ability to Plan and Respond	145.9	12.3	158.2
Serve Society's Needs for Weather and Water Information	101.6	50.2	151.8
Support the Nation's Commerce with Information for Safe, Efficient, and Environmentally Sound Transportation	2.3	0.2	2.5
Total	\$ 475.7	\$ 75.0	\$ 550.7

(In Millions)

FY 2006			
Performance Outcome	Applied Research	Development	Total
Protect, Restore, and Manage the Use of Coastal and Ocean Resources Through an Ecosystem-based Management	\$ 250.7	\$ 14.0	\$ 264.7
Understand Climate Variability and Change to Enhance Society's Ability to Plan and Respond	160.2	12.3	172.5
Serve Society's Needs for Weather and Water Information	109.0	20.9	129.9
Support the Nation's Commerce with Information for Safe, Efficient, and Environmentally Sound Transportation	3.2	0.1	3.3
Total	\$ 523.1	\$ 47.3	\$ 570.4

(In Millions)

FY 2005			
Performance Outcome	Applied Research	Development	Total
Protect, Restore, and Manage the Use of Coastal and Ocean Resources Through an Ecosystem-based Management	\$ 242.4	\$ 8.6	\$ 251.0
Understand Climate Variability and Change to Enhance Society's Ability to Plan and Respond	157.8	5.3	163.1
Serve Society's Needs for Weather and Water Information	105.4	41.9	147.3
Support the Nation's Commerce with Information for Safe, Efficient, and Environmentally Sound Transportation	9.2	-	9.2
Total	\$ 514.8	\$ 55.8	\$ 570.6



INDEPENDENT AUDITORS' REPORT

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UNITED STATES DEPARTMENT OF COMMERCE
The Inspector General
 Washington, D.C. 20230

November 12, 2009

MEMORANDUM FOR: The Honorable Gary Locke
 The Secretary of Commerce

Todd J. Zinser
 Todd J. Zinser

FROM:

SUBJECT: FY 2009 Consolidated Financial Statements
 Final Audit Report No. FSD-19652-0-0002

I am pleased to provide you with the attached audit report required by the Chief Financial Officers Act of 1990, as amended, which presents an unqualified opinion on the Department of Commerce's FY 2009 consolidated financial statements. The audit results indicate that the Department has established an internal control structure that facilitates the preparation of reliable financial and performance information.

KPMG LLP, an independent public accounting firm, performed the audit of the Department's financial statements for the year ended September 30, 2009. The contract with KPMG required that the audit be performed in accordance with U.S. generally accepted government auditing standards and Office of Management and Budget Bulletin 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

In its audit of the Department, KPMG found that

- the financial statements were fairly presented, in all material respects and in conformity with U.S. generally accepted accounting principles;
- there was one significant deficiency related to weaknesses in controls over the Department's financial management systems, which was not considered a material weakness in internal control as defined in the audit report;
- there were no instances in which the Department's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996;



- there was one instance in which the Department did not comply with other laws and regulations (Anti-Deficiency Act violation at the National Oceanic and Atmospheric Administration); and
- there was one additional concern related to Anti-Deficiency Act compliance, which the Department's Office of General Counsel is reviewing. However, a conclusion has not yet been reached.

My office oversaw the audit performance and delivery. We reviewed KPMG's report and related documentation and made inquiries of its representatives. Our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards. However, our review cannot be construed as an audit in accordance with U.S. generally accepted government auditing standards. It was not intended to enable us to express—and we do not express—any opinion on the Department's consolidated financial statements, conclusions about the effectiveness of internal controls, or conclusions on compliance with laws, regulations, contracts, and grant agreements. KPMG is solely responsible for the attached audit report dated November 10 2009, and the conclusions expressed in the report.

An audit action plan is not required to address the significant deficiency reported by KPMG. However, we ask that you provide a plan addressing the related specific recommendations included in the separate, limited-distribution information technology general controls report (FSD-19652-0-0001) in accordance with Department Administrative Order 213-5, *Audit Resolution and Follow-up*.

If you wish to discuss the contents of this report, please call me at (202) 482-4661, or Dr. Brett M. Baker, assistant inspector general for audit, at (202) 482-2600.

We appreciate the cooperation and courtesies the Department extended to both KPMG and my staff during the audit.

Attachment

cc: John F. Charles
Acting Chief Financial Officer and Acting Assistant Secretary for Administration

Suzanne E. Hilding
Chief Information Officer



KPMG LLP
2001 M Street, NW
Washington, DC 20036

INDEPENDENT AUDITORS' REPORT

Inspector General, U.S. Department of Commerce and
Secretary, U.S. Department of Commerce:

We have audited the accompanying consolidated balance sheets of the U.S. Department of Commerce (Department) as of September 30, 2009 and 2008, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources (hereinafter referred to as consolidated financial statements) for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2009 audit, we also considered the Department's internal controls over financial reporting and tested the Department's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these consolidated financial statements.

Summary

As stated in our opinion on the consolidated financial statements, we concluded that the Department's consolidated financial statements as of and for the years ended September 30, 2009 and 2008, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

Our consideration of internal control over financial reporting resulted in one matter, related to weaknesses in the Department's general information technology controls, being identified as a significant deficiency. However, this significant deficiency is not considered to be a material weakness.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed one matter of noncompliance with the *Anti-Deficiency Act* that is required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

The following sections discuss our opinion on the Department's consolidated financial statements; our consideration of the Department's internal controls over financial reporting; our tests of the Department's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements; and management's and our responsibilities.

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.



Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of the U.S. Department of Commerce as of September 30, 2009 and 2008, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Commerce as of September 30, 2009 and 2008, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

The information in the Management Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information sections is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The September 30, 2009 consolidating balance sheet on page 227 is presented for purposes of additional analysis of the consolidated balance sheet rather than to present the financial position of the Department's bureaus individually. The September 30, 2009 consolidating balance sheet has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the September 30, 2009 consolidated balance sheet taken as a whole. The information in the FY 2009 Performance Section, Appendices, and the information on pages VI through X are presented for purposes of additional analysis and are not required as part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Internal Control Over Financial Reporting

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less



severe than a material weakness, yet important enough to merit attention by those charged with governance. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Department's consolidated financial statements will not be prevented, or detected and corrected on a timely basis.

In our fiscal year 2009 audit, we identified the following matter relating to the Department's financial management systems, summarized below, and in more detail in Exhibit I, that we consider to be a significant deficiency. However, we do not believe this significant deficiency is a material weakness.

General information technology controls. We found that although the Department has taken corrective actions to address certain information technology (IT) control weaknesses, general IT weaknesses still exist. Despite the positive efforts made by the Department in certification and accreditation, continuous monitoring and training, the Department needs to make continued improvement in its IT general control environment to fully ensure that financial data being processed on the Department's systems has integrity, is confidentially maintained, and is available when needed.

Exhibit II presents the status of the prior year significant deficiencies.

We noted certain additional matters that we reported to management of the Department in two separate documents addressing information technology and other internal control matters, respectively.

Compliance and Other Matters

The results of certain of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed the following instance of noncompliance and other matters that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

- **Anti-Deficiency Act (ADA).** As reported in the prior year, we were informed by the National Oceanic and Atmospheric Administration (NOAA) that during fiscal year 2005, 82 real property agreements, with the earliest signed in 1923, included indemnification clauses or provisions involving an indeterminate liability, or both. The Office of General Counsel (OGC) determined that these clauses or provisions were *prima facie* violations of the ADA, because those clauses constituted open-ended obligations of the U.S. Government, even though no liability claims were filed against the agreements. As of November 10, 2009, the date of our fiscal year 2009 Independent Auditors' Report, 81 agreements have been amended, terminated or expired, thereby eliminating future ADA concerns, and corrective actions are underway on the remaining agreement, which has been awarded and awaiting final approval.



Additional Concern. In fiscal year 2009, we identified a potential ADA violation at the National Telecommunications and Information Administration (NTIA) related to the use of voluntary services, that may not have been authorized by law. NTIA will refer this matter to the OGC to determine whether a violation of the ADA occurred. The outcome of this matter, and any resulting ramifications, is not presently known.

* * * * *

The results of our other tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under government auditing standards or OMB Bulletin No. 07-04, as amended.

The results of our tests of FFMIA disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Responsibilities

Management's Responsibilities. Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, contracts, and grant agreements applicable to the Department.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2009 and 2008 consolidated financial statements of the Department based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04, as amended. Those standards and OMB Bulletin No. 07-04, as amended, require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall consolidated financial statement presentation.



We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2009 audit, we considered the Department's internal control over financial reporting by obtaining an understanding of the Department's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of the Department's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over financial reporting.

As part of obtaining reasonable assurance about whether the Department's fiscal year 2009 consolidated financial statements are free of material misstatement, we performed tests of the Department's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, as amended, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to the Department. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

The Department's response to the significant deficiency identified in our audit is presented in Exhibit I. We did not audit the Department's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Department's management, the Department's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 10, 2009

U.S. Department of Commerce
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Exhibit I – Significant Deficiency

Financial Management Systems Need Improvement (*Repeat Condition Since 1998*)

For many years, the U.S. Department of Commerce (the Department) Office of Inspector General (OIG), and departmental self-assessments have identified weaknesses in the Department's information technology (IT) and financial systems controls. As at many federal entities, information security is recognized as a top management challenge for the Department. During our fiscal year (FY) 2009 assessment of the Department's IT general and financial systems controls, performed in support of the FY 2009 consolidated financial statement audit, we found that there is continued emphasis on implementing minimum security requirements for Federal information systems that are recommended by the National Institute of Standards and Technology (NIST), and strengthening the certification and accreditation program. We also noted that the bureaus and the Department took steps to implement management, operational, and technical controls to help establish sound information security practices and address known weaknesses.

Despite continued progress in certification and accreditation efforts, continuous monitoring and training, during our FY 2009 audit, we identified weaknesses in general IT controls that, collectively, we consider to be a significant deficiency in internal control, as defined by the American Institute of Certified Public Accountants. The Department has indicated that it is on track to complete its system certification and accreditation corrective action milestones and to provide more consistent and sustainable security controls in FY 2010, but continues to report a significant deficiency related to non-financial system IT security in its FY 2009 *Federal Information Security Management Act* reporting, as well as a material weakness in Section 2, *Internal Management Controls*, of its *Federal Managers' Financial Integrity Act* (FMFIA) assurance statement.

Effective IT general controls add assurance that data used to prepare and report financial information and statements is complete, reliable, and has integrity. Our FY 2009 IT assessment was focused on the IT general controls over the Department's major financial management systems and supporting network infrastructure, using GAO's *Federal Information System Controls Audit Manual* (FISCAM) that was revised in February 2009, as a guide. The prior FISCAM version divided IT general controls into six control areas, whereas the revised version has organized them into five control areas. The five FISCAM IT general control review areas, and our related findings, are as follows:

- **Security management.** An entity-wide security management program for security planning and management is the foundation of an organization's information security control structure. The program should provide a framework and continuing cycle of activity for assessing risk, developing and implementing effective security procedures, assigning responsibilities, and monitoring the effectiveness of these procedures.

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 Independent Auditors' Report
 Exhibit I – Significant Deficiency, Continued

Although the Department has made improvements in this area, during our FY 2009 audit we identified that security management can still be improved at five bureaus and at the Department level, primarily in the areas of: (1) updating system security plans to comply with current Federal guidance, (2) recertifying and accrediting financial systems in a timely manner, (3) improving incident response procedures and training, (4) establishing approved interconnection sharing agreements, (5) reporting and monitoring identified control weaknesses, and (6) maintaining background investigation and clearance documentation.

Office of Management and Budget (OMB) Circular A-130, *Management of Federal Information Resources*, provides key guidance for establishing and maintaining an entity-wide information security program. Collectively, the identified security management issues, in conjunction with the access control and configuration management issues described below, reduce the overall effectiveness of the security management programs for the individual bureaus and operating units, and the overall Department. The *Department of Commerce IT Security Program Policy and Minimum Implementation Standards*, reiterates OMB Circular A-130 guidance, and implements key elements of such guidance as Department-wide policy.

- **Access controls.** In close concert with an organization's security management, access controls for general support systems and financial systems should provide reasonable assurance that computer resources such as data files, application programs, and computer-related facilities and equipment are protected against unauthorized modification, disclosure, loss, or impairment. Access controls are facilitated by an organization's entity-wide security program. Such controls include physical controls and logical controls.

The objectives of limiting access are to ensure that users have only the access needed to perform their duties; that access to very sensitive resources, such as security software programs, is limited to very few individuals; and that employees are restricted from performing incompatible functions or functions beyond their responsibility. This is reiterated by Federal guidelines. For example, OMB Circular A-130 and supporting NIST Special Publications provide guidance related to the maintenance of technical access controls. In addition, the *Department of Commerce IT Security Program Policy and Minimum Implementation Standards* contain many requirements for operating Department IT devices in a secure manner.

During FY 2009, we noted that access controls should be improved at all bureaus and at the Department level, primarily in the areas of: (1) applying consistent patch management practices to protect system devices against external and internal vulnerabilities, (2) managing user accounts to appropriately disable and recertify network, financial system, and database accounts, (3) improving logical controls over financial application, database, and network access, (4) strengthening password controls, (5) restricting data center access, (6) granting system roles and privileges on the principle of least privilege, (7) monitoring user actions through audit trails that are

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Exhibit I – Significant Deficiency, Continued

established in compliance with established baselines, (8) enforcing multi-factor authentication, (9) preventing the use of shared accounts and passwords, (10) enforcing visitor access policy, and (11) strengthening remote access controls. We recognize that the Department and its bureaus have certain compensating controls in place to help reduce the risk of the identified vulnerabilities, and we have considered such compensating controls as part of our overall consolidated financial statement audit.

- **Configuration management.** Configuration management involves the identification and management of security features for all hardware, software, and firmware components of an information system at a given point and systematically controls configuration changes throughout the system's life cycle. Establishing controls over modifications to information system components and related documentation helps to ensure that only authorized systems and related program modifications are implemented. This is accomplished by instituting policies, procedures, and techniques to help ensure that hardware, software and firmware programs and program modifications are properly authorized, tested, and approved, and that access to and distribution of programs is carefully controlled. Without proper controls, there is a risk that security features could be inadvertently or deliberately omitted or turned off, or that processing irregularities or malicious code could be introduced into the IT environment.

Effective configuration management prevents unauthorized changes to information system resources and provides reasonable assurance that systems are configured and operating securely and as intended. Without effective configuration management, users do not have adequate assurance that the system and network will perform as intended and to the extent needed to support missions.

During FY 2009, we noted that configuration management controls should be improved at six bureaus in the areas of: (1) incorporating formal security considerations in IT acquisition decisions, (2) implementing documented and approved configuration management policy and procedures, (3) ensuring database changes are approved prior to implementation and related documentation is retained on file, (4) testing and tracking changes to system software and network devices, (5) maintaining up-to-date hardware and software libraries, and (6) installing system software patches in accordance with policy.

- **Segregation of duties.** Work responsibilities should be segregated so that an individual does not control more than one critical function within a process. Inadequately segregated duties increase the risk that erroneous or fraudulent transactions could be processed, improper program changes could be implemented, and computer resources could be damaged or destroyed. Key areas of concern for segregation of duties involve duties among major operating and programming activities, including duties performed by users, application programmers, and data

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Exhibit I – Significant Deficiency, Continued

center staff. Policies outlining individual responsibilities should be documented, communicated, and enforced. The prevention and/or detection of unauthorized or erroneous actions by personnel require effective supervision and review by management, as well as formal operating procedures.

During FY 2009, we noted weaknesses related to segregation of duties at four bureaus in the areas of (1) segregating critical IT roles and duties, and (2) preventing developers and programmers from inappropriately accessing the production environment.

- **Contingency planning.** Losing the capability to process, retrieve, and protect information maintained electronically can significantly affect an agency's ability to accomplish its mission. For this reason, an agency should have: (1) procedures in place to protect information resources and minimize the risk of unplanned interruptions, and (2) a plan to recover critical operations should interruptions occur.

During FY 2009, we noted that contingency planning controls should be improved at four bureaus and at the Department level, primarily in the areas of: (1) updating contingency plans to include appropriate controls and reflect current processing environments, (2) testing contingency plans, (3) procuring an alternate processing site, (4) reviewing system back up documentation, and (5) improving data center physical and environmental controls.

Recommendations

Specific recommendations are included in a separate limited distribution IT general controls report, issued as part of the FY 2009 consolidated financial statement audit. The Department should monitor bureau actions to ensure effective implementation of our recommendations.

Management's Response

We agree with the findings, conclusions, and recommendations related to improving the Department's financial management systems controls. The Department is in the process of developing corrective action plans to address the recommendations presented in the separate limited distribution IT general controls report.

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 Independent Auditors' Report
 Exhibit II – Status of Prior Year Significant Deficiencies

Reported Issue	Prior Year Recommendation	Fiscal Year 2009 Status
<i>Financial Management Systems Need Improvement</i>		
Weaknesses in general controls were identified in all six FISCAM review areas.	The Department should monitor bureau actions to ensure effective implementation of our recommendations.	Still considered a significant deficiency (see comments in Exhibit I).
<i>Accounting for NOAA Personal Property Needs Improvement</i>		
Internal control deficiencies were identified relating to managing and accounting for personal property at NOAA.	NOAA should: <ul style="list-style-type: none"> • Effectively monitor annual personal property physical inventory, sufficient to ensure that all inventory certifications are submitted timely, and that all required corrections are made to the Sunflower system. • Emphasize with the Line or Staff Offices through training, procedure memos, and other communications, the need to use correct OCC codes, reconcile payments appearing on the UPR, and submit asset purchase and retirement paperwork, timely. • Research unmatched payments that appear on the UPR, review the accuracy of coding property as non-capitalizable, obtain information and missing acquisition paperwork from Line or Staff Offices, and record capitalized purchases and asset retirements in Sunflower timely. • Ensure that completed CWIP projects are transferred into PP&E timely, and that sufficient resources are assigned to this task. • Perform a detailed review of all non-capitalized assets costing more than \$200 thousand in Sunflower, and maintain ongoing record of all such assets with explanations and supporting documentation. • Improve record keeping of “linked assets” in Sunflower. • Complete the internal review currently underway of records remaining in the Sunflower Edit Interface file, process the backlog of required transactions in a timely manner, and monitor new transactions within this file promptly. 	During FY 2009, NOAA implemented corrective actions to improve controls relating to managing and accounting for personal property. This area is no longer considered to be a significant deficiency.



APPENDICES





PERFORMANCE AND RESOURCE TABLES

To make the report more useful, this FY 2009 Performance and Accountability Report (PAR) reports on targets and measures from the FY 2010 Annual Performance Plan (APP), that more accurately reflects updated targets of each performance measure. Individual bureau-specific APPs can be found on the Department Web site at http://www.osec.doc.gov/bmi/budget/budgetsub_perf_strategicplans.htm. The resource tables with the performance tables are also combined to make the information easier to follow.

The following tables provide an array of information that previously was shown in separate tables. The information should help the reader clearly understand the resources expended for each Strategic Goal, Objective, and Performance Outcome/Objective.

The system of reporting does not currently allow the Department to report on resources at the performance measure level, but it is the Department's hope to develop this capability in the future. Unless otherwise noted, funding includes reimbursable amounts. For a given year, it is important to note that if a performance measure has been exceeded (more than 125 percent of target), the status box for that year will be shaded blue. If a performance measure has been met (100 to 125 percent of target), the box is shaded green. The status box for a measure that was slightly below target (95 to 99 percent of the target) is shaded yellow, while the box for a measure that was definitely not met is shaded red. In addition, for FY 2009 OMB introduced a new category, "improved but not met." In those cases, the box is shaded orange. No targets that were in the form of text (e.g., a series of milestones met) would ever be considered exceeded since they cannot be quantified.

The information in the tables will follow the following format:

- Strategic Goal and Resources
- Objective and Resources
- Performance Outcome/Objective and Resources
- Performance Measure

Note: Unless otherwise indicated, measures that do not have FY 2009 targets are not included in any count in this document. FY 2009 resources for each performance outcome/objective may be estimates and may be updated in the budget for FY 2011. FY 2008 resources may have been updated since the FY 2008 PAR.

Target and performance data are tracked back to FY 2002 where available. If a measure was developed after FY 2002, actual performance data is shown back to the year that the measure first appeared.

FTE = Full-time equivalent employment. All dollar amounts shown are in millions, unless otherwise indicated.

STRATEGIC GOAL 1

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

STRATEGIC GOAL 1 TOTAL RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$1,582.7	\$1,617.0	\$1,609.9	\$1,770.6	\$1,827.6	\$1,950.7	\$2,389.5	\$4,555.2
FTE	11,916	11,265	11,475	11,953	12,223	11,635	12,111	29,266

¹ Prior year amounts differ from previous PARs because in FY 2008, the Department and NIST shifted the performance outcome, "Raise the productivity and competitiveness of small manufacturers (NIST)" from Strategic Goal 2 to Strategic Goal 1, becoming Strategic Objective 1.4.

