

### Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner.

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2005 Base	Increase/ Decrease	FY 2005 Request
<b>Grand Total</b>								
Salaries and Expenses	52.5	54.5	64.2	72.4	73.3	76.2	12.2	88.4
Total Funding <sup>2</sup>	54.5	57.9	66.7	74.3	80.1	79.8	12.2	92.0
Direct	52.8	56.5	62.5	70.6	76.1	76.2	12.2	88.4
Reimbursable <sup>3</sup>	1.7	1.4	4.2	3.7	4.0	3.6	0	3.6
IT Funding <sup>1</sup>	6.1	6.3	10.2	11.9	10.8	11.3	0	11.3
FTE <sup>3</sup>	468	474	488	494	532	532	32	564

<sup>1</sup> IT funding included in total funding

<sup>2</sup> Reimbursables include ESA/BEA and STAT-USA reimbursables

<sup>3</sup> Total FTE includes ESA/BEA and STAT-USA reimbursable FTE

#### Skill Summary:

Economists, accountants, statisticians, and IT specialists

## Summary of Targets and Performance Measures for BEA

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Reliability of Delivery of Economic Data (Number of Scheduled Releases Issued on Time) <sup>1</sup>	100%	100%	50 of 50	48 of 48	48 of 48	54 of 54	TBD
Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-point Scale)	4.3	'A survey postponed)	4.3	Greater than 4.0	4.4	Greater than 4.0	Greater than 4.0
Percent of GDP Estimates Correct	New	New	83%	Greater than 84%	88%	Greater than 84%	Greater than 85%
Improving GDP and the Economic Accounts	New	New	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.	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate North American Industry Classification System (NAICS) into regional accounts, and update international accounts.	BEA completed all major Strategic Plan milestones related to improving the economic accounts (completed 164 milestones out of 171 overall).	Successful completion of related Strategic Plan milestones relating to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones including acquiring real-time data to improve quality of economic accounts.
Accelerating Economic Estimates	New	New	New	Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by Industry, annual input-output tables, gross state product, and metropolitan area personal income.	BEA completed all major Strategic Plan milestones related to accelerating economic estimates (completed 98 milestones out of 103 overall).	Successful completion of related Strategic Plan milestones related to efforts to accelerate economic measures.	Successful completion of related Strategic Plan milestones including accelerate the release of gross domestic product, personal income and outlays, and county personal income.
Meeting U.S. International Obligations	New	New	New	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims and long-term assets in accounts; provide data for Special Data Dissemination Standards (SDDS) compliance; and publish annual supplemental ownership-based accounts.	BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations (completed 99 milestones out of 103 overall).	Successful completion of related Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	Successful completion of related Strategic Plan milestones including clear and conduct new derivatives survey and incorporate estimates of short-term and long-term liabilities into the accounts.
Upgrading Information Technology Systems	New	New	Developed new systems, including implementation of prototype phase of new NIPA core processing system; developed improved interactive features on the BEA Web site; extended electronic reporting for international surveys.	Successful completion of related Strategic Plan milestones, including implement a new system for industry accounts benchmark processing and balance of payments processing; extend BEA's electronic reporting option for six international investment surveys.	BEA completed all major Strategic Plan milestones related to upgrading IT systems (completed 95 out of 98 overall).	Successful completion of related Strategic Plan milestones to improve the quality of BEA's information technology systems.	Discontinue budget-specific measure

<sup>1</sup> Prior to FY 2002, the measure reported the percent of releases that were delivered on time and on schedule.

**Department of Commerce**  
 Economic and Statistical Analysis Budget  
 Economic and Statistics Administration / Bureau of Economic Analysis  
**FY 2005 Budget Request Aligned by Department Strategic Goal**  
 (Dollars in thousands)

Department Goal	Bureau	FY2004 Request	FY2005 Base	FY2005 Program Change	FY2005 Totals
Economic Information	ESA	\$6,207	\$6,402	\$0	\$6,402
	BEA	67,096	69,835	12,163	81,998
Infrastructure for Technological Innovation	ESA	0	0	0	0
	BEA	0	0	0	0
Observing and Managing the Nation's Oceanic and Atmospheric Environment	ESA	0	0	0	0
	BEA	0	0	0	0
Totals by Bureau	ESA	6,207	6,402	0	6,402
	BEA	67,096	69,835	12,163	81,998
Grand Totals		\$73,303	\$76,237	\$12,163	\$88,400

## Strategic Goals and Plans

The Department of Commerce has established a set of goals and objectives for its agencies and programs. These goals and objectives are outlined in *U.S. Department of Commerce Strategic Plan for FY 2004 – FY 2009 “American Jobs, American Values.”* The statements related to BEA are included in the box below.