STRATEGIC OBJECTIVE 1.1

Foster domestic economic development as well as export opportunities

OBJECTIVE 1.1 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$677.5	\$645.0	\$633.2	\$625.6	\$613.8	\$646.6	\$643.1	\$646.4
FTE	1,990	2,013	1,869	1,908	1,849	1,704	1,618	1,515

PERFORMANCE OUTCOME: Promote private investment and job creation in economically distressed communities (EDA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding ¹	\$296.6	\$258.3	\$254.8	\$212.5	\$208.3	\$223.9	\$229.7	\$203.9
FTE	155	149	137	139	128	132	129	129

¹ Actuals reflect direct obligations for economic development assistance programs (EDAP) and salaries and expenses (S&E); totals do not include one-time, disaster investments, or reimbursable funding.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 9 year totals (in millions) ¹			
Year	Status	Actual	Target
FY 2009	Met	\$2,210	\$2,040
FY 2008	Exceeded	\$4,173	\$2,080
FY 2007	Exceeded	\$1,937	\$1,350
FY 2006	Exceeded	\$2,331	\$1,162

¹ EDA tracks the results of its investments and jobs created/retained at 3, 6, and 9 year periods. The FY 2009 actual is a result of investments made in FY 2000. Since EDA did not begin tracking results until FY 1997 in this format, 9 year results are not available for the years prior to FY 2006.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 6 year totals (in millions) ¹			
Year	Status	Actual	Target
FY 2009	Met	\$855	\$810
FY 2008	Exceeded	\$1,393	\$970
FY 2007	Exceeded	\$2,118	\$1,200
FY 2006	Met	\$1,059	\$1,020
FY 2005	Exceeded	\$1,781	\$1,040
FY 2004	Exceeded	\$1,740	\$650
FY 2003	Exceeded	\$2,475	\$581

¹ This is the 6 year result measure. FY 2009 actuals are the result of investments made in FY 2003.

EDA PERFORMANCE MEASURE			
MEASURE: Private investment leveraged – 3 year totals (in millions) ¹			
Year	Status	Actual	Target
FY 2009	Exceeded	\$484	\$265
FY 2008	Exceeded	\$1,013	\$270
FY 2007	Exceeded	\$810	\$330
FY 2006	Exceeded	\$1,669	\$320
FY 2005	Exceeded	\$1,791	\$390
FY 2004	Exceeded	\$947	\$480
FY 2003	Exceeded	\$1,251	\$400
FY 2002	Exceeded	\$640	\$420

¹ This is the 3 year result measure. FY 2009 actuals are the result of investments made in FY 2006.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 9 year totals ¹			
Year	Status	Actual	Target
FY 2009	Not Met	45,866	56,500
FY 2008	Met	57,701	56,900
FY 2007	Exceeded	73,559	54,000
FY 2006	Met	50,546	50,400

¹ EDA tracks the results of its investments and jobs created/retained at 3, 6, and 9 year periods. The FY 2009 actual is a result of investments made in FY 2000. Since EDA did not begin tracking results until FY 1997 in this format, 9 year results are not available for the years prior to FY 2006.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 6 year totals ¹			
Year	Status	Actual	Target
FY 2009	Met	24,533	22,900
FY 2008	Met	30,719	28,900
FY 2007	Exceeded	49,806	36,000
FY 2006	Exceeded	42,958	28,200
FY 2005	Exceeded	47,374	28,400
FY 2004	Exceeded	68,109	27,000
FY 2003	Exceeded	47,607	25,200

¹ This is the 6 year result measure. FY 2009 actuals are the result of investments made in FY 2003.

EDA PERFORMANCE MEASURE			
MEASURE: Jobs created/retained – 3 year totals ¹			
Year	Status	Actual	Target
FY 2009	Exceeded	9,137	7,019
FY 2008	Exceeded	14,819	7,227
FY 2007	Exceeded	16,274	8,999
FY 2006	Exceeded	11,833	9,170
FY 2005	Exceeded	19,672	11,500
FY 2004	Exceeded	21,901	14,400
FY 2003	Exceeded	39,841	11,300
FY 2002	Exceeded	29,912	11,300

¹ This is the 3 year result measure. FY 2009 actuals are the result of investments made in FY 2006.

PERFORMANCE OUTCOME: Improve community capacity to achieve and sustain economic growth (EDA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding ¹	\$68.8	\$67.3	\$67.3	\$68.0	\$72.1	\$83.5	\$82.5	\$75.0
FTE	84	80	80	74	32	33	32	32

¹ Actuals reflect direct obligations for EDAP and S&E; totals do not include one-time, disaster investments, or reimbursable funding.

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of economic development districts (EDD) and Indian tribes implementing economic development projects from the comprehensive economic development strategy (CEDS) that lead to private investment and jobs			
Year	Status	Actual	Target
FY 2009	Slightly Below	93%	95%
FY 2008	Slightly Below	92%	95%
FY 2007	Met	95%	95%
FY 2006	Met	96%	95%
FY 2005	Met	97%	95%
FY 2004	Met	95%	95%
FY 2003	Met	99%	95%

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of sub-state jurisdiction members actively participating in the economic development district (EDD) program			
Year	Status	Actual	Target
FY 2009	Met	92%	89-93%
FY 2008	Met	90%	89-93%
FY 2007	Met	92%	89-93%
FY 2006	Met	90%	89-93%
FY 2005	Met	91%	89-93%
FY 2004	Met	90%	89-93%
FY 2003	Met	97%	89-93%
FY 2002	Met	95%	93%

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center			
Year	Status	Actual	Target
FY 2009	Not Met	70%	75%
FY 2008	Met	80%	75%
FY 2007	Met	84%	75%
FY 2006	Met	76%	75%
FY 2005	Met	79%	75%
FY 2004	Met	78%	75%
FY 2003	Met	78%	75%

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of those actions taken by University Center clients that achieved the expected results			
Year	Status	Actual	Target
FY 2009	Met	92%	80%
FY 2008	Met	84%	80%
FY 2007	Met	89%	80%
FY 2006	Met	82%	80%
FY 2005	Met	87%	80%
FY 2004	Met	88%	80%
FY 2003	Met	86%	80%

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of Trade Adjustment Assistance Center (TAAC) clients taking action as a result of the assistance facilitated by the TAACs			
Year	Status	Actual	Target
FY 2009	Slightly Below	88%	90%
FY 2008	Met	92%	90%
FY 2007	Met	99%	90%
FY 2006	Met	90%	90%
FY 2005	Met	99%	90%
FY 2004	Met	90%	90%
FY 2003	Met	92%	90%

EDA PERFORMANCE MEASURE			
MEASURE: Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results			
Year	Status	Actual	Target
FY 2009	Slightly Below	93%	95%
FY 2008	Met	95%	95%
FY 2007	Met	95%	95%
FY 2006	Met	96%	95%
FY 2005	Met	97%	95%
FY 2004	Met	98%	95%
FY 2003	Met	98%	95%

PERFORMANCE OUTCOME: Strengthen U.S. competitiveness in domestic and international markets (ITA)

PERFORMANCE OUTCOME RESOURCES <i>(Dollars in Millions)</i>								
	FY 2002 Actual¹	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$208.5	\$72.7	\$56.0	\$62.6	\$52.1	\$59.0	\$44.8	\$51.7
FTE	1,236	402	287	264	257	243	228	232

¹ In FY 2005, ITA reorganized its performance structure, reducing the number of outcomes from four to two outcomes for this strategic objective. FY 2002 actuals shown here reflect the level for the "Strengthen U.S. industries" outcome and the two discontinued outcomes.

ITA PERFORMANCE MEASURE				
MEASURE: Annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations contained in MAS studies and analysis				
Year	Status	Actual	Target	
FY 2009	Exceeded	\$552M	\$350M	
FY 2008	Exceeded	\$455M	\$350M	
FY 2007	Exceeded	\$413M	\$168M	
FY 2006	Not Met	\$287M	\$350M	

ITA PERFORMANCE MEASURE				
MEASURE: Percent of industry-specific trade barriers addressed that were removed or prevented				
Year	Status	Actual	Target	
FY 2009	Exceeded	30%	20%	
FY 2008	Exceeded	29%	15%	

ITA PERFORMANCE MEASURE				
MEASURE: Percent of industry-specific trade barrier milestones completed				
Year	Status	Actual	Target	
FY 2009	Exceeded	72%	55%	
FY 2008	Exceeded	73%	55%	
FY 2007	Not Met	54%	85%	
FY 2006	Slightly Below	81%	85%	

ITA PERFORMANCE MEASURE				
MEASURE: Percent of agreement milestones completed				
Year	Status	Actual	Target	
FY 2009	Not Met	23%	100%	
FY 2008	Not Met	70%	100%	
FY 2007	Exceeded	100%	70%	
FY 2006	Exceeded	100%	70%	

PERFORMANCE OUTCOME: Broaden and deepen U.S. exporter base (ITA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual ¹	FY 2009 Actual
Total Funding	\$75.3	\$217.7	\$226.4	\$252.7	\$251.8	\$250.6	\$257.9	\$286.0
FTE	423	1,290	1,273	1,335	1,338	1,202	1,151	1,036

¹ For FY 2008, funding includes \$23.0M previously for the discontinued outcome, "Increase exports to commercially significant markets including FTA countries, China, and India."

ITA PERFORMANCE MEASURE			
MEASURE: Export success firms/active client firms (annual)			
Year	Status	Actual	Target
FY 2009	Exceeded	23.3%	10.50%

ITA PERFORMANCE MEASURE			
MEASURE: US&FCS small and medium-sized enterprises (SME) new-to-export (NTE)/total change in SME exporters (annual)			
Year	Status	Actual	Target
FY 2009	Exceeded	15.22%	12.37%

ITA PERFORMANCE MEASURE			
MEASURE: Number of SME new-to-market (NTM) firms/number of SME firms exporting to two to nine foreign markets (annual)			
Year	Status	Actual	Target
FY 2009	Not Met	3.49%	3.81%

ITA PERFORMANCE MEASURE			
MEASURE: Commercial diplomacy success (cases) (annual)			
Year	Status	Actual	Target
FY 2009	Met	196	162
FY 2008	Met	181	160

ITA PERFORMANCE MEASURE			
MEASURE: Increase in the percent of small and medium-sized firms that export			
Year	Status	Actual	Target
FY 2009	Exceeded	4.69%	2.75%

PERFORMANCE OUTCOME: Increase access to the marketplace and financing for minority-owned businesses (MBDA)

PERFORMANCE OUTCOME RESOURCES <i>(Dollars in Millions)</i>								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$28.3	\$29.0	\$28.7	\$29.8	\$29.5	\$29.6	\$28.2	\$29.8
FTE	92	92	92	96	94	94	75	86

MBDA PERFORMANCE MEASURE			
MEASURE: Dollar value of contract awards obtained (billions)			
Year	Status	Actual	Target
FY 2009	Exceeded	\$2.11	\$0.90
FY 2008	Met	\$1.03	\$0.90
FY 2007	Exceeded	\$1.20	\$0.85
FY 2006	Exceeded	\$1.17	\$0.85
FY 2005	Exceeded	\$1.10	\$0.80
FY 2004	Met	\$0.95	\$0.80
FY 2003	Not Met	\$0.70	\$1.00
FY 2002	Exceeded	\$1.30	\$1.00

MBDA PERFORMANCE MEASURE			
MEASURE: Dollar value of financial awards obtained (billions)			
Year	Status	Actual	Target
FY 2009	Exceeded	\$0.81	\$0.50
FY 2008	Exceeded	\$1.09	\$0.50
FY 2007	Met	\$0.55	\$0.45
FY 2006	Not Met	\$0.41	\$0.45
FY 2005	Met	\$0.50	\$0.45
FY 2004	Exceeded	\$0.60	\$0.40
FY 2003	Met	\$0.40	\$0.40
FY 2002	Met	\$0.40	\$0.40

MBDA PERFORMANCE MEASURE			
MEASURE: Number of new job opportunities created			
Year	Status	Actual	Target
FY 2009	Met	3,024	3,000
FY 2008	Exceeded	5,316	3,000
FY 2007	Exceeded	3,506	2,050
FY 2006	Exceeded	4,254	1,800
FY 2005	Exceeded	2,270	1,800

MBDA PERFORMANCE MEASURE			
MEASURE: Percent increase in client gross receipts			
Year	Status	Actual	Target
FY 2009	Met	6.0%	6.0%
FY 2008	Met	6.0%	6.0%
FY 2007	Met	5.0%	5.0%
FY 2006	Met	6.0%	5.0%
FY 2005	Exceeded	15.0%	5.0%

MBDA PERFORMANCE MEASURE			
MEASURE: Satisfaction rating for the American Customer Satisfaction Index (ACSI) ^{1,2}			
Year	Status	Actual	Target
FY 2009	Not Met	67%	75%
FY 2008	N/A	N/A	N/A
FY 2007	Exceeded	4.0%	3.0%
FY 2006	N/A	N/A	N/A
FY 2005	Exceeded	13.0%	5.0%

¹ The ACSI survey occurs only in odd years, so data does not appear in FY 2008 and FY 2006.

² Prior to FY 2009, this measure was known as "Percent increase in the American Customer Satisfaction Index (ACSI)."

STRATEGIC OBJECTIVE 1.2

Advance responsible economic growth and trade while protecting American security

OBJECTIVE 1.2 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$157.4	\$164.9	\$168.5	\$192.6	\$204.1	\$197.8	\$198.7	\$208.2
FTE	929	940	975	998	986	910	841	914

PERFORMANCE OUTCOME: Identify and resolve unfair trade practices (ITA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$92.8	\$88.1	\$94.6	\$115.8	\$122.0	\$116.9	\$122.4	\$123.6
FTE	571	574	610	638	633	544	496	588

ITA PERFORMANCE MEASURE

MEASURE: Percent reduction in trade distorting foreign subsidy programs

Year	Status	Actual	Target
FY 2009	Exceeded	1.8%	> 1%
FY 2008	Exceeded	1.6%	>0.5%

ITA PERFORMANCE MEASURE

MEASURE: Percent of AD/CVD determinations issued within statutory and/or regulatory deadlines

Year	Status	Actual	Target
FY 2009	Slightly Below	86%	90%
FY 2008	Met	90%	90%

ITA PERFORMANCE MEASURE

MEASURE: Percent of ministerial errors in IA's dumping and subsidy calculations

Year	Status	Actual	Target
FY 2009	Exceeded	8%	< 11%
FY 2008	Met	10%	< 12%

ITA PERFORMANCE MEASURE

MEASURE: Percentage of market access and compliance cases resolved successfully

Year	Status	Actual	Target
FY 2009	Exceeded	56%	35%
FY 2008	Met	39%	35%
FY 2007	Exceeded	54%	25%
FY 2006	Exceeded	46%	25%

ITA PERFORMANCE MEASURE			
MEASURE: Value of market access and compliance cases resolved successfully			
Year	Status	Actual	Target
FY 2009	Exceeded	\$25.4B	\$2.0B
FY 2008	Exceeded	\$12.3B	\$1.5B

PERFORMANCE OUTCOME: Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$58.7	\$68.4	\$67.7	\$71.3	\$73.0	\$70.4	\$66.1	\$73.9
FTE	328	336	335	330	309	324	308	290

BIS PERFORMANCE MEASURE			
MEASURE: Percent of licenses requiring interagency referral referred within 9 days			
Year	Status	Actual	Target
FY 2009	Met	98%	95%
FY 2008	Met	98%	95%
FY 2007	Met	98%	95%
FY 2006	Met	98%	95%

BIS PERFORMANCE MEASURE			
MEASURE: Median processing time for new regime regulations (months)			
Year	Status	Actual	Target
FY 2009	Exceeded	2.0	3.0
FY 2008	Exceeded	2.0	3.0
FY 2007	Exceeded	2.0	3.0
FY 2006	Met	2.5	3.0
FY 2005	Exceeded	1.0	3.0
FY 2004	Exceeded	2.0	3.0
FY 2003	Not Met	7.0	3.0

BIS PERFORMANCE MEASURE			
MEASURE: Percent of attendees rating seminars highly			
Year	Status	Actual	Target
FY 2009	Met	93%	85%
FY 2008	Met	93%	85%
FY 2007	Met	90%	85%
FY 2006	Met	90%	85%

BIS PERFORMANCE MEASURE			
MEASURE: Percent of declarations received from U.S. industry in accordance with CWC regulations (time lines) that are processed, certified, and submitted to the State Department in time so the United States can meet its treaty obligations			
Year	Status	Actual	Target
FY 2009	Met	100%	100%
FY 2008	Met	100%	100%
FY 2007	Met	100%	100%
FY 2006	Met	100%	100%

BIS PERFORMANCE MEASURE			
MEASURE: Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge			
Year	Status	Actual	Target
FY 2009	Met	876	850
FY 2008	Exceeded	881	675
FY 2007	Exceeded	930	450
FY 2006	Exceeded	872	350
FY 2005	Exceeded	583	275
FY 2004	Met	310	250
FY 2003	Exceeded	250	85
FY 2002	Met	82	75

BIS PERFORMANCE MEASURE			
MEASURE: Percent of shipped transactions in compliance with the licensing requirements of the Export Administration Regulations (EAR)			
Year	Status	Actual	Target
FY 2009	Met	96%	95%
FY 2008	Met	87%	87%

BIS PERFORMANCE MEASURE			
MEASURE: Percentage of post-shipment verifications completed and categorized above the "unfavorable" classification			
Year	Status	Actual	Target
FY 2009	Met	314PSVs/88%	260 PSVs/85%
FY 2008	Met	136 PSVs/93%	215 PSVs/80%

PERFORMANCE OUTCOME: Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$1.8	\$4.4	\$2.7	\$1.8	\$2.8	\$4.6	\$5.1	\$5.1
FTE	13	13	13	13	13	12	11	10

BIS PERFORMANCE MEASURE			
MEASURE: Number of end-use checks completed ¹			
Year	Status	Actual	Target
FY 2009	Not Met	737	850
FY 2008	Not Met	490	850
FY 2007	Met	854	850
FY 2006	Exceeded	942	700

¹ Prior to FY 2007, this measure was under the outcome "Eliminate illicit export activity outside the global export control and treaty compliance," which was discontinued in FY 2007.

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

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$4.1	\$4.0	\$3.5	\$3.7	\$6.3	\$5.9	\$5.1	\$5.6
FTE	17	17	17	17	31	30	26	26

BIS PERFORMANCE MEASURE			
MEASURE: Percent of industry assessments resulting in BIS determination, within three months of completion, on whether to revise export controls			
Year	Status	Actual	Target
FY 2009	Met	100%	100%
FY 2008	Met	100%	100%
FY 2007	Met	100%	100%
FY 2006	N/A	N/A ¹	100%

¹ No assessments fell within the metric timeframe in FY 2006. BIS completed two industry assessments late in the fourth quarter of FY 2006, thus not meeting the three month window (before the end of the fiscal year) to make a final determination on revising export controls. This was the first year this measure was in place. Industry assessment data will be available in subsequent fiscal years.

STRATEGIC OBJECTIVE 1.3

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

OBJECTIVE 1.3 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$866.2	\$920.9	\$1,008.7	\$1,097.9	\$1,164.5	\$1,261.5	\$1,709.4	\$3,588.0
FTE	8,908	8,223	8,563	8,976	9,321	8,954	9,576	26,767

PERFORMANCE OUTCOME: Provide benchmark measures of the U.S. population, economy, and governments (ESA/CENSUS)

PERFORMANCE OUTCOME RESOURCES¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding ²	\$799.5	\$846.9	\$314.5	\$340.5	\$373.5	\$468.7	\$917.9	\$2,773.4
FTE	8,420	7,729	8,038	8,433	8,778	8,418	3,072	20,007

¹ In FY 2008, Census split the outcome, "Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy and governments," into this outcome and performance outcome, "Provide current measures of the U.S. population, economy, and governments." Funds for the years prior to FY 2004 are shown in this outcome and reflect both outcomes. FTE for years prior to FY 2008 are shown in this outcome and reflect both outcomes.

² Total obligations for performance outcome excludes the Working Capital Fund obligations financed by other Census Bureau funds and are already reflected in the results for the other funds and reimbursable obligations.

ESA/CENSUS PERFORMANCE MEASURE				
MEASURE: Correct street features in TIGER (geographic) database (number of counties completed) to more effectively support: Census Bureau censuses and surveys, facilitate the geographic partnerships between federal, state, local and tribal governments, and support the E-Government initiative in the President's Management Agenda				
Year	Status	Actual	Target	
FY 2009	Met	Completed	Complete updates to eligible counties in the United States, Puerto Rico, and Island Areas	
FY 2008	Met	320	320	
FY 2007	Met	737	690	
FY 2006	Met	700	700	
FY 2005	Met	623	610	
FY 2004	Met	602	600	
FY 2003	Met	250	250	
FY 2002	Met	Prepared plan and systems to measure housing unit coverage	Prepare plan and systems to measure housing unit coverage	

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: 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			
Year	Status	Actual	Target
FY 2009	Met	At least 90% of key prep activities completed on time	At least 90% of key prep activities completed on time
FY 2008	Not Met	Some of the planned dress rehearsal activities were cancelled	At least 90% of key prep activities completed on time
FY 2007	Met	>90% of key prep activities completed on time	At least 90% of key prep activities completed on time
FY 2006	Met	100% of activities completed on time	At least 90% of key prep activities completed on time
FY 2005	Met	Activities completed on time	Various activities with different dates

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: Meet or exceed the overall federal score of customer satisfaction on the E-Government American Customer Satisfaction Index (ACSI) ¹			
Year	Status	Actual	Target
FY 2009	Not Met	68.0	75.2
FY 2008	Not Met	66.0	73.9
FY 2007	Met	74.0	71.0
FY 2006	Met	72.0	71.3
FY 2005	Met	73.0	73.0
FY 2004	Slightly Below	71.0	72.0

¹ This measure applies to the second outcome as well, "Provide current measures of the U.S. population, economy, and governments."

PERFORMANCE OUTCOME: Provide current measures of the U.S. population, economy, and governments (ESA/CENSUS)*

PERFORMANCE OUTCOME RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	N/A	N/A	\$615.6	\$673.1	\$705.4	\$705.8	\$703.1	\$715.9
FTE	N/A	N/A	N/A	N/A	N/A	N/A	5,979	6,231

¹ In FY 2008, Census split the outcome, "Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments," into this outcome and performance outcome, "Provide benchmark measures of the U.S. population, economy, and governments." Funds for the years prior to FY 2008 are shown in the previous outcome and reflect both outcomes.

* In FY 2008, Census split the outcome, "Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments," into this outcome and performance outcome "Provide benchmark measures of the U.S. population, economy, and governments."

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: 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			
Year	Status	Actual	Target
FY 2009	Met	Met percentages	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability
FY 2008	Met	Met percentages	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability
FY 2007	Met	Met percentages	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability
FY 2006	Met	Met percentages	At least 90% of key censuses and surveys meet/exceed collection rates/levels of reliability
FY 2005	Met	Met percentages	Various %s – see FY 2006 APP
FY 2004	Met	Met percentages	Various %s – see FY 2005 APP
FY 2003	Met	Met percentages	Various %s – see FY 2004 APP

ESA/CENSUS PERFORMANCE MEASURE			
MEASURE: Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public			
Year	Status	Actual	Target
FY 2009	Met	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time	3) 100% of Economic Indicators released on time 4) At least 90% of other key censuses and surveys data released on time
FY 2008	Met	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time
FY 2007	Met	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time
FY 2006	Met	1) 100% of Economic Indicators 2) 100% of other products	1) 100% of Economic Indicators released on time 2) At least 90% of other key censuses and surveys data released on time
FY 2005	Met	22 products	22 products
FY 2004	Exceeded	10 products	7 products
FY 2003	Not Met	2 products	3 products

PERFORMANCE OUTCOME: Provide timely, relevant, and accurate economic statistics (ESA/BEA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$66.7	\$74.0	\$78.6	\$84.1	\$85.6	\$87.0	\$88.4	\$98.7
FTE	488	494	525	543	543	536	525	529

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time)			
Year	Status	Actual	Target
FY 2009	Slightly Below	56 of 57	57 of 57
FY 2008	Met	57 of 58 ¹	58 of 58
FY 2007	Met	54 of 54	54 of 54
FY 2006	Met	54 of 54	54 of 54
FY 2005	Met	54 of 54	54 of 54
FY 2004	Met	54 of 54	54 of 54
FY 2003	Met	48 of 48	48 of 48
FY 2002	Met	50 of 50	50 of 50

¹ In FY 2008, the Annual Industry Accounts statistical release was rescheduled from December 13, 2007 to January 29, 2008, in order to include important information from the Census 2006 Annual Survey of Manufactures (ASM). By delaying this release, BEA was able to provide a better product for BEA's data users, so this measure is considered "Met."

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Relevance: Customer satisfaction with quality of products and services (mean rating on a 5-point scale)			
Year	Status	Actual	Target
FY 2009	Met	4.2	> 4.0
FY 2008	Met	4.2	> 4.0
FY 2007	Met	4.3	> 4.0
FY 2006	Met	4.2	> 4.0
FY 2005	Met	4.4	> 4.0
FY 2004	Met	4.3	> 4.0
FY 2003	Met	4.4	> 4.0
FY 2002	Met	4.3	> 4.0

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Accuracy: Percent of GDP estimates correct			
Year	Status	Actual	Target
FY 2009	Met	88%	> 85%
FY 2008	Met	94%	> 85%
FY 2007	Met	93%	> 85%
FY 2006	Met	96%	> 85%
FY 2005	Met	96%	> 85%
FY 2004	Met	88%	> 84%
FY 2003	Met	88%	> 84%

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Improving GDP and the economic accounts ¹			
Year	Status	Actual	Target
FY 2009	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2008	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2007	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2006	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2005	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2004	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2003	Met	Completed all major milestones related to improving the economic accounts	Completion of strategic plan milestones
FY 2002	Met	Developed new measures to address gaps and updated BEA's accounts; designed prototype of new quarterly survey of international services; developed new pilot estimates that provide better integration with other accounts	Develop new measures to address gaps and updated BEA's accounts; design prototype of new quarterly survey of international services; develop new pilot estimates that provide better integration with other accounts

¹ The BEA Strategic Plan and a report card of completed milestones are available in "About BEA" on www.bea.gov.

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Meeting U.S. international obligations ¹			
Year	Status	Actual	Target
FY 2009	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2008	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2007	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2006	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2005	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2004	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2003	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones

¹ The BEA Strategic Plan and a report card of completed milestones are available in "About BEA" on www.bea.gov.

ESA/BEA PERFORMANCE MEASURE			
MEASURE: Measuring the knowledge economy ^{1,2}			
Year	Status	Actual	Target
FY 2009	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2008	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2007	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones
FY 2006	Met	Completed all major milestones related to meeting international obligations	Completion of strategic plan milestones

¹ Prior to FY 2009, this measure was known as "Budget Related: Preparation of Innovation Accounts."

² The BEA Strategic Plan and a report card of completed milestones are available in "About BEA" on www.bea.gov.

STRATEGIC OBJECTIVE 1.4

Position manufacturers to compete in a global economy

OBJECTIVE 1.4 RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding ²	\$108.5	\$111.3	\$46.9	\$102.7	\$111.9	\$107.3	\$91.2	\$112.6
FTE	89	89	68	71	67	67	68	70

¹ There is only one outcome for this objective, so a separate Performance Outcome Resources table does not appear.
² Performance actuals for this outcome lagged at least six months. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which NIST reports actuals one year later. This data lag, coupled with the timeline for producing the PAR, precludes the reporting of actual FY 2009 data.

PERFORMANCE OUTCOME: Increase the productivity, profitability, and competitiveness of manufacturers (NIST)**

NIST PERFORMANCE MEASURE			
MEASURE: Number of clients served by Hollings Manufacturing Extension Partnership (MEP) centers receiving federal funding			
Year	Status	Actual	Target
FY 2009	Exceeded	31,961 from FY 2008 funding	14,500 from FY 2008 funding
FY 2008	Exceeded	28,004 from FY 2007 funding	21,237 from FY 2007 funding
FY 2007	Exceeded	24,722 from FY 2006 funding	16,440 from FY 2006 funding
FY 2006	Slightly Below	16,448 from FY 2005 funding	16,640 from FY 2005 funding
FY 2005	Exceeded	16,090 from FY 2004 funding	6,517 from FY 2004 funding
FY 2004	Met	18,422 from FY 2003 funding	16,684 from FY 2003 funding
FY 2003	Not Met	18,748 from FY 2002 funding	21,543 from FY 2002 funding

NIST PERFORMANCE MEASURE			
MEASURE: Increased sales attributed to Hollings MEP centers receiving federal funding			
Year	Status	Actual	Target
FY 2009	Exceeded	\$3,300M from FY 2008 funding	\$630M from FY 2008 funding
FY 2008	Exceeded	\$5,600M from FY 2007 funding	\$762M from FY 2007 funding
FY 2007	Exceeded	\$3,100M from FY 2006 funding	\$591M from FY 2006 funding
FY 2006	Exceeded	\$2,842M from FY 2005 funding	\$591M from FY 2005 funding
FY 2005	Exceeded	\$1,889M from FY 2004 funding	\$228M from FY 2004 funding
FY 2004	Exceeded	\$1,483M from FY 2003 funding	\$522M from FY 2003 funding
FY 2003	Exceeded	\$953M from FY 2002 funding	\$728M from FY 2002 funding
FY 2002	Not Met	\$636M from FY 2001 funding	\$708M from FY 2001 funding

* Actuals for this performance outcome lagged at least six months. Therefore, beginning with the FY 2005 PAR, NIST shifted to a format in which they report actuals one year later (i.e., FY 2004 actuals are reflected in the FY 2005 PAR). This data lag, coupled with the timeline for producing the PAR, precludes the reporting of actual FY 2009 data. With the exception of the number of clients, the data reported in the current year PAR are an estimate based on three-quarters of actual client reported impacts and one quarter estimated client impacts.

** Prior to FY 2009, this outcome was known as "Raise the productivity and competitiveness of small manufacturers."

NIST PERFORMANCE MEASURE			
MEASURE: Capital investment attributed to Hollings MEP centers receiving federal funding			
Year	Status	Actual	Target
FY 2009	Exceeded	\$1,400M from FY 2008 funding	\$485M from FY 2008 funding
FY 2008	Exceeded	\$2,190M from FY 2007 funding	\$955M from FY 2007 funding
FY 2007	Exceeded	\$1,650M from FY 2006 funding	\$740M from FY 2006 funding
FY 2006	Exceeded	\$2,248M from FY 2005 funding	\$740M from FY 2005 funding
FY 2005	Exceeded	\$941M from FY 2004 funding	\$285M from FY 2004 funding
FY 2004	Exceeded	\$912M from FY 2003 funding	\$559M from FY 2003 funding
FY 2003	Met	\$940M from FY 2002 funding	\$910M from FY 2002 funding
FY 2002	Not Met	\$680M from FY 2001 funding	\$913M from FY 2001 funding

NIST PERFORMANCE MEASURE			
MEASURE: Cost savings attributed to Hollings MEP centers receiving federal funding			
Year	Status	Actual	Target
FY 2009	Exceeded	\$1,200M from FY 2008 funding	\$330M from FY 2008 funding
FY 2008	Exceeded	\$1,440M from FY 2007 funding	\$521M from FY 2007 funding
FY 2007	Exceeded	\$1,100M from FY 2006 funding	\$405M from FY 2006 funding
FY 2006	Exceeded	\$1,304M from FY 2005 funding	\$405M from FY 2005 funding
FY 2005	Exceeded	\$721M from FY 2004 funding	\$156M from FY 2004 funding
FY 2004	Exceeded	\$586M from FY 2003 funding	\$353M from FY 2003 funding
FY 2003	Exceeded	\$681M from FY 2002 funding	\$497M from FY 2002 funding
FY 2002	Not Met	\$442M from FY 2001 funding	\$576M from FY 2001 funding

STRATEGIC GOAL 2

Promote U.S. innovation and industrial competitiveness

STRATEGIC GOAL 2 TOTAL RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$2,000.7	\$2,130.0	\$2,100.9	\$2,354.1	\$2,607.6	\$3,698.3	\$3,701.2	\$3,840.9
FTE	9,979	9,985	10,004	9,951	10,523	11,369	12,096	12,798

¹ Prior year amounts differ from previous PARs because the Department and NIST shifted the outcome, "Raise the productivity and competitiveness of small manufacturers (NIST)" from Strategic Goal 2 to Strategic Goal 1 beginning in FY 2008.

STRATEGIC OBJECTIVE 2.1

Advance measurement science and standards that drive technological change

OBJECTIVE 2.1 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$805.0	\$841.5	\$783.2	\$775.8	\$862.3	\$783.7	\$836.3	\$894.4
FTE	3,142	3,153	3,041	2,867	2,829	2,824	2,866	2,912

PERFORMANCE OUTCOME: Promote innovation, facilitate trade, and ensure public safety and security by strengthening the Nation's measurement and standards infrastructure (NIST)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$579.2	\$614.1	\$576.8	\$621.6	\$762.4	\$662.4	\$759.3	\$812.3
FTE	2,707	2,725	2,672	2,503	2,550	2,566	2,673	2,721

NIST PERFORMANCE MEASURE				
MEASURE: Qualitative assessment and review of technical quality and merit using peer review				
Year	Status	Actual	Target	
FY 2009	Met	Completed	Complete annual peer review	
FY 2008	Met	Completed	Complete annual peer review	
FY 2007	Met	Completed	Complete annual peer review	
FY 2006	Met	Completed	Complete annual peer review	
FY 2005	Met	Completed	Complete annual peer review	
FY 2004	Met	Completed	Complete annual peer review	
FY 2003	Met	Completed	Complete annual peer review	
FY 2002	Met	Completed	Complete annual peer review	

NIST PERFORMANCE MEASURE			
MEASURE: Citation impact of NIST-authored publications			
Year	Status	Actual	Target
FY 2009	Met	> 1.1 ¹	> 1.1
FY 2008	Met	> 1.1	> 1.1
FY 2007	Met	>1.1	>1.1

¹ Actual for this measure lags nine months. The actual shown here is based on FY 2008 data.

NIST PERFORMANCE MEASURE			
MEASURE: Peer-reviewed technical publications produced			
Year	Status	Actual	Target
FY 2009	Met	1,463	1,275
FY 2008	Met	1,271	1,100
FY 2007	Met	1,272	1,100
FY 2006	Met	1,163	1,100
FY 2005	Met	1,148	1,100
FY 2004	Not Met	1,070	1,300

NIST PERFORMANCE MEASURE			
MEASURE: Standard Reference Materials (SRM) sold			
Year	Status	Actual	Target
FY 2009	Slightly Below	29,769	31,000
FY 2008	Met	33,373	31,000
FY 2007	Met	32,614	30,000
FY 2006	Met	31,195	30,000
FY 2005	Met	32,163	29,500
FY 2004	Met	30,490	29,500

NIST PERFORMANCE MEASURE			
MEASURE: NIST-maintained datasets downloaded			
Year	Status	Actual	Target
FY 2009	Met	226,000,000	200,000,000
FY 2008	Exceeded	195,500,000	130,000,000
FY 2007	Exceeded	130,000,000	80,000,000
FY 2006	Met	94,371,001	80,000,000
FY 2005	Met	93,305,136	80,000,000
FY 2004	Exceeded	73,601,352	56,000,000

NIST PERFORMANCE MEASURE			
MEASURE: Number of calibration tests performed			
Year	Status	Actual	Target
FY 2009	Met	18,609	15,000
FY 2008	Exceeded	25,944	12,000
FY 2007	Exceeded	27,489	12,000

PERFORMANCE OUTCOME: 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)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	N/A	N/A	N/A	N/A	N/A	N/A	\$54.5	\$50.2
FTE	N/A	N/A	N/A	N/A	N/A	N/A	71	72

NIST PERFORMANCE MEASURE			
MEASURE: Cumulative number of TIP projects funded			
Year	Status	Actual	Target
FY 2009	Met	9	9

PERFORMANCE OUTCOME: Increase public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$27.7	\$27.7	\$19.2	\$15.9	\$27.2	\$27.9	\$22.5	\$31.9
FTE	186	181	165	157	144	131	122	119

NTIS PERFORMANCE MEASURE			
MEASURE: Number of updated items available (annual)			
Year	Status	Actual	Target
FY 2009	Met	893,138	745,000
FY 2008	Met	813,775	725,000
FY 2007	Met	744,322	665,000
FY 2006	Met	673,807	660,000
FY 2005	Met	658,138	530,000
FY 2004	Met	553,235	525,000
FY 2003	Met	530,910	520,000
FY 2002	Met	514,129	510,000

NTIS PERFORMANCE MEASURE			
MEASURE: Number of information products disseminated (annual)			
Year	Status	Actual	Target
FY 2009	Exceeded	49,430,840	32,850,000
FY 2008	Met	32,267,167	32,100,000
FY 2007	Met	32,027,113	27,100,000
FY 2006	Met	30,616,338	27,000,000
FY 2005	Met	26,772,015	25,800,000
FY 2004	Exceeded	25,476,424	18,000,000
FY 2003	Exceeded	29,134,050	17,000,000
FY 2002	Met	16,074,862	16,000,000

NTIS PERFORMANCE MEASURE			
MEASURE: Customer satisfaction			
Year	Status	Actual	Target
FY 2009	Met	98%	95-98%
FY 2008	Met	96%	95-98%
FY 2007	Met	98%	95-98%
FY 2006	Met	98%	95-98%
FY 2005	Met	98%	98%
FY 2004	Slightly Below	96%	98%
FY 2003	Slightly Below	97%	98%
FY 2002	Met	98%	97%

The Department discontinued the following outcome (and its corresponding measures) in FY 2007. However, since the funding amounts factor into the total for this objective and strategic goal, this PAR shows those amounts for informational purposes. Measures and targets for previous years appear in the FY 2007 PAR.

PERFORMANCE OUTCOME: Accelerate private investment in and development of high-risk, broad-impact technologies (NIST)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$198.1	\$199.7	\$187.2	\$138.3	\$72.7	\$93.4	N/A	N/A
FTE	249	247	204	207	135	127	N/A	N/A

STRATEGIC OBJECTIVE 2.2

Protect intellectual property and improve the patent and trademark system

OBJECTIVE 2.2 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$1,099.5	\$1,190.9	\$1,233.3	\$1,508.4	\$1,674.4	\$1,766.4	\$1,852.5	\$1,862.5
FTE	6,593	6,581	6,694	6,825	7,446	8,291	8,962	9,595

PERFORMANCE OUTCOME: Optimize patent quality and timeliness (USPTO)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$976.6	\$1,019.6	\$1,059.3	\$1,245.8	\$1,347.9	\$1,506.8	1,616.1	\$1,633.4
FTE	5,720	5,815	5,899	6,021	5,994	7,073	7,934	8,564

USPTO PERFORMANCE MEASURE			
MEASURE: Patent allowance compliance rate			
Year	Status	Actual	Target
FY 2009	Met	96.9%	96.5%
FY 2008	Met	96.3%	96.0%
FY 2007	Met	96.5%	96.0%
FY 2006	Met	96.5%	96.0%
FY 2005	Improved But Not Met	95.4%	96.0%
FY 2004	Not Met	94.7%	96.0%
FY 2003	Not Met	95.6%	96.0%
FY 2002	Met	95.8%	95.0%

USPTO PERFORMANCE MEASURE			
MEASURE: Patent in-process examination compliance rate			
Year	Status	Actual	Target
FY 2009	Met	93.2%	93.0%
FY 2008	Met	92.5%	92.0%
FY 2007	Met	92.2%	90.0%
FY 2006	Met	90.0%	86.0%
FY 2005	Met	86.2%	84.0%

USPTO PERFORMANCE MEASURE			
MEASURE: Patent average first action pendency (months)			
Year	Status	Actual	Target
FY 2009	Met	25.8	27.5
FY 2008	Met	25.6	26.9
FY 2007	Not Met	25.3	23.7
FY 2006	Slightly Below	22.6	22.0
FY 2005	Met	21.1	21.3
FY 2004	Met	20.2	20.2
FY 2003	Met	18.3	18.4
FY 2002	Not Met	16.7	14.7

USPTO PERFORMANCE MEASURE			
MEASURE: Patent average total pendency (months)			
Year	Status	Actual	Target
FY 2009	Met	34.6	37.9
FY 2008	Met	32.2	34.7
FY 2007	Met	31.9	33.0
FY 2006	Met	31.1	31.3
FY 2005	Met	29.1	31.0
FY 2004	Met	27.6	29.8
FY 2003	Met	26.7	27.7
FY 2002	Met	24.0	26.5

USPTO PERFORMANCE MEASURE			
MEASURE: Patent applications filed electronically			
Year	Status	Actual	Target
FY 2009	Met	82.5%	80.0%
FY 2008	Met	71.7%	69.0%
FY 2007	Met	49.3%	40.0%
FY 2006	Exceeded	14.2%	10.0%
FY 2005	Improved But Not Met	2.2%	4.0%
FY 2004	Improved But Not Met	1.5%	2.0%
FY 2003	Not Met	1.3%	2.0%

PERFORMANCE OUTCOME: Optimize trademark quality and timeliness (USPTO)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$122.9	\$119.4	\$112.0	\$144.9	\$149.6	\$191.2	\$190.7	\$185.5
FTE	873	719	693	730	665	897	887	892

USPTO PERFORMANCE MEASURE				
MEASURE: Trademark first action compliance rate				
Year	Status	Actual	Target	
FY 2009	Met	96.4%	95.5%	
FY 2008	Met	95.8%	95.5%	
FY 2007	Met	95.9%	95.5%	
FY 2006	Met	95.7%	93.5%	
FY 2005	Met	95.3%	92.5%	
FY 2004	Met	92.1%	91.7%	

USPTO PERFORMANCE MEASURE				
MEASURE: Trademark final compliance rate ¹				
Year	Status	Actual	Target	
FY 2009	Met	97.6%	97.0%	

¹ In FY 2009, USPTO replaced "Trademark final action compliance rate" with this measure, which is a more comprehensive measure of quality to include all actions that would result in an application being completed or disposed.

USPTO PERFORMANCE MEASURE				
MEASURE: Trademark first action pendency (months)				
Year	Status	Actual	Target	
FY 2009	Met	2.7	2.5-3.5	
FY 2008	Met	3.0	2.5-3.5	
FY 2007	Met	2.9	3.7	
FY 2006	Met	4.8	5.3	
FY 2005	Met	6.3	6.4	
FY 2004	Not Met	6.6	5.4	
FY 2003	Not Met	5.4	3.0	
FY 2002	Not Met	4.3	3.0	

USPTO PERFORMANCE MEASURE				
MEASURE: Trademark average total pendency excluding suspended and inter partes proceedings (months) ¹				
Year	Status	Actual	Target	
FY 2009	Met	11.2	13.0	
FY 2008	Met	11.8	14.3	

¹ In FY 2009, USPTO replaced "Trademark average total pendency (months)" with this measure, which is a better indicator of the amount of time it takes to dispose of the trademark application.

USPTO PERFORMANCE MEASURE			
MEASURE: Trademark applications processed electronically ¹			
Year	Status	Actual	Target
FY 2009	Met	62.0%	62.0%

¹ In FY 2009, USPTO replaced “Trademark applications filed electronically” with this measure, which better shows the rate at which applications that are disposed (abandoned or registered) are processed using automated system and transactions.