**U.S. Department of Commerce Strategic Plan  
related to the Bureau of Economic Analysis**

**Strategic Goal 1:**

“Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.”

**Objective 1.3:**

“Enhance the supply key of economic and demographic data to support effective decision-making of policymakers, business, and the American public.”

The BEA 5-year Strategic Plan maps into the DOC goals and serves as a detailed guide to help the agency achieve its goals and meet its performance measures. With the rapid and widespread changes in the size and complexity of the U.S. economy, BEA must be able to adapt and change in order to continue to accurately capture the U.S. economy. While the Strategic Plan outlines specific requirements to improve the work of BEA, it is also a fluid document which allows BEA to adjust to changing demands and needs.

The BEA Strategic Plan establishes the agency’s mission and four primary objectives that are consistent with the goals set out for it by the Department of Commerce. This mission and four goals are identified below.

### **BEA Mission Statement**

The Bureau of Economic Analysis (BEA) promotes a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner.

Objective 1: Make BEA's economic accounts and services more responsive to the needs of its customers and partners.

Objective 2: Attract, develop, and retain a highly qualified, diverse workforce prepared to innovate and improve BEA's statistics.

Objective 3: Upgrade resource management to support BEA's mission.

Goal 4: Upgrade BEA's economic statistics by improving statistical methodologies and source data and by using new technologies.

The BEA mission and four objectives drive the direction in which BEA moves. Over 150 detailed milestones were developed from the mission statement and objectives with input from BEA staff, BEA Advisory Committee members, Congress and users. These milestones provide an operational plan for BEA managers and staff to implement the changes

needed to insure that BEA estimates are as timely, relevant and accurate as they can possibly be. The plan includes milestones over a five-year time frame to provide senior staff and managers a time horizon to plan for appropriate resource and staff allocation. BEA managers and staff are held accountable in their performance plans for progress toward achieving relevant milestones. The BEA Strategic Plan is reviewed by senior staff every fall and updated. Staff and the public are invited annually to review and comment on the plan and the final version is posted on the BEA Web site.

For FY 2003, BEA completed all of its major milestones set out in the Strategic Plan. With the support of the President and Congress, BEA made significant improvements to its economic accounts, met its acceleration goals, completed the redesign of the national income and product accounts (NIPAs) processing system, and complied with numerous international statistical agreements. A list of major accomplishments follows each of the performance measures below.

### Performance Goals for FY 2005

BEA has established six performance goals to monitor its progress toward meeting its budget objectives and operating goals. The first three performance goals measure overall agency performance with respect to the agency mission to provide timely, relevant, and accurate economic data. These measures include reliability of delivery of economic data, customer satisfaction with quality of products and service, and accuracy of the GDP estimate. The final three measures are directly related to BEA budget initiatives and track BEA’s ability to meet its commitments to the President, Congress, and American public when initiative funds are provided. One budget-related measure, Upgrading Information Technology Systems, is being discontinued in FY 2005.

#### Measure 1a: Reliability of Delivery–Economic Data (Number of Scheduled Releases Issued on Time)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target <sup>1</sup>	100%	100%	50 of 50	48 of 48	54 of 54	TBD
Actual	100%	100%	50 of 50	48 of 48		

<sup>1</sup>Target for out years cannot be determined until BEA releases its final schedule, with OMB approval, in the fall of the preceding year.

This measure is at the heart of BEA’s mission to provide relevant and timely economic data. The importance of BEA data as an ingredient to sound economic decision-making requires BEA to deliver data into the hands of decision-makers and other data users not only quickly but also reliably, that is, on schedule. Since instituting this performance measure, BEA has consistently met its target of releasing economic data on schedule and on time. BEA has met this target in all four

years since it was developed. In fact, BEA has made significant improvements in its information processing systems that have enabled it to continue to post its principal economic indicators on the BEA Web site at release time, as well as upload volumes of supporting documentation and tables that were previously not available until days after the release. Given adequate investment in these systems, BEA will continue its perfect record of issuing its data releases on schedule and on time in FY 2004 and beyond.

**Measure 1b: Customer Satisfaction with Quality of Products and Services (Mean Rating on a 5-point Scale)**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0	Greater than 4.0
Actual	4.3	N/A (survey postponed)	4.3	4.4		

Customer satisfaction is a critical element of BEA’s mission that cuts across all three of the core elements: timely, relevant, and accurate. BEA must succeed in meeting the requirements of all three of these elements in its data releases to maintain user or customer satisfaction with its products. To measure levels of satisfaction, BEA conducts an annual mail and Internet survey of users. In the FY 2003 survey of customer satisfaction, BEA scored a 4.4 out of maximum 5.0 indicating that users are very satisfied with the overall quality of BEA’s products and services. The survey asks respondents a series of questions about their use and satisfaction of BEA products and services. In general, respondents expressed increased satisfaction with the timeliness of BEA statistics, a top priority of BEA in FY 2003, FY 2004 and FY 2005. The customer satisfaction survey is conducted annually. The “Customer Satisfaction Survey Report, 2003” is available on the BEA Web site.

**Measure 1c: Percent of GDP Estimates Correct**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	Greater than 82%	Greater than 84%	Greater than 84%	Greater than 85%
Actual			83%	88%		

This broad measure of BEA performance, introduced in FY 2002, seeks to track the ability of BEA to accurately estimate its most important estimate, the Gross Domestic Product. The measure is a composite index of six indicators of accuracy that are readily available to the public. These six indicators measure the accuracy of the GDP estimate with respect to: (1) whether the economy is expanding or contracting, (2) whether the economy is growing faster or slower, (3) whether

the economy is strong or weak, (4) what is the trend GDP growth rate, (5) what is the average quarterly GDP growth rate, and (6) what is the level of current-dollar GDP. These measures are applied using three-year rolling averages to develop a single measure of the correctness of the GDP estimate. Three-year rolling averages were chosen because: a) at least 12 quarters of estimates are needed for statistical reliability, b) BEA's annual revisions cover three years, c) the impact of statistical improvements occur over time, and d) reasonable balance must be struck between statistical reliability and a measure of current performance. In FY 2003, BEA exceeded its targets due to recent investments by the Congress and administration to improve the quality and accuracy of BEA statistics.

### Measure 1d: Improving GDP and the Economic Accounts

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	Develop new measures to address gaps in and update BEA's accounts; design new quarterly survey of international services; develop new pilot estimates that provide better integration with other accounts.	Successful completion of related Strategic Plan milestones, including benchmark and update of industry accounts, incorporate NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones related to improving the quality of the economic accounts.	Successful completion of related Strategic Plan milestones including acquiring real-time data to improve quality of economic accounts.
Actual			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	BEA completed all major Strategic Plan milestones related to improving the economic accounts (completed 164 milestones out of 171 overall).		

BEA must continually update its economic accounts to keep pace with the increasingly complex and rapidly changing U.S. economy. Gross domestic product, balance of payments, state personal income and other data must be as timely, relevant, and accurate as possible to inform the decisions made by public and private leaders. The BEA 5-year Strategic Plan lays out steps that BEA will take to achieve quality improvements to all of its accounts. Based on the Strategic Plan



milestones, specific budget initiatives have been proposed for each year since FY 2002 to improve the accounts. This performance measure was introduced in FY 2002 to track BEA's progress in achieving the milestones related to these initiatives and provide agency accountability. BEA made important improvements to its estimates during FY 2003 and met all of its major milestones. Of the 171 milestones in the BEA Strategic Plan related to improving GDP and the economic accounts, BEA completed 164 of them (or 96 percent). All the major milestones were met. Some less important milestones were delayed to allow BEA to address other more cost-effective projects to improve the quality and accuracy of its estimates. A list of specific FY 2003 accomplishments related to this performance measure is presented below. In FY 2004, BEA will work to continue to maintain the quality of its measures. In FY 2005, BEA plans to acquire and incorporate real-time data into its accounts to significantly improve the quality and timeliness of GDP and the national accounts. It also plans an effort to better integrate the national accounts with industry, international, and regional measures.