PERFORMANCE OUTCOME: Improve intellectual property and enforcement domestically and abroad (USPTO)*

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	N/A	\$51.9	\$62.0	\$117.7	\$176.9	\$68.4	\$45.7	\$43.6
FTE	N/A	47	102	74	787	321	141	139

USPTO PERFORMANCE MEASURE			
MEASURE: Percentage of countries on the USTR 301 list, awaiting World Trade Organization (WTO) accession, or targeted by the Office of Intellectual Property Policy and Enforcement (OIPPE) for improvements that have positively amended or improved their IP systems			
Year	Status	Actual	Target
FY 2009	Exceeded	54.0%	40.0%
FY 2008	Exceeded	74.0%	35.0%
FY 2007	Met	32.0%	30.0%
FY 2006	Not Met	26.0%	50.0%
FY 2005	Met	53.0%	50.0%

USPTO PERFORMANCE MEASURE			
MEASURE: Number of countries that implement at least 75% of action steps which improve IP protections in the joint cooperation, action, or work plans			
Year	Status	Actual	Target
FY 2009	Exceeded	5	4

* In FY 2009, USPTO replaced the following three measures with the second measure listed: “Number of instances in which External Affairs (EA) experts review intellectual property (IP) policies/standards”; Improving worldwide IP expertise for U.S. government interests”; and “Number of Memoranda of Agreement for IP joint cooperation, plans of actions, mechanisms, and support programs initiated or implemented by developing countries as a result of the Office of Intellectual Property Policy and Enforcement (OIPPE).”

STRATEGIC OBJECTIVE 2.3

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

OBJECTIVE 2.3 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual ¹	FY 2008 Actual	FY 2009 Actual
Total Funding	\$96.2	\$97.6	\$84.4	\$69.9	\$70.9	\$1,148.2	\$1,012.4	\$1,084.0
FTE	244	251	269	259	250	254	262	291

¹ In FY 2007, \$1,070.3 was provided to the newly formed Digital Television and Public Safety Program.

PERFORMANCE OUTCOME: Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$23.4	\$24.5	\$28.5	\$30.4	\$36.8	\$38.9	\$35.8	\$37.3
FTE	141	147	159	169	164	165	168	172

NTIA PERFORMANCE MEASURE				
MEASURE: Frequency assignment processing time (days) ¹				
Year	Status	Actual	Target	
FY 2009	Met	9	9 or fewer	
FY 2008	Met	9	9 or fewer	
FY 2007	Met	9	9 or fewer	
FY 2006	Met	9	9 or fewer	
FY 2005	Met	10	12	
FY 2004	Met	<12	12	
FY 2003	Met	15	15	

¹ Prior to FY 2008, this measure was known as "Timeliness of processing (days)."

NTIA PERFORMANCE MEASURE				
MEASURE: Certification request processing time (months)				
Year	Status	Actual	Target	
FY 2009	Met	2	2 or fewer	
FY 2008	Met	2	2 or fewer	
FY 2007	Met	4	4 or fewer	
FY 2006	Met	4	4 or fewer	

NTIA PERFORMANCE MEASURE			
MEASURE: Space system coordination request processing time			
Year	Status	Actual	Target
FY 2009	Met	98%	90% in 14 days or fewer
FY 2008	Met	95%	90% in 14 days or fewer
FY 2007	Met	97%	80% in 14 days or fewer
FY 2006	Met	95%	80% in 14 days or fewer

NTIA PERFORMANCE MEASURE			
MEASURE: Spectrum plans and policies processing time			
Year	Status	Actual	Target
FY 2009	Exceeded	11 days	Comments in 15 days or fewer
FY 2008	Met	13.3 days	Comments in 15 days or fewer
FY 2007	Exceeded	13.3 days	Comments in 15 days or fewer
FY 2006	Met	13 days	Comments in 15 days or fewer

NTIA PERFORMANCE MEASURE			
MEASURE: Milestones completed from the implementation plan of the President's Spectrum Policy Initiative			
Year	Status	Actual	Target
FY 2009	Met	14 milestones	14 milestones
FY 2008	Met	22 milestones	22 milestones
FY 2007	Met	23 out of 29 milestones	23 out of 29 milestones
FY 2006	Met	18 out of 22 milestones	18 out of 22 milestones

PERFORMANCE OUTCOME: Promote the availability, and support new sources, of advanced telecommunications and information services (NTIA)

PERFORMANCE OUTCOME RESOURCES <i>(Dollars in Millions)</i>								
	FY 2002 Actual¹	FY 2003 Actual¹	FY 2004 Actual¹	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$72.8	\$73.1	\$55.9	\$39.5	\$34.1	\$1,109.3	\$976.6	\$1,046.7
FTE	103	104	110	90	86	89	94	119

¹ Amounts for FYs 2002-2004 include those for the discontinued outcome "Increase competition within the telecommunications sector and promote universal access to telecommunications services for all Americans."

NTIA PERFORMANCE MEASURE			
MEASURE: 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			
Year	Status	Actual	Target
FY 2009	Exceeded	12 dockets and proceedings	5 dockets and proceedings
FY 2008	Exceeded	11 dockets and proceedings	5 dockets and proceedings
FY 2007	Exceeded	8 dockets and proceedings	5 dockets and proceedings
FY 2006	Exceeded	12 dockets and proceedings	5 dockets and proceedings
FY 2005	Met	5 dockets and proceedings	5 dockets and proceedings

NTIA PERFORMANCE MEASURE			
MEASURE: Number of Web site views for research publications			
Year	Status	Actual	Target
FY 2009	Met	75,000/month	75,000/month
FY 2008	Exceeded	127,000/month	75,000/month
FY 2007	Exceeded	105,000/month	75,000/month
FY 2006	Exceeded	94,000/month	75,000/month

STRATEGIC GOAL 3

Promote environmental stewardship

STRATEGIC GOAL 3 TOTAL RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$3,398.4	\$3,458.6	\$3,802.0	\$4,064.0	\$4,306.5	\$4,187.8	\$4,234.4	\$5,094.1
FTE	11,585	11,898	11,868	11,918	12,896	11,933	12,637	12,031

STRATEGIC OBJECTIVE 3.1

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

OBJECTIVE 3.1 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$1,334.2	\$1,314.9	\$1,268.5	\$1,379.5	\$1,363.2	\$1,295.1	\$1,354.1	\$1,545.2
FTE	3,042	3,361	3,611	3,479	3,670	3,029	3,068	3,426

NOAA PERFORMANCE MEASURE			
MEASURE: Fish stock sustainability index (FSSI) ¹			
Year	Status	Actual	Target
FY 2009	Met	565.5	548.5
FY 2008	Met	535	530.5
FY 2007	Met	524	505
FY 2006		501	
FY 2005		481	
FY 2004		456	

¹ NOAA only recently developed the FSSI and therefore did not have any targets prior to FY 2007. NOAA did, however, have data from which they could derive the FSSI index for FY 2004-FY 2006.

NOAA PERFORMANCE MEASURE			
MEASURE: Percentage of living marine resources (LMR) with adequate population assessments and forecasts			
Year	Status	Actual	Target
FY 2009	Met	43.7%	42.1%
FY 2008	Slightly Below	40.2%	41.1%
FY 2007	Met	40.6%	40.0%
FY 2006	Not Met	38.8%	41.3%

NOAA PERFORMANCE MEASURE			
MEASURE: Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels			
Year	Status	Actual	Target
FY 2009	Met	25	22
FY 2008	Met	24	22
FY 2007	Met	26	26
FY 2006	Met	26	24

NOAA PERFORMANCE MEASURE			
MEASURE: Number of habitat acres restored (annual/cumulative) ¹			
Year	Status	Actual	Target
FY 2009	Met	9,232/58,974	9,000/58,742
FY 2008	Exceeded	11,254/49,742	9,000/47,488
FY 2007	Met	5,974/38,488	5,000/37,514
FY 2006	Exceeded	7,598/32,514	4,500/29,416
FY 2005	Exceeded	8,333/24,916	4,500/21,083
FY 2004	Exceeded	5,563/16,583	3,700/14,780
FY 2003	Exceeded	5,200/11,020	2,829

¹ Determination of whether target was met or exceeded is based on annual amount, since that is what was done in that year.

NOAA PERFORMANCE MEASURE			
MEASURE: Annual number of coastal, marine, and Great Lakes ecological characterizations that meet management needs			
Year	Status	Actual	Target
FY 2009	Met	50	50
FY 2008	Met	45	45
FY 2007	Met	27	27
FY 2006	Met	62	53

NOAA PERFORMANCE MEASURE			
MEASURE: Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management			
Year	Status	Actual	Target
FY 2009	Met	41	41
FY 2008	Met	38	38
FY 2007	Met	35	35
FY 2006	Met	31	31

NOAA PERFORMANCE MEASURE			
MEASURE: Percentage of tools, technologies, and information services that are used by NOAA partners/customers to improve ecosystem-based management			
Year	Status	Actual	Target
FY 2009	Met	86%	86%
FY 2008	Met	86%	86%
FY 2007	Met	85%	85%

NOAA PERFORMANCE MEASURE			
MEASURE: Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection			
Year	Status	Actual	Target
FY 2009	Met	2,243 ¹	2,000
FY 2008	Exceeded	6,219	2,000
FY 2007	Exceeded	3,020	2,000
FY 2006	Exceeded	> 86,000,000 ²	200,137

¹ Estimate.

² The large FY 2006 actual reflects the new Northwest Hawaiian Islands Marine National Monument.

STRATEGIC OBJECTIVE 3.2

Advance understanding of climate variability and change

OBJECTIVE 3.2 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$312.0	\$347.5	\$239.5	\$256.9	\$236.1	\$244.5	\$271.8	\$443.2
FTE	785	625	603	599	665	457	523	556

NOAA PERFORMANCE MEASURE			
MEASURE: U.S. temperature forecasts (cumulative skill score computed over the regions where predictions are made)			
Year	Status	Actual	Target
FY 2009	Exceeded	27.5	20
FY 2008	Exceeded	26	19
FY 2007	Exceeded	29	19
FY 2006	Exceeded	25	18
FY 2005	Met	19	18
FY 2004	Not Met	17	21
FY 2003	Not Met	17	20
FY 2002	Not Met	18	20

NOAA PERFORMANCE MEASURE			
MEASURE: Uncertainty in the magnitude of the North American carbon uptake			
Year	Status	Actual	Target
FY 2009	Met	0.40 GtC/year ¹	0.40 GtC/year
FY 2008	Met	0.40 GtC/year	0.40 GtC/year
FY 2007	Met	0.40 GtC/year	0.40 GtC/year
FY 2006	Met	0.40 GtC/year	0.40 GtC/year
FY 2005	Met	0.40 GtC/year	0.48 GtC/year
FY 2004	Met	0.50 GtC/year	0.70 GtC/year
FY 2003	Not Met	0.80 GtC/year	0.50 GtC/year

¹ Estimate.

NOAA PERFORMANCE MEASURE			
MEASURE: Uncertainty in model simulations of the influence of aerosols on climate			
Year	Status	Actual	Target
FY 2009	Met	20% improvement	20% improvement
FY 2008	Met	15% improvement	15% improvement
FY 2007	Met	10% improvement	10% improvement
FY 2006	Met	10% improvement	Establish 10% improvement

NOAA PERFORMANCE MEASURE			
MEASURE: Determine the national explained variance (%) for temperature and precipitation for the contiguous United States using U.S. Climate Reference Network (USCRN) stations			
Year	Status	Actual	Target
FY 2009	Met	Temperature – 98.3%, Precipitation – 95.1%	Temperature – 98.0%, Precipitation – 95.0%
FY 2008	Met	Temperature – 97.7%, Precipitation – 93.8%	Temperature – 96.0%, Precipitation – 95.0%
FY 2007	Met	Temperature – 97.7%, Precipitation – 93.8%	Temperature – 97.2%, Precipitation – 92.6%
FY 2006	Met	Temperature – 97.1%, Precipitation – 91.9%	Temperature – 97.0%, Precipitation – 91.4%
FY 2005	Met	Temperature – 96.9%, Precipitation – 91.4%	Temperature – 96.7%, Precipitation – 90.0%
FY 2004	Exceeded	Temperature – 96.0%, Precipitation – 90.0%	Temperature – 80.0%, Precipitation – 55.0%
FY 2003	Exceeded	Temperature – 95.0%, Precipitation – 84.0%	Temperature – 70.0%, Precipitation – 40.0%
FY 2002	Exceeded	Temperature – 85.0%, Precipitation – 55.0%	Temperature – 60.0%, Precipitation – 25.0%

NOAA PERFORMANCE MEASURE			
MEASURE: Error in global measurement of sea surface temperature			
Year	Status	Actual	Target
FY 2009	Met	0.50°C	0.50°C
FY 2008	Met	0.50°C	0.50°C
FY 2007	Not Met	0.53°C	0.50°C
FY 2006	Not Met	0.53°C	0.50°C

NOAA PERFORMANCE MEASURE			
MEASURE: Regionally focused climate impacts and adaptation studies communicated to decisionmakers ¹			
Year	Status	Actual	Target
FY 2009	Met	37 assessments/evaluations	37 assessments/evaluations
FY 2008	Met	37 assessments/evaluations	35 assessments/evaluations
FY 2007	Met	32 assessments/evaluations	32 assessments/evaluations
FY 2006	Met	33 assessments/evaluations	32 assessments/evaluations

¹ Prior to FY 2009, this measure was known as “Ability of society to plan and respond to climate variability and change using NOAA climate products and information.”

STRATEGIC OBJECTIVE 3.3

Provide accurate and timely weather and water information

OBJECTIVE 3.3 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$1,188.8	\$1,284.1	\$883.6	\$898.1	\$926.8	\$946.7	\$927.6	\$1,009.3
FTE	5,100	4,912	4,760	4,654	4,907	4,708	5,241	4,687

NOAA PERFORMANCE MEASURE			
MEASURE: Cumulative percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts			
Year	Status	Actual	Target
FY 2009	Met	32%	32%
FY 2008	Met	32%	32%
FY 2007	Met	32%	32%
FY 2006	Met	32%	32%
FY 2005	Met	28%	28%
FY 2004	Met	17%	17%
FY 2003	Met	17%	17%
FY 2002	Not Met	8%	17%

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – Lead time (minutes) ¹			
Year	Status	Actual	Target
FY 2009	Met	12 ²	12
FY 2008	Exceeded	14	11
FY 2007	Met	14	13
FY 2006	Met	13	13
FY 2005	Met	13	13
FY 2004	Met	13	12
FY 2003	Met	13	12
FY 2002	Met	12	11

¹ Prior to FY 2008, these warnings were county-based rather than storm-based. The difference is provided at www.weather.gov/sbwarnings/. Prior to FY 2007, this measure was known as "Tornado warnings lead time (minutes)."

² Estimate.

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – Accuracy (%) ¹			
Year	Status	Actual	Target
FY 2009	Slightly Below	66% ²	69%
FY 2008	Met	72%	67%
FY 2007	Met	80%	76%
FY 2006	Slightly Below	75%	76%
FY 2005	Met	76%	73%
FY 2004	Met	75%	72%
FY 2003	Met	79%	72%
FY 2002	Met	76%	69%

¹ Prior to FY 2008, these warnings were county-based rather than storm-based. The difference is provided at www.weather.gov/sbwarnings/. Prior to FY 2007, this measure was known as “Tornado warnings accuracy (%)”.

² Estimate.

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for tornadoes (storm-based) – False alarm rate (%) ¹			
Year	Status	Actual	Target
FY 2009	Not Met	77% ²	72%
FY 2008	Met	75%	74%
FY 2007	Met	75%	75%
FY 2006	Slightly Below	79%	75%
FY 2005	Slightly Below	77%	73%
FY 2004	Improved But Not Met	74%	70%
FY 2003	Not Met	76%	72%
FY 2002	Slightly Below	73%	71%

¹ Prior to FY 2008, these warnings were county-based rather than storm-based. The difference is provided at www.weather.gov/sbwarnings/. Prior to FY 2007, this measure was known as “Tornado warnings false alarm rate (%)”.

² Estimate.

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for flash floods – Lead time (minutes)			
Year	Status	Actual	Target
FY 2009	Exceeded	73	49
FY 2008	Exceeded	77	48
FY 2007	Exceeded	61	48
FY 2006	Met	49	48
FY 2005	Met	54	48
FY 2004	Improved But Not Met	47	50
FY 2003	Not Met	41	47
FY 2002	Met	52	45

NOAA PERFORMANCE MEASURE			
MEASURE: Severe weather warnings for flash floods – Accuracy (%)			
Year	Status	Actual	Target
FY 2009	Met	91%	90%
FY 2008	Met	91%	90%
FY 2007	Met	91%	89%
FY 2006	Met	89%	89%
FY 2005	Met	89%	89%
FY 2004	Met	89%	88%
FY 2003	Met	89%	87%
FY 2002	Met	89%	86%

NOAA PERFORMANCE MEASURE			
MEASURE: Hurricane forecast track error (48 hours) (nautical miles) ¹			
Year	Status	Actual	Target
FY 2009	Met	86 ²	108
FY 2008	Exceeded	86	110
FY 2007	Met	97	110
FY 2006	Met	97	111
FY 2005	Met	101	128
FY 2004	Exceeded	94	129
FY 2003	Met	107	130
FY 2002	Met	122	142

¹ Beginning in FY 2007, NOAA reported the previous year's results because data is not available until February and good estimates cannot be determined.

² Reflects 2008 target and actual results. 2009 results not available until February 2010.

NOAA PERFORMANCE MEASURE			
MEASURE: Hurricane forecast intensity error (48 hours) (difference in knots)			
Year	Status	Actual	Target
FY 2009	Slightly Below	14 ¹	13

¹ Reflects 2008 target and actual results. 2009 results not available until February 2010.

NOAA PERFORMANCE MEASURE			
MEASURE: Accuracy (%) (threat score) of day 1 precipitation forecasts			
Year	Status	Actual	Target
FY 2009	Met	30%	29%
FY 2008	Met	33%	29%
FY 2007	Met	31%	29%
FY 2006	Met	30%	28%
FY 2005	Met	29%	27%
FY 2004	Met	29%	25%
FY 2003	Met	29%	25%
FY 2002	Exceeded	26%	17%

NOAA PERFORMANCE MEASURE			
MEASURE: Winter storm warnings – Lead time (hours)			
Year	Status	Actual	Target
FY 2009	Met	18	16
FY 2008	Met	17	15
FY 2007	Exceeded	19	15
FY 2006	Met	17	15
FY 2005	Met	17	15
FY 2004	Met	15	14
FY 2003	Met	14	13
FY 2002	Met	13	13

NOAA PERFORMANCE MEASURE			
MEASURE: Winter storm warnings – Accuracy (%)			
Year	Status	Actual	Target
FY 2009	Slightly Below	90%	91%
FY 2008	Slightly Below	89%	90%
FY 2007	Met	92%	90%
FY 2006	Slightly Below	89%	90%
FY 2005	Met	91%	90%
FY 2004	Met	91%	89%
FY 2003	Met	90%	88%
FY 2002	Met	89%	86%

STRATEGIC OBJECTIVE 3.4

Support safe, efficient, and environmentally sound commercial navigation

OBJECTIVE 3.4 RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$249.9	\$261.6	\$192.8	\$175.0	\$198.7	\$189.4	\$195.0	\$239.8
FTE	942	1,004	716	749	774	691	774	738

NOAA PERFORMANCE MEASURE			
MEASURE: Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)			
Year	Status	Actual	Target
FY 2009	Met	3,219 ¹	3,000
FY 2008	Not Met	2,127	2,500
FY 2007	Exceeded	3,198	1,350
FY 2006	Met	2,851	2,500
FY 2005	Met	3,079	2,700
FY 2004	Improved But Not Met	2,070	2,290
FY 2003	Not Met	1,762	2,100

¹ Estimate.

NOAA PERFORMANCE MEASURE			
MEASURE: Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity			
Year	Status	Actual	Target
FY 2009	Met	72.0%	69.0%
FY 2008	Met	60.2%	60.0%
FY 2007	Met	51.6%	49.0%
FY 2006	Met	43.3%	39.0%
FY 2005	Met	32.2%	28.0%

NOAA PERFORMANCE MEASURE			
MEASURE: Marine wind speed accuracy (%) ¹			
Year	Status	Actual	Target
FY 2009	Met	73%	69%
FY 2008	Met	72%	68%
FY 2007	Met	73%	68%
FY 2006	Not Met	55%	58%
FY 2005	Met	57%	57%
FY 2004	Met	57%	57%
FY 2003	Met	57%	54%
FY 2002	Met	53%	53%

¹ Prior to FY 2003, this measure was combined with "Marine wind speed accuracy."

NOAA PERFORMANCE MEASURE			
MEASURE: Marine wave height accuracy (%) ¹			
Year	Status	Actual	Target
FY 2009	Met	77%	74%
FY 2008	Met	77%	73%
FY 2007	Met	78%	73%
FY 2006	Met	70%	68%
FY 2005	Met	67%	67%
FY 2004	Not Met	67%	69%
FY 2003	Met	71%	66%

¹ Prior to FY 2003, this measure was combined with "Marine Wave height accuracy."

NOAA PERFORMANCE MEASURE			
MEASURE: Aviation forecast accuracy for ceiling/visibility (3 mile/1,000 feet or less) (%) ^{1,2}			
Year	Status	Actual	Target
FY 2009	Slightly Below	63%	64%
FY 2008	Slightly Below	62%	63%
FY 2007	Met	62%	62%
FY 2006	Not Met	43%	47%
FY 2005	Met	46%	46%
FY 2004	Slightly Below	45%	46%
FY 2003	Met	48%	45%
FY 2002	Not Met	13%	18%

¹ Prior to FY 2003, NOAA used a different method to calculate accuracy—targets were significantly lower than the current method.

² From FY 2007 on, the aviation measures were redefined to cover the IFR (Instrument Flight Rule) airspace instead of the limited IFR range of 5,000 feet to three miles. This change was to increase the usefulness of the measure to the general and commercial aviation communities. This change required the measures to be re-baselined. While the numbers for accuracy and FAR appear to be reversed when comparing earlier years, they are actually measuring different things.

NOAA PERFORMANCE MEASURE			
MEASURE: Aviation forecast FAR for ceiling visibility (3 miles/1,000 feet or less) (%) ^{1,2}			
Year	Status	Actual	Target
FY 2009	Met	38%	43%
FY 2008	Met	39%	44%
FY 2007	Met	40%	45%
FY 2006	Met	64%	65%
FY 2005	Met	63%	68%
FY 2004	Met	65%	70%
FY 2003	Met	64%	71%
FY 2002	Met	58%	52%

¹ Prior to FY 2003, NOAA used a different method to calculate false alarm rate—targets were significantly lower than the current method.

² From FY 2007 on, the aviation measures were redefined to cover the IFR (Instrument Flight Rule) airspace instead of the limited IFR range of 5,000 feet to three miles. This change was to increase the usefulness of the measure to the general and commercial aviation communities. This change required the measures to be re-baselined. While the numbers for accuracy and FAR appear to be reversed when comparing earlier years, they are actually measuring different things.

MISSION SUPPORT OBJECTIVE: Provide critical support for NOAA's mission (NOAA)*

PERFORMANCE OBJECTIVE RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$313.5	\$250.5	\$1,217.6	\$1,354.5	\$1,581.7	\$1,512.1	\$1,485.9	\$1,856.6
FTE	1,716	1,996	2,178	2,437	2,880	3,048	3,031	2,624

* There are no GPRA measures for the Mission Support objective, since the activities of this objective support the outcomes of the four other NOAA objectives.

MANAGEMENT INTEGRATION GOAL

Achieve organizational and management excellence

MANAGEMENT INTEGRATION GOAL RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$70.1	\$71.2	\$72.8	\$70.9	\$71.8	\$72.2	\$67.7	\$79.3
FTE	319	326	309	292	315	297	291	297

PERFORMANCE OUTCOME: Ensure effective resource stewardship in support of the Department's programs (DM)

PERFORMANCE OUTCOME RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$49.2	\$49.2	\$51.8	\$49.5	\$49.3	\$40.2	\$36.9	\$43.1
FTE	183	186	181	177	177	173	178	180

¹ In FY 2008, DM split its one performance outcome into three separate outcomes. All funding for FY 2002-FY 2006 is shown in this outcome. FTE is not split among the three outcomes.

DM PERFORMANCE MEASURE			
MEASURE: Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management			
Year	Status	Actual	Target
FY 2009	Not Met	<ul style="list-style-type: none"> Completed FY 2009 A-123 assessment of internal controls for financial reporting One significant deficiency was not eliminated 	<ul style="list-style-type: none"> Eliminate any significant deficiency within 1 year of determination Complete FY 2009 A-123 assessment of internal controls
FY 2008	Not Met	<ul style="list-style-type: none"> The Department closed 70% of prior year financial systems audit findings Completed FY 2008 A-123 assessment of internal controls for financial reporting Significant deficiency was not eliminated 	<ul style="list-style-type: none"> Eliminate any significant deficiency within 1 year of determination Complete FY 2008 A-123 assessment of internal controls
FY 2007	Not Met	<ul style="list-style-type: none"> Completed migration of Commerce Business System Completed assessment of internal controls Significant deficiency was not eliminated 	<ul style="list-style-type: none"> Eliminate any significant deficiency within 1 year of determination Complete internal control and document review Complete FY 2007 A-123 assessment of internal controls Migrate Commerce Business System (CBS) to an all Web-based architecture
FY 2006	Not Met	Reportable condition not eliminated	<ul style="list-style-type: none"> Eliminate any reportable condition within 1 year of determination. 95% of management with access to the CRS have financial data/reports by the 15th of month
FY 2005	Not Met	Reportable condition not eliminated	Eliminate any reportable condition
FY 2004	Met	100%	100%
FY 2003	Met	100%	100%
FY 2002	Met	100%	100%

APPENDIX A: PERFORMANCE AND RESOURCE TABLES

DM PERFORMANCE MEASURE			
MEASURE: Effectively use commercial services management ¹			
Year	Status	Actual	Target
FY 2009	Met	Due to change in Administration, all new competitive sourcing comparisons have been placed on hold. The same is true for the Green Plan. 2009 FAIR Act Inventory filed timely with OMB.	Use business process re-engineering or similar initiatives to identify operational efficiency and effectiveness opportunities
FY 2008	Met	Completed several feasibility studies in FY 2008 and planned several more for FY 2009	Use business process reengineering, feasibility studies, and/or similar initiatives to identify operational efficiency and effectiveness opportunities
FY 2007	Met	Bureaus identified FY 2008 feasibility studies which were submitted as part of the Green Plan ²	Update and/or continue to implement FY 2006 plan to conduct feasibility studies of Department commercial functions to determine potential new competitions/studies in the outyears
FY 2006	Met	Green Plan ² submitted to OMB on 9/28/2006	Finalize new green competition plan based on 08/2005 CFO council outcome
FY 2005	Met	Feasibility studies nominated for 168 FTE	Complete feasibility studies for 168 FTE to determine 2005-2006 studies
FY 2004	Met	New FAIR inventory guidance developed	Multi-year plan under development
FY 2003	Not Met	Completed competitions on 6.6%	Complete competitions on 10%
FY 2002	Not Met	Completed competitions on 1%	Complete competitions on 5%

¹ For FY 2005 -FY 2007, this measure was known as "Effectively use competitive sourcing." Prior to FY 2005, this measure was known as "Expand A-76 competitions and more accurate FAIR Act inventories."
² Green Plan will lay out the Departmental short and long-range plans to conduct feasibility studies of all major commercial (and available) functions and will identify approved FY 2006-2007 competitions.

DM PERFORMANCE MEASURE			
MEASURE: Obligate funds through performance-based contracting (% of eligible service contracting \$)			
Year	Status	Actual	Target
FY 2009	Improved But Not Met	45%	50%
FY 2008	Not Met	28%	50%
FY 2007	Not Met	28%	40%
FY 2006	Not Met	30%	50%
FY 2005	Not Met	< 50%	50%
FY 2004	Met	42%	40%
FY 2003	Not Met	24%	30%
FY 2002	Met	31%	25%

PERFORMANCE OUTCOME: Ensure retention of highly qualified staff in mission-critical positions (DM)

PERFORMANCE OUTCOME RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	N/A	N/A	N/A	N/A	N/A	\$3.3	\$2.1	\$2.1
FTE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ In FY 2008, DM split its one performance outcome into three separate outcomes. All funding for FY 2002-FY 2006 is shown in the first outcome "Ensure effective resource stewardship in support of the Department's programs." All FTE is shown in the first outcome. FY 2008 actual amounts have been updated since the publication of the FY 2008 PAR.

DM PERFORMANCE MEASURE			
MEASURE: Acquire and maintain diverse and highly qualified staff in mission-critical occupations			
Year	Status	Actual	Target
FY 2009	Exceeded	<ul style="list-style-type: none"> Competency models in place for four series including budget analyst, meteorologist, oceanographer, and hydrologist Average time to fill of 31 days for non-SES vacancies 100 trainees graduated from leadership development programs Department employees nationwide applied to ALDP 	<ul style="list-style-type: none"> Have new competency models in place for three mission-critical occupations for use in applicant selections and training and development decisions Meet or exceed the 45-day hiring goals mandated by OPM Train up to 50-60 participants on leadership development programs via ALDP, ELDP, and APCP Open ALDP to Department employees nationwide
FY 2008	Exceeded	<ul style="list-style-type: none"> Delivered a total of 4 competency models for the economist, acquisition, mathematical statistician, and chemist series Exceeded the OPM 45-day-time-to-hire standard with an average fill time of 31 days for non-SES vacancies 	<ul style="list-style-type: none"> Have new competency models in place for three mission-critical occupations for use in applicant selections and training and development decisions Meet or exceed the 45-day hiring goals mandated by OPM
FY 2007	Met	<ul style="list-style-type: none"> Trained post-secondary internship program applicants to increase applicant pools Trained managers to make better hiring decisions Trained employees in project management to close skill gaps 	<ul style="list-style-type: none"> Improve recruitment strategies via targeted activities Assist managers in making better selections Close skill gaps
FY 2006	Met	<ul style="list-style-type: none"> Marketed job vacancies to organizations via automated hiring system Participated in career fairs and special programs Conducted training of managers and employees 	<ul style="list-style-type: none"> Improve recruitment strategies via targeted activities Assist managers in making better selections Close skill gaps
FY 2005	Met	<ul style="list-style-type: none"> Improved from 28 to 29% Maintained 30 day fill-time 	<ul style="list-style-type: none"> Improve representation in underrepresented groups Maintain 30 day fill-time

PERFORMANCE OUTCOME: Acquire and manage technology resources to support program goals (DM)

PERFORMANCE OUTCOME RESOURCES ¹ (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	N/A	N/A	N/A	N/A	N/A	\$6.1	\$3.7	\$7.6
FTE	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

¹ In FY 2008, DM split its one performance outcome into three separate outcomes. All funding for FY 2002-FY 2006 is shown in the first outcome "Ensure effective resource stewardship in support of the Department's programs." All FTE is shown in the first outcome. FY 2008 actual amounts have been updated since the publication of the FY 2008 PAR.

DM PERFORMANCE MEASURE			
MEASURE: Improve the management of information technology			
Year	Status	Actual	Target
FY 2009	Met	<ul style="list-style-type: none"> Cost/schedule overruns and performance shortfalls averaged under 10% CSAM C&A enhancements were deployed IT security compliance in all operating units and five FISMA systems in CSAM were reviewed 	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place
FY 2008	Met	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place 	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited with acceptable, quality documentation in place
FY 2007	Met	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10%. All national-critical and mission-critical systems certified and accredited 	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited
FY 2006	Met	<ul style="list-style-type: none"> Cost overruns and performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited 	<ul style="list-style-type: none"> Cost/schedule overruns/performance shortfalls less than 10% All national-critical and mission-critical systems certified and accredited
FY 2005	Met	<ul style="list-style-type: none"> Cost overruns and performance shortfalls less than 10% 	<ul style="list-style-type: none"> Cost overruns and performance shortfalls less than 10%

PERFORMANCE OUTCOME: 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)

PERFORMANCE OUTCOME RESOURCES (Dollars in Millions)								
	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Actual
Total Funding	\$20.9	\$22.0	\$21.0	\$21.4	\$22.5	\$22.6	\$25.0	\$26.5
FTE	136	140	128	115	138	124	113	117

OIG PERFORMANCE MEASURE			
MEASURE: Percentage of OIG recommendations accepted by Departmental and bureau management			
Year	Status	Actual	Target
FY 2009	Met	97%	95%
FY 2008	Met	100%	95%
FY 2007	Met	96%	95%
FY 2006	Met	96%	95%
FY 2005	Met	99%	90%
FY 2004	Met	98%	90%
FY 2003	Met	97%	90%

OIG PERFORMANCE MEASURE			
MEASURE: Dollar value of financial benefits identified by the OIG			
Year	Status	Actual	Target
FY 2009	Exceeded	\$126.9M	\$28.0M
FY 2008	Exceeded	\$113.0M	\$28.0M
FY 2007	Exceeded	\$51.7M	\$29.6M
FY 2006	Met	\$34.2M	\$30.0M
FY 2005	Exceeded	\$32.0M	\$23.0M
FY 2004	Exceeded	\$26.0M	\$20.0M
FY 2003	Exceeded	\$43.3M	\$20.0M

OIG PERFORMANCE MEASURE			
MEASURE: Percentage of criminal and civil matters that are accepted for prosecution			
Year	Status	Actual	Target
FY 2009	Met	78%	63%
FY 2008	Met	73%	63%
FY 2007	Met	73%	63%
FY 2006	Exceeded	91%	63%
FY 2005	Exceeded	81%	62%
FY 2004	Exceeded	67%	50%
FY 2003	Met	50%	50%

STAKEHOLDERS AND CROSSCUTTING PROGRAMS

The Department has numerous crosscutting programs involving multiple bureaus: other federal, state, and local agencies; foreign government; and private enterprise. Federal programs dealing with economic and technological development, the natural environment, international trade, and demographic and economic statistics play a major role in advancing the welfare of all Americans. The Department continues to work with other government agencies in furthering efforts in these areas for the American public. Examples of crosscutting programs external to the Department's bureaus include the following federal, state, local, and international agencies:

DEPARTMENT OF COMMERCE BUREAU ACTIVITIES	OTHER FEDERAL AGENCIES AND ORGANIZATIONS ¹	
Chemical Weapons Convention compliance	Department of Agriculture	National Science Foundation
Defense industrial base activities	Department of Defense	Small Business Administration
Economic development	Department of Education	U.S. Postal Service
Economic distress and recovery efforts	Department of Energy	Agency for Health Care Research and Quality
Environmental programs	Department of Health and Human Services	Customs/Border and Transportation Security/Homeland Security
Export controls	Department of Homeland Security	Federal Aviation Administration
Homeland security	Department of Housing and Urban Development	Federal Bureau of Investigation
Improvements to the environment	Department of Justice	Food and Drug Administration
Market access/improvements	Department of Labor	Bureau of Justice Statistics
Measurements and standards	Department of State	National Institutes of Health
Minority-owned business development	Department of Transportation	Bureau of Transportation Statistics
Patents and trademarks and intellectual property	Department of the Treasury	U.S. Coast Guard
Research	Agency for International Development	Delta Regional Authority
Telecommunications	Appalachian Regional Commission	Indian Tribes
Technology transfer	Central Intelligence Agency	States
Tracking the U.S. economy through GDP and other statistics	Environmental Protection Agency	Other Countries and Organizations
Trade policies	Federal Communications Commission	European Patent Office
	National Aeronautics and Space Administration	

¹ Note: This is not an all-inclusive listing.

TOP MANAGEMENT CHALLENGES FACING THE DEPARTMENT

Each year, the Department's Office of Inspector General (OIG) reviews the Department's and its component bureaus' program activities to ensure that the management, financial, and operational activities are sound and meet the requirements of the Chief Financial Officers (CFO) Act and the Government Performance and Results Act (GPRA).

The emphasis by the President, the Office of Management and Budget (OMB), and Congress on improved government accountability underscores the Department's resolve to enhance transparency within the Department while promoting improved efficiency and effectiveness. Progress in these endeavors requires strong commitment from the Department's senior leadership and staff at all levels.

The Inspector General (IG) identified the top five management challenges facing the Department along with four other issues requiring significant management attention in a November 2008 report entitled *Top Management Challenges Facing the Department of Commerce*. The following is the Department's summary of these challenges and issues; along with the actions it has and is taking to address them. The IG's complete text of the challenges and issues may be found on the OIG Web site at <http://www.oig.doc.gov/oig/reports/2008/OIG-19384.pdf>.

Challenge 1: Control the Cost and Improve the Accuracy of the Decennial Census

Overview

The ability of the Census Bureau to successfully conduct its decennial count of U.S. residents in 2010 is at serious risk. After spending eight years developing a completely new approach to census-taking—one that was to automate major field operations—the Bureau scrapped plans for using handheld computer technology for the largest and most expensive of these operations—nonresponse follow-up—because of significant performance problems and the Bureau's loss of confidence in the Field Data Collection Automation (FDCA) contractor. It will now conduct this operation using paper and pencil, as it has done in previous censuses. The inability to produce a handheld computer, combined with major flaws in the Bureau's cost-estimating methods, added an estimated \$2.2 billion to \$3 billion to the original \$11.5 billion life-cycle cost estimate for the 2010 Decennial Census. Despite changes made by the Department and the Census Bureau, significant risks remain for the 2010 Decennial Census. An inaccurate population count will have unacceptable consequences for the Nation: at stake is apportionment of the 435 seats in the House of Representatives and equitable distribution of billions of dollars in federal and state aid. Both the Government Accountability Office (GAO) and OMB have designated the 2010 Decennial Census as a high-risk program and it is under intense scrutiny by Congress.

The overarching explanation for the significant problems is the failure of senior Census Bureau managers to anticipate the complex information technology (IT) requirements involved in automating the census. The Bureau had intended to develop handheld devices in-house and tested prototypes in both 2004 and 2006. The devices had serious problems in both tests. The Bureau decided too late in the decade to contract for automation of field operations to meet ambitious fixed deadlines

for the dress rehearsal tests starting in 2007 and decennial operations starting in 2009. As late as January 2008—nearly two years after contract award—the Bureau finally delivered a first draft of a set of requirements for the handhelds and supporting infrastructure. It had no contingency plan in the event the handhelds proved unusable. Tremendous setbacks occurred for several operations in addition to nonresponse follow-up such as plans for testing and enhancing the handhelds for address canvassing—the only operation that will still use the devices. Because of the inordinate attention and resources necessary to address field automation problems, the Bureau has not addressed the ability to enumerate traditionally difficult groups and settings, such as the homeless, military bases, and group quarters. Furthermore, the Bureau eschews open dialog with outside parties and even its own regional operations. As decennial census planning proceeded, the Bureau minimized the significance of its problems, withheld information, and was not forthcoming with the Department, Congress, the OIG, and other oversight agencies about the problems it was experiencing, allowing them to persist to the point of crisis. Because Bureau staff view the decennial as so unique that there is little to be learned from newcomers or external sources, this vision has left the Bureau unreceptive to new ways of doing business. It has not kept pace with private sector advances in business process improvement and lacks insight into how advances can benefit census operations. Leadership with private sector expertise is vital not only for improving decennial management but also for reappraising the Bureau's other programs and administrative operations. Although the Bureau made personnel changes after the FDCA crisis became public, it has not yet brought in external management with expertise in successfully running complex programs and system acquisitions or in implementing contemporary private sector management methods.

In the wake of the FDCA problems, the then Secretary of Commerce, Carlos Gutierrez, announced that management and oversight of the 2010 census would be strengthened and deepened both at the Bureau and the Department. He assigned several members of the Department's senior political leadership to work with the Bureau on a recovery plan, which has given the Secretary some measure of influence over the plan and visibility into the Bureau's progress. However, the transition of key departmental leadership positions due to the new administration necessarily creates the risk of disrupting existing oversight efforts for the most critical program for which the new Secretary will initially be accountable. In addition, since the Bureau director is a presidential appointee, there is the prospect that the director position will turn over again after the current director has been on the job for slightly more than one year. The inevitable delay involved in nominating and gaining confirmation of a new director means that the Bureau will begin major decennial operations without the benefit of significant leadership continuity and management improvements. Given the major late-stage changes to 2010 operations, having two short-time directors during the final two years of the decennial cycle, coupled with the long-term absence of proven high-level management expertise, could create additional challenges the Bureau must be poised to address.

With the first major decennial operation (address canvassing) beginning in early 2009, Secretary Gary Locke will have little opportunity to impact planning for the 2010 decennial, although he will have responsibility for its overall implementation. Secretary Locke *does* have the opportunity to impact planning for the 2020 census. The Department believes that applying the lessons learned from the 2010 decennial to the planning and re-engineering of the 2020 decennial should also be a high priority for Secretary Locke.

Actions Taken by Bureaus/Operating Units

The OIG recounts in some depth the issues and problems that arose in the winter of 2007 that led to Secretary Gutierrez's decision in April 2008 to significantly reduce the use of automation for 2010 census field data collection. However, there has been virtually no acknowledgement of the efforts the Bureau has made since then.

The Census Bureau began implementing its decennial census "recovery plan" in April 2008, focusing on seven areas:

1. Launching replan operations for paper non-response follow-up;
2. Reducing risk in the FDCA contract;
3. Improving program management;
4. Improving risk management;
5. Improving schedule management;
6. Developing a program testing plan; and
7. Improving internal and external communications.

To support these areas of the recovery plan, the Census Bureau has taken a number of specific steps, including:

1. Key staffing changes and Program Management Office improvements;
2. Closer scrutiny of the FDCA contract and replan efforts;
3. Improved technical assessments including embedding staff with the contractor, Harris Corp; and
4. Working more closely with OMB, GAO, and other stakeholders to improve oversight and performance management.

For example, in response to GAO's designation of the 2010 census as a high-risk federal program, the Bureau has developed a comprehensive improvement plan. This plan encompasses four key actions: (1) develop an integrated and comprehensive plan to control costs and manage operations, (2) strengthen risk management activities, (3) strengthen systems testing, and (4) Improve management of the field data collection automation effort.

The Census Bureau's efforts to strengthen cost control and operational management have focused on improving communications, schedule management, and budget management. As one example, the "Executive [Schedule] Alert Report" produced weekly since July 23, 2008 focuses on the 45-50 key activities on the critical path to a successful census. The report itself is briefed to the Census Bureau Director and the Under Secretary weekly, and to OMB monthly.

Strengthening risk management activities is well underway. The Bureau has identified 24 program-level risks, linked all project-level (operational) risks to these program-level risks, and has completed documenting formal risk mitigation strategies and contingency plans for all 24 risks.

To improve the key decennial census systems and to improve the contractor-supplied systems, the Census Bureau has focused more on the near-term key operations than the later ones. Consequently, the Bureau devoted major attention to the first two (2009) operations—address canvassing and group quarters validation—both of which are needed to update the Master Address File (MAF) and the TIGER (Topologically Integrated Geographic Encoding and Referencing System) spatial database. MAF/TIGER is the foundation of the census—it creates the universe for all other operations that collect information from the public.