Below is a partial list of specific accomplishments made during FY 2003 to improve GDP and the economic accounts:

- ✓ Developed new price indexes that measure important quality improvements in non-residential structures and photocopy equipment that have been missed in existing measures of GDP and productivity growth.
- ✓ Completed research and development on new measures of insurance services that present a more complete and up-to-date measure of insurance that better captures the economic effects on GDP and the balance of payments of national disasters such as Hurricane Andrew and the terrorist attacks of September 11, 2001.
- ✓ Developed more accurate estimates of financial services which generate more accurate cyclical data for monetary and fiscal policy.
- ✓ Developed independent monthly estimates for prescription drugs.
- ✓ Improved BEA's current-period estimates of corporate profits to better capture the effect of employee stock options so as to avoid the distortions that affected corporate profit reports in the late 1990s.
- ✓ Filled gaps in coverage of U.S. international assets and liabilities which provides a more accurate picture of U.S. exposure to overseas financial disruptions.
- ✓ Developed the first sets of state and local area personal income estimates on a NAICS basis which present more up-to-date picture of the structure of the U.S. economy and regions.
- ✓ Further integrated BEA's economic accounts by using state-level estimates of sales tax by industry to derive national industry distributions of indirect business taxes and reconciling those with sales taxes in BEA's benchmark input-output accounts. For the first time, the same industry distributions will be used in BEA's Input-Output accounts, GDP-by-industry, GSP-by-industry, and Personal Consumption Expenditures (PCE) accounts.
- ✓ Conducted research to measure pension disbursements by state.

**Measure 1e: Accelerating Economic Estimates**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	Successful completion of related Strategic Plan milestones, including accelerate the release of international trade estimates (with Census Bureau), GDP by industry, annual input-output tables, gross state product, and metropolitan area personal income.	Successful completion of related Strategic Plan milestones related to efforts to accelerate economic measures.	Successful completion of related Strategic Plan milestones including accelerate the release of gross domestic product, personal income and outlays, and county personal income.
Actual				BEA completed all major Strategic Plan milestones related to accelerating economic estimates (completed 98 milestones out of 103 overall).		

In FY 2003, BEA was challenged by the Secretary of Commerce to accelerate the release of its major economic estimates to meet the demands of public and private sector users. To meet this challenge, the agency proposed a multi-year initiative to accelerate the release of eight of its most important indicators. The BEA 5-year Strategic Plan was reviewed and amended to account for this acceleration work. This performance measure seeks to hold BEA accountable for its progress. During FY 2003, BEA achieved the acceleration of two of the five measures slated for acceleration. International trade in goods and services was accelerated by one week with its March 12, 2003 release and GDP by industry was accelerated by seven months with its release in April 2003. The timetable for the acceleration of the remaining estimates has changed due to budget constraints. Despite this change, BEA met all the FY 2003 milestones it set out to achieve in this area. The second phase of the acceleration is included in the FY 2005 request and will include three additional indicators: GDP, personal income and outlays, and county personal income.

Acceleration accomplishments during FY 2003:

- ✓ Accelerated release of monthly international trade in goods and services by one week with the March 12, 2003 release. BEA continues to develop processes to accomplish the entire 20-day acceleration.
- ✓ Released accelerated GDP by industry on April 17, 2003, achieving the seven-month acceleration goal announced.
- ✓ Initiated research to develop methodology and identify data sources to accelerate annual input-output accounts.
- ✓ Accelerated release of gross state product (GSP) by one month in FY 2003 and conducted preliminary research to accelerate GSP by 13 months. Produced experimental accelerated estimates.
- ✓ Began research on the eight-month acceleration of metropolitan area personal income.
- ✓ Worked with the Bureau of Labor Statistics to improve the timeliness of the BLS ES-202 program for use in accelerating the timeliness of the state and county personal income estimates. On schedule to release quarterly state person income one month earlier in June 2004.

**Measure 1f: Meeting U.S. International Obligations**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	Successful completion of related Strategic Plan milestones, including assist Treasury in designing a survey of derivatives; incorporate estimates of short-term claims and long-term assets in accounts; and provide data for Special Data Dissemination System (SDDS) compliance.	Successful completion of related Strategic Plan milestones related to meeting international commitments as funded in FY 2003.	Successful completion of related Strategic Plan milestones including clear and conduct new derivatives survey and incorporate estimates of short-term and long-term liabilities into the accounts.
Actual				BEA completed all major Strategic Plan milestones related to meeting U.S. international obligations (completed 99 milestones out of 103 overall).		