The principle behind the development of the 2010 census has been to test thoroughly and make only minimal changes after that, culminating in an end-to-end test of all aspects of the decennial census in a 2008 dress rehearsal. Unfortunately, due to a funding delay and immature systems, the Bureau had to curtail dress rehearsal testing. To fill that gap, the Bureau is (1) conducting a piecewise but comprehensive end-to-end systems test, and (2) developing and testing operations de-scoped from the FDCA contractor. By "piecewise end-to-end" testing, the Bureau means testing every system or operation in isolation (or in limited sequences) and also testing all the interfaces upstream and downstream. When the Bureau completes these systems and field tests, it will be confident about saying all operations for the 2010 census are ready.

The census testing program has begun to prove its value, as it successfully completed 99.99 percent of the operational phase of address canvassing. Staff have been conducting field operations, successfully using handheld computers to confirm addresses, make address and spatial corrections, and collect GPS information for nearly every residential address in the United States. Field operations are nearing completion on schedule and the Bureau has only observed a few minor issues, which it has quickly addressed. The successful completion of address canvassing demonstrates the validity of the Bureau's recovery plan and leaves it confident that, with continuing efforts, it will conduct a successful 2010 census.

Challenge 2: Strengthen Department-wide Information Security

Overview

As in many federal agencies, putting proper information security controls in place has been an intractable problem at the Department and a long-standing item on the OIG's watch list. Despite additional expenditures to mitigate the problem, the Department has reported information security as a material weakness every year since FY 2001.

The Federal Information Security Management Act (FISMA) requires agencies to certify that their systems and data are protected with adequate, functioning security controls before authorizing (accrediting) a system to operate. The reason for the material weakness at the Department has been consistently inadequate certification and accreditation (C&A): year after year the OIG's FISMA reviews have found ineffective C&A processes that do not adequately identify and assess needed controls and ultimately fail to assure that systems and data are protected.

Securing systems from cyber threats is clearly the most difficult piece of the challenge, because these threats represent a moving target: they increase in number and sophistication almost daily. And as agencies incorporate wireless and other technologies to support their operations and workplace flexibilities, they invite new risks that must be anticipated and mitigated.

To be effective in this environment, the Department's IT security program must be proactive and fluid, staffed by IT security professionals who have the appropriate skills and experience to implement required security controls, assess their effectiveness, and anticipate and respond to emerging threats. They also need appropriate security clearances to effectively deal with potential cyber attacks by hackers, terrorist groups, organized crime, and nation-states. The OIG has found IT security personnel lack adequate understanding of the Department's IT security policy, the National Institute of Standards and Technology (NIST) standards and guidance, and security technology, and therefore cannot appropriately apply them. The Department cites lack of resources as a major impediment to improving IT security.

The OIG has been working with the Department to eliminate the material weakness by the end of 2009 under a jointly developed plan that incorporates realistic milestones and measurable steps for building consistent and repeatable C&A practices. A key element of the strategy is continuous monitoring of security controls. NIST is updating its FISMA guidance

What is Certification and Accreditation and Why is It Important?

Certification is a comprehensive assessment of security controls implemented in a computer system. It determines whether controls are implemented correctly, operating as intended, and meeting the security requirements for the system. Through the formal assessment of controls, the certifier identifies any vulnerabilities that have not been eliminated.

Accreditation is management's formal authorization to allow a system to operate and its explicit acceptance of the risks posed by remaining vulnerabilities. Through accreditation, senior agency officials take responsibility for the security of systems they manage and for any adverse impacts should a breach in security occur.

to give greater emphasis to continuous monitoring as part of C&A. Continuous monitoring requires agencies to regularly assess and adjust their security controls to maintain or improve protective measures on an ongoing basis.

The OIG FY 2008 FISMA reviews noted improvements: the OIG looked at nine systems and concluded that four of them (44 percent) were operating in compliance with federal and Department requirements (compared with 33 percent in FY 2007). Only one of the four had used an acceptable C&A process at the time of the review, but the remaining three showed subsequent improvements because of rigorous continuous monitoring activities.

Actions Taken by Bureaus/Operating Units

The Department has reported IT security as a material weakness for many years. To address this issue, the Office of the Chief Information Officer (OCIO) and the OIG collaboratively developed a C&A improvement strategy in 2008. Since then, the OCIO has completed the following significant milestones:

- To achieve consistency and compliance with FISMA, the OCIO collaborated with the operating units and the OIG in developing Department-wide IT security continuous monitoring policy and guidance in 2009. This policy ensures adequate technical controls in safeguarding the Department's information resources. The OIG reviews continuous monitoring activities to determine whether appropriate actions were taken.
- The Department has deployed the Department of Justice's (DOJ) Cyber Security Assessment and Management (CSAM) tool to standardize the C&A process and documentation as well as conduct compliance reviews. In FY 2009, the Department successfully completed CSAM deployment and submitted its OMB FISMA reports via CSAM. The Department conducted a pilot that led to the completion of five C&As and identified process and applications changes necessary to deploy the capability enterprise-wide.
- The OCIO coordinates with the Federation of Computer Incident Response Teams (CIRT) and the U.S. Computer Emergency Readiness Team (US-CERT) at the Department of Homeland Security (DHS) to ensure timely security alerts and notifications. As a result of this collaboration, the Department detected malicious cyber attacks against its network and has developed plans to remediate and prevent potential threats and vulnerabilities.
- OMB issued Memorandum 08-05, Trusted Internet Connection (TIC), aimed to protect agencies from malicious cyber attacks. As part of this effort, the Department established an internal TIC technical working group, represented by operating unit CIO-appointed individuals, and developed an implementation plan. The Department's TIC approach is to direct all operating units' Internet traffic through one of its authorized TIC access provider Internet portals beginning in FY 2010.
- IT security is one of the Department's highest priorities. To ensure this effort is on track, both the OCIO and the OIG periodically have briefed the CIO Council regarding progress. In 2008, the Department received a satisfactory C&A quality evaluation from the OIG, which is a substantial improvement over previous IG assessments.

Challenge 3: Effectively Manage the Development and Acquisition of Environmental Satellites

Overview

The National Oceanic and Atmospheric Administration (NOAA) is modernizing its environmental monitoring capabilities, spending billions of dollars on two satellite systems that provide critical data: the National Polar-Orbiting Operational

Environmental Satellite System (NPOESS) and Geostationary Operational Environmental Satellite-R Series (GOES-R). Acquisitions like NPOESS and GOES-R are highly technical and complex and have a history of cost overruns, schedule delays, and performance failures. The costs and schedules of both of these systems have significantly increased since the projects commenced, requiring careful oversight to minimize any further disruption and to prevent any gaps in satellite coverage—a situation that could have serious consequences for the safety and security of the Nation.

The \$12.5 billion NPOESS project will provide continuous weather and environmental data for longer term weather forecasting and climate monitoring through the coming two decades. The initial project plan called for the purchase of six satellites at a cost of \$6.5 billion, with a first launch in 2008. But problems with a key sensor—the Visible/Infrared Imager Radiometer Suite (VIIRS)—were a major contributor to the increase in estimated cost, even as the number of satellites was reduced to four and the first launch pushed back to 2013. Recent analysis indicates that the \$12.5 billion estimate could substantially increase in the near future. Despite scaling back the program in 2007, NOAA reported continuing problems with VIIRS development, among them that the subcontractor has sacrificed quality to meet the schedule, failed to follow rigorous development and test procedures, and still does not have a permanent project team. The primary contractor for NPOESS has been unable to correct these problems. So an integrated program office team will work on-site with the subcontractor to help finish VIIRS development. If these problems are not resolved with some expediency, it could mean further delay for the launch of a pilot mission to test the new VIIRS instrument and may result in gaps in data coverage. Because NPOESS is the only source of critical weather and environmental data, it is especially important that VIIRS problems be resolved. Reining in additional costs and delays in both programs requires very specific action and vigilant oversight. For NPOESS, NOAA, the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD) must control and resolve the continuing problems with VIIRS, and improve tri-agency decision-making.

The \$7.7 billion GOES-R system will offer an uninterrupted flow of high-quality data for short-range weather forecasting and warning, and climate research through 2028. An inadequate acquisition and management process contributed to underestimated costs for GOES-R and planned satellite capabilities that were too ambitious. As a result, the projected cost of GOES-R has increased from \$6.2 billion to \$7.7 billion, a major sensor has been removed, and the number of satellites to be purchased has decreased from four to two. For GOES-R, NOAA needs to work closely with the Department to ensure it follows best practices in overseeing the acquisition while awaiting development of formal Department oversight policies and procedures, and work with Congress to update the baseline life-cycle cost estimate used in its annual reporting on the satellite system. The OIG evaluation in 2007 found that significant weaknesses in oversight during earlier phases of the program led to the cost increases and schedule delays. Because GOES-R was not using an accepted life cycle process, oversight officials were left without sufficient decision-making information.

Actions Taken by Bureaus/Operating Units

National Polar-orbiting Operational Environmental Satellite System

Over the next five years, NOAA will spend several billion dollars in contracts for the purchase, construction, and modernization of environmental satellites. These satellites, operated by the National Environmental Satellite, Data, and Information Service (NESDIS), collect data to provide short and long-range weather forecasts and a variety of other critical environmental and climate information. NPOESS will replace the current generation of civilian and military weather satellites as they reach the end of their useful lives.

On July 30, 2007, the government's tri-agency Integrated Program Office completed the restructure of NPOESS. Critical development activities now form the basis for the objective schedule and technical milestones that are the basis for the

contractor's fee management plan. The restructured contract ties corporate profit to more objective measures of cost, schedule, and performance while still retaining a small subjective assessment of management performance, replacing the previous award fee structure.

A number of management changes and actions have recently been instituted within the program to improve the quality and amount of government oversight. To address ongoing technical problems in the development of VIIRS, the main imaging sensor for the system, in August 2008 the NPOESS executive committee agreed to have a government program manager with the expertise to oversee VIIRS development. Working in partnership with the existing prime contractor team from Northrop Grumman and Raytheon, a senior NASA engineer and manager has been installed on site at the Raytheon plant in El Segundo, CA.

In the fall of 2008, the NPOESS executive committee established a Tri-Agency Joint Assessment Team to address the cost and schedule impacts of the ongoing development problems. The team determined that the best solution to maintain overall program continuity is to use the NPOESS Preparatory Project (NPP) data operationally. The team also recommended that the program procure an Advanced Very High Resolution Radiometer (AVHRR), the main imaging sensor on NOAA Polar-orbiting Operational Environmental Satellites (POES), as an option if the program is not able to deliver VIIRS.

The NPOESS executive committee also asked a high level Independent Review Team, chaired by Tom Young and composed of senior independent aerospace and science experts from industry, academia, and government, to conduct a comprehensive review of the program in the spring of 2009. This team released a report in June 2009 containing valuable findings and recommendations regarding the current state of the program. NOAA, DOD, and NASA are examining three major areas of the report: the program's management structure, satellite coverage and data continuity, and the program's budget.

To mitigate the risk of gaps in polar satellite data continuity, NPP sensors are capable of producing data that meet or exceed the data production from NOAA-19, NOAA's current operational satellite and the last of the POES series. Also, to mitigate the potential gap in polar environmental satellite data coverage in the afternoon orbit between NOAA-19 and the first NPOESS satellite (C-1), NOAA plans to make operational use of the data from the NPP spacecraft and increase the number of products NOAA had planned to generate from the NPP system as a risk reduction mission, to minimize impacts to NOAA's National Weather Service and other users. Specifically, NOAA will accelerate development of 54 NPP polar legacy products and enhance the NPP data processing ground system with sufficient infrastructure to support the additional products.

In the mid-morning orbit, NOAA will continue processing and delivering environmental products to its customers of the U.S. and European instruments on board the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT) Metop (meteorological/operations) series of satellites through the next decade. In addition, NOAA is pursuing discussions with EUMETSAT to secure Metop data directly from Svalbard, Norway, which would reduce data latency for U.S. users.

NOAA will assess the need to use additional international and interagency assets and to develop spare satellites and instruments. The cost and schedule details associated with these contingency options are under review. Any alternative decision will be consistent with results of the VIIRS instrument testing underway.

NOAA and NASA are also developing system architecture options, independent cost estimates of the options, and a schedule as part of a proposed restructuring process for the NPOESS program.

Geostationary Operational Environmental Satellite-R Series

GOES-R is the next generation of geostationary satellites that will replace existing GOES satellites in the next decade. In FY 2006, the OIG initiated a joint review of the GOES-R program with NASA's OIG. The OIG focused on the program office's overall approach to procuring key satellite instruments, identifying potential risks, and implementing associated mitigation strategies. The OIG also assessed the acquisition contracts' award fee plans to determine whether they are structured to promote excellent performance.

The GOES-R program is applying lessons learned from the NPOESS program and other recent reviews of space systems to its management and acquisition strategies. There have also been significant changes to the GOES-R program management and oversight based on direction from Congress, GAO, the Department, the NPOESS Nunn-McCurdy certification process, Independent Review Teams, and GOES-R internal program reviews. In addition, the GOES-R Program Office has initiated the following activities:

- Meeting regularly with the NOAA satellite data users, who developed the initial requirements for GOES-R, to assess the extent to which the program remains responsive to their requirements;
- Engaging a team of independent satellite experts to conduct independent reviews and address specific concerns raised by NOAA senior leadership;
- Locating the GOES-R Program Office at NASA Goddard Space Flight Center to better leverage the full capabilities and processes at NASA, including access to NASA's processes for independent technical and engineering reviews;
- Reporting at the NASA monthly status review chaired by the Goddard Space Flight Center Deputy Director; and
- Increasing staff to support robust systems engineering and oversight of the contractors. After the prime contracts are awarded, this will include on-site representatives at the prime contractors and at the major subcontractors.

NOAA also commissioned an Independent Cost Estimate (ICE) as a check on the Program Office Estimate (POE) and based the GOES-R budget on the results of the ICE-to-POE reconciliation. This action ensures sufficient management reserves to support risk mitigation activities and timely responses to development issues, thus reducing the potential impacts associated with these issues.

These activities have put in place the framework for the GOES-R program to succeed. In the past year, NOAA has awarded the Ground Contract, and work has begun on the contract. NASA awarded the Spacecraft Contract, but work was suspended due to a protest of the award. Currently, NASA is working through the GAO protest process. Work on five instrument contracts continues with the independent technical teams routinely reviewing progress and helping to resolve technical issues.

Challenge 4: Establish a Safety Culture at NIST

Overview

A June 2008 plutonium spill at NIST's Boulder, CO, laboratory raised serious concerns about NIST's ability to perform state-of-the-art research with radioactive and other dangerous materials while protecting the safety of workers and the community at large. The plutonium spill was one of several incidents reported at NIST labs in the past few years that have revealed management flaws and a lax safety culture at the Agency. But it was by far the most serious in terms of the potential for widespread harm.

The spill exposed weaknesses in NIST's safety management that must be corrected. A review by the Department of Energy (DOE) found that NIST had not established a safety management system or protocols. Safety roles and responsibilities were poorly defined, and the labs did not have the staff expertise to understand and analyze exposures to hazardous materials. An independent reviewer noted that Boulder management does not consider safety to be its responsibility, but rather that of internal health and safety staff. In addition, the circumstances under which the spill occurred are evidence that safety is not a core value: a guest researcher was allowed to work alone with the plutonium after normal business hours even though he had no training in handling radioactive materials.

In its FY 2006 annual report on NIST's strategic direction, performance, and policies, the Visiting Committee on Advanced Technology (VCAT) noted inconsistencies in safety procedures across NIST laboratories. While in principle NIST management is committed to safety, as a practical matter safety has not been a clearly delineated function within its organizational structure, thereby contributing to the numerous lapses that occurred leading up to the spill. At the time of the spill, no one on-site had overall management responsibility for the safety of the work being conducted in Boulder or for managing the response to the incident.

NIST Boulder had only recently received permission to work with plutonium. There was no systematic, integrated management process for analyzing and preparing for the risks associated with this new work, for strictly managing the material once it arrived, for dedicating lab space to radioactive materials research, for ensuring personnel were properly trained to work with the plutonium, or for responding to related emergencies. Managers and staff at Boulder were generally unfamiliar with safety protocol requirements, often viewing them as voluntary guidelines. The lab was even found to be potentially noncompliant with several required federal and industry safety standards.

The plutonium spill and the subsequent revelations regarding NIST's lax safety culture are particularly disturbing in light of the Agency's international reputation as a world-class scientific organization. Yet rather than modeling best practices, NIST's lax approach to safety increases risks to NIST and the greater community.

NIST must make safety a primary concern at all organizational levels and strictly comply with all federal requirements and industry standards. It must establish and enforce stringent policies and procedures for handling hazardous materials and strict lines of accountability for implementing them.

Actions Taken by Bureaus/Operating Units

Following the plutonium incident at the NIST Boulder laboratories, NIST stopped all research involving radioactive materials at NIST Boulder. Since then, NIST has decided not to conduct any research using radioactive materials at NIST Boulder that would involve other than extremely low-risk sources. This ultimate corrective action will prevent the recurrence of serious incidents involving radioactive materials at NIST Boulder.

NIST has also received internal and external input on management and safety at NIST. This input has included City of Boulder Input to the House Subcommittee on Technology and Innovation of the House Science and Technology Committee; the NIST Ionizing Radiation Safety Committee Initial Report of Plutonium Contamination at NIST Boulder, which also considered reports from five experts; DOE's Office of Independent Oversight Special Review of Safety at the NIST Boulder laboratories; and the Report of the NIST Blue Ribbon Commission on Management and Safety, established by the Deputy Secretary of Commerce.

NIST has worked to rebuild its relationship with the City of Boulder through regular communications of progress on the cleanup project and in addressing the issues raised by the city. NIST has updated the inventory of chemicals at the NIST Boulder laboratories; properly disposed of substantial quantities of unused, excess, and legacy chemicals; developed an emergency notification checklist for reporting accidental releases to the City of Boulder and to agencies and jurisdictions that regulate NIST Boulder's handling and disposal of hazardous materials; developed a standard operating procedure for reporting accidental releases of hazardous materials; and implemented a worksite training program for the NIST Boulder staff in the prevention and reporting of accidental hazardous material releases to the environment.

To strengthen safety management at NIST, NIST has moved a NIST laboratory director position to Boulder to establish local line-management responsibility for the safety of laboratory activities in Boulder; created a new site-manager position in Boulder to coordinate safety, emergency preparedness, and security for the Department's Boulder campus, including NIST, NOAA, and the National Telecommunications and Information Administration (NTIA); created a safety executive position reporting to the Office of the NIST Director to oversee NIST's central safety organization; hired an experienced safety manager to oversee the safety organization in Boulder; and increased funding significantly for the central safety organization and associated safety-related programs and activities.

To strengthen safety at NIST more broadly, NIST is focusing on communicating individual and management responsibility for safety, providing staff with the tools needed to understand how to protect themselves and those around them, creating safer workplaces, and continually improving the safety culture. More specifically, NIST is articulating, communicating, and reinforcing a clear safety goal for the organization: zero accidents, injuries, and illnesses for everyone who works for, works at, or visits NIST; clarifying the roles, responsibilities, authorities, and accountabilities of its senior leaders, especially with regard to Boulder; training managers on their responsibilities to provide staff with a safe and healthy working environment and to comply with applicable regulations and standards; implementing NIST-wide requirements for identifying and controlling hazards and authorizing work and workers, including considerations related to training; providing researchers and managers with training on conducting hazard reviews; conducting hazard reviews; updating safety policies, procedures, and programs; and developing and implementing consistent NIST-wide approaches to chemical inventory and labeling and hazard signage.

Challenge 5: Ensure NTIA Effectively Carries Out Its Responsibilities under the Digital Television Transition and Public Safety Act

Overview

The Digital Television Transition and Public Safety Act of 2005 assigned NTIA responsibility for implementing a \$2.5 billion initiative for the conversion to digital television and improvements to public safety communications. The act authorizes NTIA to use \$1.5 billion to support the Nation's June 2009 switch to all-digital broadcasting by offering coupons toward the purchase price of converter boxes that will enable analog television viewers to receive digital programming.

A primary purpose of the switch to digital television is to free up radio frequencies for advanced wireless emergency communications at state and local levels, thus improving the ability of first responders to communicate with one another during emergencies. The act authorizes NTIA to provide approximately \$1 billion in grants for Public Safety Interoperable Communications (PSIC) projects in all 50 states, the District of Columbia, and the U.S. territories—a total of 56 entities.

The Converter Box Coupon Program is progressing with few problems, but close oversight must be maintained. NTIA has made substantial progress in helping prepare television viewers for the switch to digital broadcasting: in August 2007 it contracted with IBM to provide certain services to implement the \$1.5 billion Converter Box Coupon Program. Maintaining strict accountability for funds in a program of this type and size requires careful oversight and strong internal controls to guard against fraud, waste, and abuse among retailers and to ensure the program is properly closed out by September 2009, as required by the act.

The act also authorizes NTIA to use up to \$5 million for outreach and education concerning the digital TV (DTV) transition and the coupons. NTIA has targeted geographic areas and demographic groups that have the highest percentage of analog-only households. The outreach strategy provides for intensified publicity at critical points in the conversion.

Also of concern is the OIG's finding that PSIC grantees may not be able to complete projects within the legislation's short funding time frame. The PSIC program is a one-time grant opportunity to target specific funds and resources toward improving the interoperability of local and state voice and data communications. But grantees are moving slowly, and whether they can complete their projects by the statutory deadline of September 30, 2010, is questionable. As of September 2008, grantees had spent less than 1.5 percent of the available \$1 billion, which leaves them only two years to complete their projects or lose funding. But many of the projects involve activities that could take much longer. Given all that must follow the purchase of equipment—installation, operational testing, and training, at a minimum—grantees who are still in the acquisition stage as late as FY 2010 face the very real possibility of arriving at the program's September 30 deadline with partially completed projects but without funding to finish them out. Part of the reason for the grantees' slow start is the way the PSIC awards process worked. Because of the September 30, 2007 award deadline, PSIC awards preceded approval of individual project plans and release of funds. As a result, many recipients spent the first year of the three-year grant period developing plans, obtaining their approval, and awaiting availability of funds.

NTIA should expeditiously identify grantees that are at high risk of not meeting the statutory deadline for completing their projects, give them the technical assistance they need to accelerate the process, carefully monitor their progress, and keep Congress informed of the PSIC program's status toward achieving its objectives. If any entities seem still unlikely to meet the deadline, NTIA should work with Congress to extend it.

Actions Taken by Bureaus/Operating Units

Congress also authorized additional resources to enable NTIA to enhance its consumer education efforts, specifically targeting those groups and areas most unprepared and vulnerable to a disruption in their over-the-air television service. Commerce Secretary Gary Locke embraced this task and took an active role in educating consumers about the transition and their options to prepare in the weeks leading up to June 12. The Department's outreach and education efforts had several prongs. First, the Department deployed Mobile Assistance Centers to provide on-the-ground assistance in applying for coupons, hooking up converter boxes, and addressing technical issues. The Mobile Assistance Centers interacted with more than 43,000 consumers, helped consumers complete 7,120 coupon applications, and distributed more than 38,000 pieces of informational materials. Second, the Department effectively placed public service announcements (PSA) in 22 markets using bus advertising. These PSAs reached approximately 45 million people per day. Third, the Department partnered with local groups to distribute fact sheets/DTV Resource Guides and coupon applications. In total, Department partners distributed 244,000 fact sheets in multiple languages and 229,000 applications directly to consumers. Finally, the Department executed a targeted media strategy involving earned and paid media. Examples include English and Spanish language radio ads that reached approximately 78 million individuals, and TV ads in predominantly Asian retail outlets that reached approximately 6.4 million Asian Americans.

The Department's targeted outreach translated into meaningful increases in coupon program participation and DTV readiness. Over-the-air household participation in the Department's 28 target markets increased on average by 12 percent between February 15 and June 12, 2009.

NTIA has sent a proposal to Congress, as part of the draft legislation submitted on July 22nd, which would permit the Department to extend the deadline for PSIC grant performance for up to two years when required to ensure the success of these important projects. The statute currently requires grant funding to be fully expended by September 30, 2010. Based on an analysis of the technical and environmental factors, the Department expects that about half of the states and territories will be challenged to complete the PSIC projects by the statutory deadline. The Department recommends that Congress provide the flexibility for NTIA to extend the deadline for such projects to ensure better public safety communications and best serve the public interest.

OTHER ISSUES REQUIRING SIGNIFICANT MANAGEMENT ATTENTION

Weaknesses in the Department's Acquisition Oversight and Acquisition Workforce

Overview

Acquisition and contract management has been a consistent watch list item for federal inspectors general and GAO, as related government spending has ballooned in recent years. Spending on contracts government-wide, for example, has more than doubled since 2000—from \$208 billion to \$538 billion in FY 2008—while the federal acquisition workforce has remained fairly constant: roughly the same number of skilled professionals now oversee more than twice as many federal contract dollars as they did eight years ago, and the projects they support have greatly increased in complexity and risk. Shortfalls and failures in major systems acquisitions are all too common in federal programs. And contracts of all sizes and complexity are at risk for fraud and waste because of poor oversight and lax controls.

The Department does not have coherent policies to guide systems acquisition or effective oversight mechanisms, and these failings were major contributors to the problems it identified with NOAA's GOES-R satellite program and the Census Bureau's FDCA contract. It also lacks a sufficient amount of skilled contracting and project management expertise—a problem with which all federal agencies are grappling. Hiring and retaining a skilled acquisition workforce has been difficult, and the competition stiff. The Department has a limited number of contracting specialists to meet its multibillion-dollar workload. It has no reliable count of its program/project managers or contracting officer's technical representatives (COTR), although skilled professionals in these positions are also at a premium.

The Department is working to address these problems, but the process is slow and in its early stages. The Department is strengthening acquisition and contracting by updating its antiquated policies and procedures to promote more effective planning, implementation, and oversight. It is also taking steps to make better use of its oversight bodies—the Acquisition Review Board and the Commerce Information Technology Review Board—and to integrate their activities, ensure acquisition plans are appropriate, and that programs and contracts are reviewed at key decision points in their life cycle.

But success in these efforts will not be enough to improve the Department's overall acquisition operations without commensurate success in hiring and retaining a qualified acquisition workforce. The pool of applicants for these jobs is not large, and the looming retirement of some 50 percent of the current federal acquisition workforce over the next 10 years

may well push shortages beyond the critical point. The Department needs a comprehensive human capital strategy that (1) taps into such recruiting initiatives, (2) explicitly defines what acquisition skills and competencies it needs and how they will evolve over the short and long term, and (3) offers professional development and other incentives to attract and keep qualified candidates.

Actions Taken by Bureaus/Operating Units

The Department has taken the following actions:

Training

- Revised the Acquisition Career Management Program to incorporate training and certification requirements of the Federal Acquisition Certification Program for contracting officer representatives (COR) and program/project managers.
- Continued COR training in the four required areas of expertise: business/industry, general management, project management, and procurement knowledge. The Department ensured that the COR element was included in the performance plans of individuals who spend more than 20 percent of their time working on contracts.
- Established a policy that when reviewing each acquisition plan (all of those acquisitions exceeding \$10 million) or Programs/Projects/Acquisitions which are presented at the Investment Review Board, the Office of Acquisition Management (OAM) specifically determines whether or not the proposed COR or program/project manager has met the certification requirement. If not, the program is required to either (1) ensure certification is obtained prior to contract award, or (2) replace the identified COR or program/project manager with an appropriately certified individual. OAM has granted only one waiver to the certification requirement and that was for an individual who will be retiring at the end of the calendar year.
- Continued training of contracting/purchasing professionals and CORs in the required competency areas in order to close competency gaps. The following training was completed in FY 2009 (number of students in parenthesis): Interpersonal Skills (30); Customer Service (30); Decision-making (30); Understanding the Marketplace (183); Project Management (47); Defining Government Requirements (45); and Contracting/Procurement (164).
- Conducted training sessions for contract specialists to improve the quality and timeliness of Department Federal Procurement Data System-Next Generation (FPDS-NG) data entry.

Hiring

- All appropriate authorities (Direct Hire, Reemployed Annuitants, Veteran Rehabilitation Act, etc.) are being used to bring contract specialists on board. The Department continues to struggle, as do other federal agencies, to identify and hire qualified candidates. The Senior Procurement Executive has been participating in the Federal Acquisition Intern Program as an additional method of locating qualified candidates. Plans are being made to design and implement a formal acquisition intern program for the Department in FY 2010 using best practices.

- Submitted the 2009 Acquisition Workforce Human Capital Succession Plan to the Office of Federal Procurement Policy (OFPP), which primarily focused on recruitment, retention, and development of acquisition professionals within the Department. As part of the succession plan, a human capital framework was established identifying key components to address the strategic management of the Department's acquisition workforce.
- Participated in the following human capital working groups: (1) Interagency Acquisition Career Management Committee; (2) Marketing Acquisition Careers to Colleges and Universities; (3) Mid-Level Recruiting; (4) On-boarding; and (5) Acquisition Workforce Plan Advisory Team. These working groups allow interagency information-sharing that aids in the development of creative strategies and best practices.

Oversight

- OAM has actively participated in the development and codification of a formal Investment Review Board process for major acquisitions. This board is intended to consolidate the Acquisition Review Board and the Commerce Information Technology Review Board. The Departmental Administrative Order formally establishing the Investment Review Board and the Investment Review Board process is in the final stages of review.
- To address the oversight needs for acquisitions not meeting the Investment Review Board threshold (\$75 million), OAM established a "paper review process" for all acquisitions between \$10 million and \$75 million. This review consists of a review of the acquisition plan, specific sections of the proposed solicitation, and any planned award/incentive fee plan. Any issues identified in that review are required to be resolved to the satisfaction of the Senior Procurement Executive.
- Revised the Commerce Acquisition Manual (CAM) chapter on the purchase card program to reflect best practices in oversight including limiting card maximums over the micropurchase limit to those individuals holding a Level I Contracting Officer warrant, establishing a formal oversight process, and utilizing the automated oversight tools available under the SmartPay2 contract and task order.
- Started revitalization of the Department's suspension and debarment program to ensure the government's interests are protected and non-performing contractors and grantees are held accountable. The Department increased the seniority of its interagency suspension and debarment committee representation, offered suspension and debarment training to all acquisition and grant personnel, and are reviewing several debarment actions.
- Published policy related to avoiding fraud, waste, and abuse including: *Preventing and Reporting Contractor Fraud* (Procurement Memorandum (PM) 2009-02), *Excluded Parties List System* (PM 2009-07), and *Tracking and Oversight of Contracts with Award and Incentive Provisions* (PM 2009-12).
- Published policy on the appropriate documentation and reporting of time and material/labor hour contracts for commercial services to ensure required determination and findings are prepared and that the use of other than fixed price contracts is adequately documented (PM 2009-13).
- Issued policy establishing in the Office of Legislative and Intergovernmental Affairs the responsibility for announcing contract actions in excess of \$3.5 million (CAM 1305.303) to ensure maximum public visibility and transparency.

- Worked with the Department's grant-making bureaus to address the delinquency of the Federal Funding Accountability and Transparency Act (FFATA) reporting. Issues have largely been resolved, and with the exception of the Economic Development Administration (EDA), all grant-making bureaus are up to date with FFATA submissions. EDA is addressing the backlog and making good progress in resolving the backlog.

Regulation

- Participated in the Civilian Agency Acquisition Council, which reviews and concurs in proposed changes to the federal acquisition regulation. Key federal acquisition regulation changes this year have included five American Recovery and Reinvestment Act (ARRA) of 2009 cases.
- Revised the Commerce Acquisition Regulation to reflect changes in federal acquisition regulations and policies. Final review of the proposed rule is pending and codification will be conducted in FY 2010. The revised Commerce Acquisition Regulation has been submitted to the Federal Register for publication and public input.
- Participated in leading the Department in its implementation of ARRA including: (1) providing the Department response to initial guidance; (2) participating in the ARRA Workgroup; (3) participating with the Department OIG in hosting fraud awareness training for all bureau procurement officials and grant office directors; (4) developing guidance for contracting officers, CORs, grants officers, and federal program officers regarding their responsibilities under ARRA; (5) participating with the Minority Business Development Agency (MBDA) in reaching out to minority-owned business enterprises to assist them in winning contract awards under ARRA; (6) participating with OFPP in the development of acquisition and grant guidance ; (7) reporting acquisition and grant awards on a daily basis; (8) reviewing all ARRA obligations reported in FPDS-NG and FedBizOps for accuracy and completeness; (9) developing and providing guidance for recipients (contractors and grantees) on their reporting responsibilities; and (10) working with NTIA to assist in emplacing grants support for the Broadband Technology Opportunities Program.

USPTO's Long and Growing Patent Processing Times, and Its Financing Vulnerabilities

Overview

The efficiency with which the U.S. Patent and Trademark Office (USPTO) processes patent applications has a direct bearing on how well it achieves its mission of promoting U.S. competitiveness. Meeting the demand for new patents in a timely manner has been a long-standing challenge for USPTO. Increases in both the volume and complexity of patent applications have lengthened application processing times and backlogs dramatically. In 2004, USPTO had a patent backlog of nearly a half million applications and average processing times of 27 months. By 2007, processing times averaged nearly 32 months, with wait times for communications-related patents as long as 43 months. As of September 30, 2008, USPTO reported a backlog of 750,596 applications and estimated that the backlog will exceed 860,000 by September 2011. The 2010 President's Budget reflects a backlog of 740,000 applications by the end of FY 2009, which is a decrease of approximately 10,000 applications over end of FY 2008 numbers. USPTO needs to further decrease the backlog by continuing to implement measures discussed in its 2007–2012 strategic plan that have a significant impact on reducing the backlog, such as shortening application review times; improving examiner error rates; and continue its initiatives to improve the hiring, training, and retaining of skilled examiners.

USPTO's unique financing structure also presents challenges. There is a complex relationship between the number of patent applications filed, the size of the application backlog, the number of patents issued, and the fees USPTO collects in connection with the patent process. The Agency uses fees collected today to pay for patent applications filed and examined in prior years. With the backlog growing, processing times increasing, and the number of patents issued flattening, this method of financing could become increasingly risky. The current model for financing USPTO's critical mission warrants attention to ensure that it will continue to provide sufficient funding to process all backlogged applications as well as any newly filed.

Actions Taken by Bureaus/Operating Units

USPTO is continuing the transformation to a performance-based organization and to its credit, the Agency reports it accomplished 100 percent of its key performance measures in FY 2008. USPTO has also had a clean audit opinion for 16 consecutive years.

USPTO faces numerous challenges, such as continuing workload increases, hiring and training patent examiners, sustainability of operations in times of reduction in fee collections, and continuing a transition to an electronic processing environment. USPTO must fully utilize its expanded authority over personnel decisions and processes, procurement, and IT operations. The OIG has assessed systemic human resources and program issues, and has examined USPTO's computer systems security. A recent evaluation found that while most USPTO contracts include information security clauses, important requirements are not implemented properly or enforced. USPTO has taken corrective actions to address problems the OIG identified.

NOAA's Ability to Conserve the Nation's Fragile Oceans and Living Marine Resources While Ensuring a Vital U.S. Commercial Fishing Industry

Overview

According to NOAA, 3.5 million square miles of the Nation's coastal and deep ocean waters and the Great Lakes support over 28 million jobs in the United States, and the value of the U.S. ocean economy tops \$115 billion. But these economic benefits come at great cost as the health of the oceans and coastal ecosystems continues to decline in the face of increasing coastal development, pollution, overfishing, and the destructive impact of invasive species.

Charged with maintaining and improving the viability of marine and coastal ecosystems while supporting global marine commerce and transportation, NOAA manages a significant portion of the federal government's investment in living marine resources. It faces difficult challenges in promoting the health of these resources while ensuring they sustain the vital economic benefits derived from them.

In January 2007, the President signed the reauthorized Magnuson-Stevens Fishery Conservation and Management Act, which requires annual catch limits, an end to overfishing by 2011, and better integration of fishery management planning with national environmental review procedures to ensure the environmental impacts of any significant ocean activity under consideration are thoroughly vetted. The challenge for NOAA will be to implement these new requirements in a manner that improves the status of U.S. marine resources without undermining the health of the U.S. fishing industry. To fulfill its mandates for living marine resources, NOAA also needs to take action to rebuild populations of protected species, conserve important habitats, and undertake the science programs necessary to improve its understanding of complex marine ecosystems.

Actions Taken by Bureaus/Operating Units

During FY 2009, NOAA advanced the preservation of fragile oceans and living marine resources through the Coastal Strategy to foster healthy ecosystems, protecting and sustaining them for future generations by managing and influencing the use of coastal resources to ensure healthy coastal ecosystems and resilient communities. NOAA analyzed climate change impacts on coastal habitat restoration, land acquisition, and facility construction investments; drafted an Administration bill for the Coastal Zone Management Act which is under review; and released the Marine Protected Areas National System Framework of 1,700 potential marine protected areas. In addition to the 225 engaged, 100 more are expected this fiscal year, possibly including fisheries and more coastal states than the current nine of 35 that are engaged. NOAA also took crucial steps toward the implementation of the reauthorized Magnuson-Stevens Fishery Conservation and Management Act in an effort to end overfishing and execute annual catch limits.

Responding to the OIG audit of the National Marine Sanctuary Program (NMSP) mission and resource protection, NMSP held sanctuary superintendents accountable for completing management plan reviews on time and ensuring charter agreements were finalized. The Office of Law Enforcement (OLE) Director has required sanctuary liaisons to attend Sanctuary Advisory Council (SAC) meetings in their region. The National Marine Fisheries Service (NMFS) designated attendees to attend all SAC meetings. OLE required mandatory sanctuary reporting within the Law Enforcement Accessible Database System (LEADS).

NOAA developed clear guidance on how NMFS and NMSP will work together on specific matters, including (1) Fishery Management Council (FMC) staff participation on SACs, research advisory groups, and other relevant work groups; (2) sanctuary staff participation on relevant NMFS working groups on habitat, coral reef, and bottom mapping; and on FMC advisory committees on science and statistical, habitat, and education and outreach; and (3) FMC members and NMFS staff participation in the early development of sanctuary management plan reviews and condition reports.

NOAA agreed upon processes for NMSP staff and SAC members to participate in the Magnuson-Stevens Act FMC and fishery management plan development process and NMFS staff and FMC members to participate in the National Marine Sanctuaries Act process. NOAA is expanding dissemination of its successful collaborations at sanctuary sites, such as "Examples of Successful Collaborations between NOAA's Office of National Marine Sanctuaries, National Marine Fisheries Service, and Regional Fisheries Management Councils" from May 2009.

Working with the regional FMCs, NOAA has made significant progress on both ending overfishing and implementing annual catch limits. The act requires that federal fishery management plans establish mechanisms for annual catch limits and accountability measures to end and prevent overfishing by 2010 for stocks subject to overfishing, and by 2011 for all others. On January 16, 2009, NOAA published guidelines for the regional FMCs to use in implementing annual catch limits and accountability measures, which became effective February 17, 2009. NOAA and the eight regional FMCs are amending fishery management plans to implement this statutory requirement.

Highlights of progress on other act requirements include:

- NOAA published a proposed rule regarding certification procedures to address illegal, unregulated, and unreported fishing activities and bycatch of protected living marine resources on January 14, 2009, and accepted comments through May 14, 2009. A series of six public hearings have been scheduled to collect comments and discuss issues described in the proposed rule.

- NOAA published guidelines and procedures for referenda required to establish Limited Access Privilege Programs in the Northeast and Gulf of Mexico fisheries on December 15, 2008.
- NOAA published a notice to announce the availability of the Draft NOAA Deep-Sea Coral and Sponge Research and Management Strategic Plan for public comment. Comments on the draft strategic plan were accepted through January 15, 2009.
- On January 15, 2009, NOAA published proposed regulations to govern the requests for determinations of fishery resource disasters as a basis for acquiring potential disaster assistance. Comments were accepted through April 20, 2009.
- NOAA has drafted a proposed rule to revise National Standard 2 guidelines regarding use of best scientific information available, peer review guidelines, the role of the Council's Scientific Support Coordinator (SSC) in the review process of scientific information, and the scientific content of the Stock Assessment and Fishery Evaluation (SAFE) report. This draft rule is currently under review by the Agency and may be available for public comment later in 2009.

Overall, 51 of 79 specific tasks (65 percent) have been completed. Seventy-three percent of tasks with a specific deadline have been completed. Twenty-two percent of tasks are in progress, nine percent have been delayed, and five percent have had no action taken. ("Completed" means the task is done, or no further action is required; "In Progress" means the task is currently being completed, and all milestones are being met; "Delayed" means the project has missed its statutory due date and is behind schedule or the project is on hold; "No Action" means the task has not yet been started, often due to lack of funding.)

BIS's Setbacks in Modernizing Its Obsolete IT Infrastructure to Strengthen the Dual-use Export Control System

Overview

In January 2007, GAO added the Bureau of Industry and Security's (BIS) dual-use export control system to its government-wide high-risk list. One of the key challenges facing BIS in ensuring that the dual-use export control system is properly equipped to advance U.S. national security, foreign policy, and economic interests is the replacement of its obsolete Export Control Automated Support System (ECASS). BIS's core export administration and enforcement business processes are directly supported by ECASS. Approximately 450 federal staff and 28,000 exporters currently use the system. However, the database structure—originally deployed in 1984—is complex and no longer supported by the technology industry. The effort to modernize ECASS began in 1996, but the project has been underfunded and beset by technical problems and schedule slips that current management has been attempting to address in a budget-constrained environment.

The current projected completion date for the ECASS modernization is FY 2014. Based on Department interviews, the total funding requirements for ECASS modernization are not clearly established. BIS must provide a comprehensive plan for what is required to modernize ECASS, including how much it will cost and how it will avoid the management and technical problems experienced in past modernization attempts.

Enhancing the performance of ECASS and ensuring continued operation of an effective licensing information system are far too important to postpone any longer. BIS must demonstrate that it has a modernization strategy and plan in place to convincingly make the case for increased funding, or develop a plan to implement its ECASS modernization effort with existing resources (i.e., reallocate existing funding).

Actions Taken by Bureaus/Operating Units

Historically, BIS has suffered from a systemic lack of overall IT investment—it is the lack of investment that has constrained BIS progress in modernizing its export control system. The cumulative impact of the lack of funding coupled with new externally driven unfunded IT security requirements emerging in and after FY 2006 resulted in the higher level of required IT funding that is cited in the OIG report—not mismanagement of the BIS IT programs or available resources.

The FY 2010 Budget proposes increases to address the Cyber Espionage Response, and includes ECASS-Redesign (ECASS-R).