The United States government has made a number of commitments with international organizations and other countries in which BEA has been tasked with responsibilities. The NAICS was developed jointly by the United States, Canada, and Mexico to provide a uniform basis for identifying, compiling, and presenting industry data. The Department of Treasury serves as the official U.S. liaison with the IMF to ensure U.S. compliance with the Special Data Dissemination Standards (SDDS). Meeting these commitments is important to maintaining the United States leadership role. Equally important, the statistical information required by these international commitments is important to U.S. policymakers. This performance measure was introduced in FY 2003 to monitor BEA's progress in meeting milestones related to international commitments as well as provide accountability for an FY 2003 and FY 2004 multi-year initiative to meet these commitments. For FY 2003, BEA has met all the major milestones related to meeting international obligations and completed over 96 percent of all the related milestones. Some of BEA's specific accomplishments toward meeting this performance measure for FY 2003 include:

- ✓ Published benchmark input-output accounts on a NAICS basis for the first time in December 2002. These accounts serve as the benchmark to the National Income and Product Accounts which include GDP.
- ✓ Prepared first estimates of direct investment for the international transaction accounts and international investment position in accordance with NAICS for release in June 2003.
- ✓ Updated statistical methods in light of international statistical standards. These updates include introduction of a new measure of insurance services that provide a more appropriate treatment of insured catastrophic losses, and the collection of improved measures of activities of foreign-owned U.S. firms in finance and insurance.
- ✓ Worked with the Federal Reserve Board, Federal Reserve Bank of New York, and the U.S. Department of Treasury to design report forms that collect more comprehensive data on short-term financial instruments. This information, which is required to conform with the international SDDS, closes important data gaps in the international economic accounts for these volatile instruments.
- ✓ Met various international commitments by completing the transition to NAICS in all international data products and conducting a study of the measure of derivatives.

## Measure 1g: Upgrading Information Technology Systems

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	Develop new systems, including design and prototype phase of new National Income and Product Accounts (NIPA) core processing system; develop improved interactive features on BEA's Web site; extend electronic reporting for international surveys.	Successful completion of related Strategic Plan milestones, including implement a new system for industry accounts benchmark processing and balance of payments processing; extend BEA's electronic reporting option for six international investment surveys.	Successful completion of related Strategic Plan milestones to improve the quality of BEA's information technology systems.	Discontinue budget-specific measure
Actual			Developed new systems, including implementation of prototype phase of new NIPA core processing system; developed improved interactive features on BEA's Web site; extended electronic reporting for international surveys.	BEA completed all major Strategic Plan milestones related to upgrading IT systems (completed 95 out of 98 overall).		

An essential on-going investment in BEA is in the upgrading and integration of BEA information technology systems. BEA's statistical processing systems are essential elements in the production of the economic accounts. Rapid and far reaching changes in the economy and the ongoing need to update concepts and estimation methods made it critical that IT systems be continuously evaluated and upgraded utilizing current technologies. This will improve the speed, reliability, and accuracy of the statistical production process. BEA's latest customer survey showed that user-friendly electronic access is important to customers. Current improvements to the BEA Web site already have dramatically increased the usability of BEA data. Increased customer satisfaction from these changes has been reflected in customer satisfaction

ratings. Information technology improvements also are being incorporated into electronic reporting options for respondents to BEA's international surveys. These surveys of foreign direct investment and international trade in services require the submission of more than 100,000 report forms each year. By providing the ability to report electronically, BEA will reduce respondent burden and reduce its own processing costs. This performance measure was introduced in FY 2002 to provide accountability for an urgent FY 2002 budget initiative to repair failing components of the system. For out years, this measure monitors BEA's efforts to continually maintain and upgrade its statistical processing systems. In FY 2003, BEA met all its major milestones related to this measure and completed 95 of the 98 milestones. It plans to meet all its milestones related to IT systems in FY 2004. The Department of Commerce, with the concurrence of the Office of Management and Budget, has determined that this budget-related performance measure has served its purpose of monitoring progress on the FY 2002 and FY 2003 investments and the measure should be discontinued in FY 2005.

Other accomplishments toward meeting this performance measure for FY 2003 include:

- ✓ Completed requirements, design, and prototype for the new National Economic Accounts centralized processing system, which will provide a foundation for modernization of the accounts and provide for more integration between the accounts.
- ✓ Provided enhancements to GDP by industry systems to support advanced estimates, publication of tables and System of National Accounts translation as well as completed work to enhance the benchmark input-output processing systems.
- ✓ Completed implementation of electronic reporting through the Automated Survey Transmission and Retrieval System (ASTAR) for all 14 international surveys. The implementation presents an opportunity for reducing paperwork burden on multinational companies each year and for improving the accuracy of estimates.
- ✓ Introduced dynamic data tables on [www.bea.gov](http://www.bea.gov) which improve access and usability of BEA data to customers and increases accuracy.

## **Program Evaluation**

Program Effectiveness: BEA ranked among the top one percent of the 234 programs assessed for effectiveness by the Office of Budget and Management using their new assessment tool called the Program Assessment Rating Tool (PART), released with the FY 2004 Budget. The PART was applied to selected federal programs including BEA. Each program was scored in four areas: Program Purpose and Design, Strategic Planning, Program Management, and Program Results/Accountability. OMB increased the number of programs reviewed using PART for the FY 2005 Budget. In the reassessment, BEA again received an effective rating and continues to have strong strategic planning, program management, and meet its performance goals.

BEA Advisory Committee: Twice a year, the 13-member BEA Advisory Committee meets to review and evaluate BEA programs and services. The Committee advises the Director of BEA on matters related to the development and improvement of BEA's national, regional, industry, and international economic accounts, especially in areas of new and rapidly growing economic activities arising from innovative and advancing technologies. The committee also provides recommendations from the perspectives of the economics profession, business, and government. The meetings are open to the public. In 2003, the General Services Administration contracted with the Gallup Organization to conduct a stakeholder engagement survey of all federal advisory committees. The BEA Advisory Committee members reported an 83% overall satisfaction rate with the work of the committee (the government-wide satisfaction rate for advisory committee members was 38%). One hundred percent of the BEA Advisory Committee members indicated they would work with the committee again as compared to 66% for members of all federal advisory committees.

Customer Satisfaction Survey: BEA conducts an annual survey of its users to monitor their satisfaction with BEA products and services. This survey is critical to BEA's success as users are the final arbitrators of the timeliness, relevance, and accuracy of BEA data. The customer satisfaction survey serves as one of the six measures used to hold BEA accountable for its performance. Recent improvements in BEA's economic accounts have been noticed in the survey with increased satisfaction by users. The FY 2003 survey found an increased level of satisfaction by users raising the score from 4.3 (on a 5-point scale) in FY 2002 to 4.4 in FY 2003. BEA strives to continue to increase this level of satisfaction with continual improvements to the accounts and investments in the information technology systems used by most users to access BEA data.

In addition to the customer satisfaction survey, BEA monitors its contacts with users. The chart below lists a number of methods of communicating with users for FY 2002 and FY 2003 with estimated values for FY 2004 and FY 2005.

BEA USER MEASURES: FY 2002 - FY 2005				
Measures	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate
Press Releases (both scheduled and unscheduled)	61	59	60	60
<i>Survey of Current Business:</i>				
▪ Articles	46	43	46	46
▪ Statistical pages	1,358	1,416	1,500	1,500
▪ Number of paid subscriptions	3,708	2,463	2,000	1,500
Publications, other than the <i>Survey</i>	3	5	5	5
BEA's web site - www.bea.gov				
▪ Page views (monthly average)	1,468,000	1,514,529	1,666,000	1,833,000
▪ Unique visitors (monthly average)	102,000	116,677	128,000	141,000
▪ Downloads (annual)	2,135,547	3,381,319	3,700,000	4,090,000

Strategic Program Evaluation: The BEA 5-year Strategic Plan is the most important evaluation of BEA programs and performance. The Strategic Plan is a detailed operating plan that guides BEA's planning with over 150 detailed milestones per year over a 5-year time frame. As mentioned in the introduction to this section, the Plan is developed from the Department of Commerce goals and objectives and the mission and objectives set by BEA. Managers are responsible for ensuring that the milestones are met as they feed directly into the performance measures and budget requests of the agency.