IMPROPER PAYMENTS INFORMATION ACT (IPIA) OF 2002

REPORTING DETAILS

IPIA was enacted to provide for estimates and reports of improper payments by federal agencies. The act requires that federal agencies estimate improper payments and report on actions to reduce them. A review of all programs and activities that the Department administers is required annually to assist in identifying and reporting improper payments. The Department has not identified any significant problems with improper payments; however, the Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and the Department's commitment to continuous improvement in the overall disbursement management process remains very strong. Each of the Department's payment offices has implemented procedures to detect and prevent improper payments. For FY 2010 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

I. Briefly describe the risk assessment(s) performed subsequent to completing its full program inventory. List the risk-susceptible programs (i.e., programs that have a significant risk of improper payments based on Office of Management and Budget (OMB) guidance thresholds) identified through its risk assessments. Be sure to include the programs previously identified in the former Section 57 of OMB Circular A-11, *Preparation, Submission, and Execution of the Budget* (now located in OMB Circular A-123, Appendix C, *Requirements for Effective Measurement and Remediation of Improper Payments*). Please highlight any changes to its risk assessment or its risk assessment results that occurred since its last report.

The Department annually conducts an assessment of the effectiveness of internal control over financial reporting, in compliance with OMB Circular A-123, *Management's Responsibility for Internal Control*. The FY 2007 assessment included a review of internal controls over disbursement processes, which indicated that current internal controls over disbursement processes are sound.

Each of the Department's bureaus/reporting entities has performed or is currently performing, over a one to three-year period (depending on the size of the entity), improper payment risk assessments covering all of its programs/activities, as required by OMB Circular A-123, Appendix C. For many of the reporting entities, these risk assessments were completed in 2008. These improper payment risk assessments of the entity's programs/activities also include assessments of the corporate control, procurement, and grants management environments. The improper payment program/activity risk assessments performed thus far revealed no risk-susceptible programs/activities.

The results of Departmental assessments revealed no risk-susceptible programs, and demonstrated that, overall, the Department has strong internal controls over disbursement processes, the amount of improper payments by the Department is immaterial, and the risk of improper payments is low.

II. Briefly describe the statistical sampling process conducted to estimate the improper payment rate for each program identified. Please highlight any changes to its statistical sampling process that have occurred since the last report in this section.

In FY 2009, the Department conducted a sampling process to draw and review random samples of disbursements greater than \$100 thousand from a Department-wide universe of disbursements. Grants, travel payments, bankcards/purchase cards,

all procurement vehicles with other federal agencies, government bills of lading, and gifts and bequests were excluded from review. Each selected sample item was then subjected to a review of original invoices and supporting documentation to determine that the disbursement was accurate, made only once, and that the correct vendor was compensated. The results of the Department's review did not reveal any significant improper payments. The same results were achieved following a similar review in FY 2008. An estimated improper payment rate, accordingly, was deemed not necessary.

III. Describe the Corrective Action Plans (CAP) for reducing the estimated rate and amount of improper payments for each type of root cause of error. Include in this discussion the corrective action(s) most likely to significantly reduce future improper payments due to each type of error an agency identifies. If efforts are ongoing, it is appropriate to include that information in this section, and to highlight current efforts, including key milestones.

The results of Departmental assessments demonstrate that, overall, the Department has strong internal controls over disbursement processes, the amount of improper payments by the Department is immaterial, and the risk of improper payments is low. While the Department, accordingly, does not have a need for CAPs for improper payments, the Department has, nevertheless, further enhanced its processes and is actively working with each of the Department's payment offices to identify and implement additional procedures to prevent and detect improper payments. In FY 2009, the Department continued with the bureaus' quarterly reporting of any improper payments to the Deputy Chief Financial Officer (CFO), along with identifying the nature and magnitude of any improper payments and identifying any necessary control enhancements.

The Department has additionally reviewed all financial statement audit findings/comments, and results of any other payment reviews, for indications of breaches of disbursement controls. None of these audit findings/comments or reviews have uncovered any significant problems with improper payments or the internal controls that surround disbursements.

IV. Discuss recovery auditing effort, if applicable, including any contract types excluded from review and the justification for doing so; actions taken to recoup improper payments; and the business process changes and internal controls instituted and/or strengthened to prevent further occurrences.

In August 2009, recovery audits were completed for the Economic Development Administration/Salaries & Expenses (EDA/S&E), and the International Trade Administration (ITA). Contracts/obligations closed after September 30, 2005 greater than \$100 thousand were reviewed. Grants, travel payments, bankcards/purchase cards, all procurement vehicles with other federal agencies, government bills of lading, gifts and bequests, and contracts/obligations for which accounting services were provided by another federal agency were excluded from review. The Department determined that, for the above categories of closed contracts/obligations that were excluded from review, the Department's costs for the recovery audit activities would likely exceed the benefits of a recovery audit. Vendor inquiries were performed for a sample of vendors to determine if the reporting entities had any open credits or debts with vendors. Of the \$5.2 million reviewed, no amounts were identified for recovery. The following table presents a summary of the results of the Department's current year (CY) and prior years (PY) recovery audits.

(In Thousands)

Reporting Entity(s)	Amount Subject to Review for CY Reporting	Actual Amount Reviewed for CY Reporting	Amounts Identified for Recovery for CY Reporting	Amounts Recovered for CY Reporting	Amounts Identified for Recovery in PYs Reporting	Amounts Recovered in PYs Reporting	Cumulative Amounts Identified for Recovery (CY and PYs Reporting)	Cumulative Amounts Recovered (CY and PYs Reporting)
EDA/S&E	\$ 1,898	\$ 1,898	\$ -	\$ -	N/A	N/A	\$ -	\$ -
ITA	\$ 4,677	\$ 3,337	\$ -	\$ -	N/A	N/A	\$ -	\$ -
DM/S&E	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
DM/WCF	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
ESA/BEA	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ -	\$ -
Census Bureau, NIST, NOAA, and USPTO	N/A	N/A	N/A	N/A	\$ 96	\$ 96	\$ 96	\$ 96

V. Describe the steps the agency has taken and plans to take (including time line) to ensure that agency managers (including the agency head) are held accountable for reducing and recovering improper payments.

The Department has not identified any significant problems with improper payments; however, the Department recognizes the importance of maintaining adequate internal controls to ensure proper payments, and its commitment to continuous improvement in disbursement management processes remains very strong. The Department's CFO has responsibility for establishing policies and procedures for assessing Departmental and program risks of improper payments, taking actions to reduce those payments, and reporting the results of the actions to Departmental management for oversight and other actions as deemed appropriate. The CFO has designated the Deputy CFO to oversee initiatives related to reducing improper payments within the Department, and to work closely with the bureau CFOs in this area.

In FY 2009, the Department continued its reporting procedures that required quarterly reporting to the Department by its bureaus on any improper payments, identifying the nature and magnitude of any improper payments along with any necessary control enhancements to prevent further occurrences of the types of improper payments identified. The Department's analysis of the data collected from the bureaus shows that Department-wide improper payments were below one-tenth of one percent in FY 2009, as was the case in FY 2008. The bureau CFOs are accountable for internal controls over improper payments, and for monitoring and minimizing improper payments.

For FY 2010 and beyond, the Department will continue its efforts to ensure the integrity of its disbursements.

VI. Describe whether the agency has the information systems and other infrastructure it needs to reduce improper payments to the levels the agency has targeted.

The Department has ensured that internal controls, manual, as well as financial system, relating to payments are in place throughout the Department, and has reviewed all financial statement audit findings/comments and results of any other payment reviews for indications of breaches of disbursement controls. None of these audit findings/comments or reviews have uncovered any significant problems with improper payments or the internal controls that surround disbursements.

VII. Describe any statutory or regulatory barriers which may limit agency corrective actions in reducing improper payments and actions taken by the agency to mitigate the barriers' effects.

The Department has not identified any significant barriers to-date, but will notify OMB and Congress of any barriers that inhibit actions to reduce improper payments if they occur.

VIII. Additional comments, if any, on overall agency efforts, specific programs, best practices, or common challenges identified, as a result of IPIA implementation.

The Department's Disbursement Best Practices. The following are some examples of internal control procedures used by the Department's payment offices:

- Limited/controlled access to vendor files—access to basic vendor information (e.g., name, address, business size, etc.) is available to financial system users; access to banking information, however, is strictly limited by system security to certain Office of Finance staff.
- Controlled access to financial system accounts payable screens—authority to create, edit, approve, process, and amend payment records is limited to certain Office of Finance financial system users. Also, authority to add or revise records in the vendor database is limited to separate Office of Finance system users.
- Segregation of duties for financial system data entry and review prior to transmitting disbursement files to Treasury—data entry duties are assigned to technicians in the Office of Finance who do not have authority to review and process payments. Authority to approve and process payments is assigned to accountants in the Office of Finance. Both data entry and approval/processing of payments are separate functions from transmitting disbursement files to Treasury.
- Financial system edit reports highlight potential items that may result in improper payments (e.g., invoice amount and accrual amount are not the same). There is a daily Invoice Workload Report that displays open amounts (not closed by a payment) on all invoices. This report is reviewed and action is taken to resolve partially open invoices. Furthermore, system settings prevent a payment in excess of the amount of the invoice.
- Daily pre-payment audit of invoices for accuracy, and corrective actions prior to disbursement, thereby preventing improper payments from occurring.
- Financial system edit checks if the vendor's name on the payment does not agree with that on the obligation, or if the payment amount is greater than the obligation or accrual amount.
- The monthly vendor statement for purchase cards is interfaced into the financial system, thereby reducing data entry error.
- An accountant or supervisor reviews individual payments before releasing for payment to help ensure that the correct banking information or payment addresses are used, and that the correct amount will be paid.
- Monthly post-payment random sample audits are performed for detection purposes.
- Contracts include a clause requiring the contractor to notify the contracting officer if the government overpays when making an invoice payment or a contract financing payment.

**SUMMARY OF FINANCIAL STATEMENT AUDIT
AND MANAGEMENT ASSURANCES**

Presented below is a summary of financial statement audit and management assurances for FY 2009. Table 1 relates to the Department's FY 2009 financial statement audit, which resulted in an unqualified opinion with no material weaknesses. Table 2 presents the number of material weaknesses reported by the Department under Section 2 of the Federal Managers' Financial Integrity Act (FMFIA)—either with regard to internal controls over operations or financial reporting—and Section 4, which relates to internal controls over financial management systems; as well as the Department's compliance with the Federal Financial Management Improvement Act (FFMIA).

The Department had one recurring material weakness under FMFIA, Section 2 relating to information technology (IT) certification and accreditation (C&A). Though significant progress has been made, work still remains on fully implementing corrective actions. Efforts to fully resolve this material weakness are being monitored by the Department's senior management.

Table 1. Summary of Financial Statement Audit

• Audit Opinion:	• Unqualified
• Restatement:	• No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
No Material Weaknesses	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
Statement of Assurance:	Qualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
IT Certification and Accreditation	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)						
Statement of Assurance:	Systems conform with financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No Non-Conformance Issues	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0
COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	Yes			Yes		
1. System Requirements				Yes		
2. Accounting Standards				Yes		
3. USSGL at Transaction Level				Yes		

GLOSSARY OF KEY ACRONYMS

ABBREVIATION	TITLE	ABBREVIATION	TITLE
A	ACS American Community Survey	CIRT Computer Incident Response Team	
	ACSI American Customer Satisfaction Index	CNST Center for Nanoscale Science and Technology (NIST)	
	AD Antidumping	COOL Commerce Opportunities Online	
	ADP Automated Data Processing	COOP Continuity of Operations Plan	
	AHS American Housing Survey	COTR Contracting Officer Technical Representative	
	AML Advanced Measurement Laboratory (NIST)	CPD Coastal Programs Division	
	APP Annual Performance Plan	CPI Consumer Price Index	
	ARRA American Recovery and Reinvestment Act of 2009	CPS Current Population Survey	
	ASAP Automated Standard Application for Payments	CRADA Cooperative Research and Development Agreements	
	ATP Advanced Technology Program (NIST)	CSRS Civil Service Retirement System	
	ATS Annual Trade Survey	CSTL Chemical Science and Technology Laboratory (NIST)	
	AWIPS Advanced Weather Interactive Processing System	CVD Countervailing Duty	
B	BAS Boundary and Annexation Survey	CWC Chemical Weapons Convention	
	BDC Business Development Centers (MBDA)	CWCIA CWC Implementation Act	
	BEA Bureau of Economic Analysis	CZM Coastal Zone Management (NOAA)	
	BIS Bureau of Industry and Security	CZMA CZM Act	
	BLS Bureau of Labor Statistics	CZMP CZM Program	
	BNQP Baldrige National Quality Program	D	
C	CAMS Commerce Administrative Management System	DFI Digital Freedom Initiative	
	CBP U.S. Customs and Border Protection	DHS U.S. Department of Homeland Security	
	CCSPS Climate Change Science Program Strategic Plan	DM Departmental Management	
	CEDS Comprehensive Economic Development Strategies	DOJ U.S. Department of Justice	
	CEIP Coastal Energy Impact Program (NOAA)	DOL U.S. Department of Labor	
	CFO Chief Financial Officer	DOL/OLMS DOL Online Labor Management System	
	CFO/ASA Chief Financial Officer and Assistant Secretary for Administration (OS)	DPAS Defense Priorities and Allocations System	
	CIO Chief Information Officer	E	
		EAA Export Administration Act	
		EAR Export Administration Regulations	
		ECASS Export Control Automated Support System	
		EDA Economic Development Administration	
		EDD Economic Development Districts	

ABBREVIATION	TITLE	ABBREVIATION	TITLE
EEEL	Electronics and Electrical Engineering Laboratory (NIST)	G G&B	Gifts and Bequests (a fund that is part of DM)
EFT	Electronic Funds Transfer	GAAP	Generally Accepted Accounting Principles
ELGP	Emergency Oil and Gas and Steel Loan Guarantee Programs	GAO	U.S. Government Accountability Office
ENC	Electronic Navigational Chart	GDP	Gross Domestic Product
ENSO	El Niño/Southern Oscillation	GFDL	Geophysical Fluid Dynamics Laboratory (NOAA)
EPO	European Patent Office	GLERL	Great Lakes Environmental Research Laboratory
ESA	Economics and Statistics Administration	GPRA	Government Performance and Results Act of 1993
F FAIR	Federal Activities Inventory Reform	GPS	Global Positioning System
FAR	False Alarm Rate	GSA	U.S. General Services Administration
FCC	Federal Communications Commission	GSP	Gross State Product
FECA	Federal Employees Compensation Act	GSS	Geographic Support System
FEGLI	Federal Employees Group Life Insurance Program	H HR	Human Resources
FEHB	Federal Employees Health Benefit Program	HSS	Heidke Skill Scores
FEMA	Federal Emergency Management Agency	I IA	Import Administration (ITA)
FERS	Federal Employees Retirement System	ICANN	Internet Corporation for Assigned Names and Numbers
FFMIA	Federal Financial Management Improvement Act of 1996	ICEP	International Catalog Exhibition Program (ITA)
FICA	Federal Insurance Contributions Act	ICT	Information and Communication Technology
FISMA	Federal Information Security Management Act	IDS	Intrusion Detection Software
FMFIA	Federal Managers' Financial Integrity Act of 1982	IFQ	Individual Fishing Quota Direct Loans (NOAA)
FMP	Fishery Management Plan	IFW	Image File Wrapper
FR	Field Representative	IP	Intellectual Property
FTA	Free Trade Agreement	IP	Internet Protocol
FTAA	Free Trade Area of the Americas	IRAC	Interdepartmental Radio Advisory Committee
FTE	Full-Time Equivalent	IRC	Investment Review Committees
FVOG	Fishing Vessel Obligation Guarantee Program (NOAA)	IRS	Internal Revenue Service
FWC	Future Workers' Compensation	ISI	Institute for Scientific Information
FY	Fiscal-year	IT	Information Technology

APPENDIX F: GLOSSARY OF KEY ACRONYMS

ABBREVIATION	TITLE	ABBREVIATION	TITLE
ITA	International Trade Administration	NIH	National Institutes for Health
ITL	Information Technology Laboratory (NIST)	NIPA	National Income and Product Accounts
ITS	Institute for Telecommunication Sciences (NTIA)	NIPC	National Intellectual Property Law Enforcement Coordination Council
ITU	International Telecommunication Union	NIST	National Institute of Standards and Technology
K KSA	Knowledge, Skills, and Abilities	NM	Nautical Miles
L LMS	Learning Management System	NMFS	National Marine Fisheries Service (NOAA)
M MAF	Master Address File	NOAA	National Oceanic and Atmospheric Administration
MBDA	Minority Business Development Agency	NOS	National Ocean Service (NOAA)
MBEC	Minority Business Enterprise Centers (MBDA)	NPV	Net Present Value
MBE	Minority Business Enterprise	NRC	National Research Council
MBOC	Minority Business Opportunity Center (MBDA)	NSRS	National Spatial Reference System
MDCP	Market Development Cooperator Program (ITA)	NTIA	National Telecommunications and Information Administration
MED	Minority Enterprise Development	NTIS	National Technical Information Service
MEP	Manufacturing Extension Partnership (NIST)	NWLON	National Water Level Observation Network
MOU	Memorandum of Understanding	O OA	Office of Audits (OIG)
MTS	U.S. Marine Transportation System	OAM	Office of Acquisition Management (OS)
N NABEC	Native American Business Enterprise Center (MBDA)	OCAD	Office of Compliance and Administration (OIG)
NAICS	North American Industry Classification System	OCS	Office of Computer Services (Franchise Fund)
NAO	North Atlantic Oscillation	OECD	Organization for Economic Cooperation and Development
NAPA	National Academy of Public Administration	OFM	Office of Financial Management (OS)
NASA	National Aeronautics and Space Administration	OFPP	Office of Federal Procurement Policy
NBS	National Bureau of Standards	OHRM	Office of Human Resources Management (OS)
NCDC	National Climatic Data Center (NOAA)	OI	Office of Investigations (OIG)
NCNR	NIST Center for Neutron Research (NIST)	OIG	Office of Inspector General (DM)
NERR	National Estuarine Research Reserve	OIPE	Office of Inspections and Program Evaluations (OIG)
		OMB	Office of Management and Budget
		OPEM	Office of Planning, Evaluation and Management (BIS)
		OPM	U.S. Office of Personnel Management

ABBREVIATION	TITLE	ABBREVIATION	TITLE
OS	Office of the Secretary (DM)	S S&E	Salaries and Expenses
OSDBU	Office of Small and Disadvantaged Business Utilization (OS)	S&T	Science and Technology
OSE	Office of Systems Evaluation (OIG)	SAS	Services Annual Survey
OSM	Office of Spectrum Management (NTIA)	SAV	Site Assistance Visits
OSY	Office of Security (OS)	SBA	U.S. Small Business Administration
OTE	Office of Technology Evaluation	SBR	Combined Statement of Budgetary Resources
OTP	Office of Technology Policy (TA)	SCNP	Consolidated Statement of Changes in Net Position
P PALM	Patent Application Location and Monitoring System	SDDS	Special Data Dissemination Standards
PAR	Performance and Accountability Report	SES	Senior Executive Service
PART	Program Assessment Rating Tool	SIPP	Survey of Income and Program Participation
PBSA	Performance-based Service Acquisitions	SME	Small and Medium-sized Enterprise
PBSC	Performance-based Service Contracting	SNM	Square Nautical Miles
PBViews	Panorama Business Views	SPD	Survey of Program Dynamics
PKI	Public Key Infrastructure	SRD	Standard Reference Data
PMA	President's Management Agenda	SRM	Standard Reference Materials
PNA	Pacific North America	STEP	Standard for the Exchange of Product Model Data
PORTS®	Physical Oceanographic Real-time System	T 3G	Third Generation
PP&E	Property, Plant, and Equipment, Net	TA	Technology Administration
PPS	Post-project Survey	TAA	Trade Adjustment Assistance Program (EDA)
PRT	Program Review Team (NOAA)	TAAC	Trade Adjustment Assistance Center
PSV	Post-shipment Verification	TABD	Trans-Atlantic Business Dialogue
PTFP	Public Telecommunications Facilities Program (NTIA)	TCC	Trade Compliance Center (ITA)
Q QFR	Quarterly Financial Report	TECI	Transshipment Country Export Control Initiative
QPF	Quantitative Precipitation Forecasts	TIC	Trade Information Center (ITA)
R R&D	Research and Development	TIGER	Topologically Integrated Geographic Encoding and Referencing System
RLF	Revolving Loan Fund (EDA)	TIP	Technology Innovation Program (NIST)
ROP	Reserve's Operations Plan (NOAA)	TIS	Trademark Information System
		TPA	Trade Promotion Authority
		TPC	Tropical Prediction Center (NOAA)
		TPCC	Trade Promotion Coordinating Committee

APPENDIX F: GLOSSARY OF KEY ACRONYMS

ABBREVIATION	TITLE	ABBREVIATION	TITLE
TRAM	Trademark Reporting and Monitoring System	V VCAT	Visiting Committee on Advanced Technology
Treasury	U.S. Department of the Treasury	VoIP	Voice over Internet Protocol
TROR	Treasury Report on Receivables	W WCF	Working Capital Fund (DM)
TRP	Take Reduction Plan	WMD	Weapons of Mass Destruction
TRT	Take Reduction Team	WTO	World Trade Organization
TSP	Thrift Savings Plan		
TVA	Tennessee Valley Authority		
U UAE	United Arab Emirates		
UC	University Center		
US&FCS	U.S. and Foreign Commercial Service		
US/OTP	Office of the Under Secretary/Office of Technology Policy (TA)		
USCRN	U.S. Climate Reference Network		
USDA	U.S. Department of Agriculture		
USPTO	U.S. Patent and Trademark Office		
USTR	Office of the U.S. Trade Representative		
USWRP	U.S. Weather Research Program		
UWB	Ultra-wideband		

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