The publicly-available Strategic Plan is annually reviewed and a report of successes is made available to the BEA Advisory Committee, Department of Commerce, Office of Management and Budget, Congress and the public on the BEA Web site. It clearly indicates which milestones were met and which were not met with an explanation as to why specific milestones did not get accomplished. In FY 2003, BEA met all of its major milestones and over 95 percent of the total number of milestones. BEA seeks to continue to meet its major milestones and work to improve its record in achieving the rest of the milestones.



Human Capital Management: In FY 2003, BEA again contracted with the Office of Personnel Management (OPM) to conduct an employee assessment survey to better understand the strengths and weaknesses of the organization. The 2003 assessment was conducted in August and September of 2003 and the results made available soon after the close of the survey. It found that BEA employees continue to place BEA among the highest-rated organizations in government. BEA was ranked above the federal median in all 17 dimensions included on the survey. In fact, BEA set the benchmark high on 12 of the 17 dimensions in 2003 including in the areas of diversity, strategic planning, quality of worklife, and performance measures. In addition, important improvements were reported in all 17 dimensions from the 2002 survey. Some of the largest increases in favorable responses came in the three areas addressed by the 2002 Change Committees for quality of worklife, training/career development, and communications. Finally, BEA fared well and often exceeded the results on a number of aspects when compared with the private sector. Similar to last year, BEA will put in place an employee-based process to examine the areas that received the lowest scores and make recommendations for improvements.

Information Technology: In the information technology area, several evaluations were completed in support of the modernization of critical BEA software systems and their underlying infrastructure components. In preparation for a major reengineering effort, Booz | Allen | Hamilton completed an end-to-end study of the National Accounts core processing systems. This study resulted in the development of streamlined system requirements for a new unified central processing system. An analysis of BEA's financial management data was completed. This analysis formed the basis for the development of a management information system (MIS), which provides timely budget and cost data to Bureau managers. An evaluation of BEA's Central Publishing System was performed to serve as a foundation for moving forward with proposed improvements to BEA's publication processes. Eagle Design Corporation performed a "usability" assessment of the BEA Web site. The results of this study were incorporated into a redesign of the BEA Web site, which has improved customer access to BEA data. Additional independent evaluations performed included: a requirements analysis of expanding the detail of interactive data provided on the BEA Web site, an examination of the alternatives for expansion of BEA's electronic reporting capabilities, and a review of the current capabilities and future requirements of BEA's telecommunication systems.

In addition:

- BEA completed an annual self-assessment of management processes and procedures followed for IT capital planning, IT security, and IT architecture. BEA's programs received above average rankings based on levels provided by DOC.
- Two tests and evaluations were made of BEA's disaster recovery capabilities. Each test focused on specific program areas. Testing successfully verified that BEA was capable of producing its critical data estimates at an off-site location in support of key mission activities.

- BEA completed an external IT security penetration test of its local area network in order to ensure that adequate defensive parameters protect BEA's critical data.
- BEA completed, with contractor assistance, a comprehensive National Information Assurance Certification and Accreditation Process for all IT security plans/systems. This accredited all BEA systems for continued full operation without exception.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

The Bureau of the Census: BEA works closely with the Census Bureau, which is one of the principal suppliers of source data used to compile BEA's economic accounts. BEA and Census representatives meet regularly to maintain an awareness of their joint and individual statistical problems and needs and to facilitate cooperation in meeting those needs. The availability of current source data from Census is a key factor in the scheduling of BEA release dates.

The International Trade Administration supports the development of the Travel and Tourism Satellite Accounts (TTSA) which provides a detailed picture of the travel and tourism industries and their role in the U.S. economy. These accounts present estimates of the expenditures by tourists, or visitors, for 18 types of commodities and estimates of the output of 17 travel and tourism industries. They also present estimates of the income generated by travel and tourism and estimates of employment in the travel and tourism industries.

### **Other Government Agencies**

The Bureau of Labor Statistics (BLS) and Internal Revenue Service (IRS): These two agencies are principal suppliers of source data used to compile BEA's economic accounts. BEA works closely with both agencies to maintain an awareness of their joint and individual statistical problems and needs and to facilitate cooperation in meeting those needs. The availability of current source data from BLS is a key factor in scheduling the release of BEA estimates.

Interagency Council on Statistical Policy (ICSP): Under the auspices of the Office of Management and Budget, BEA is a major participant in the ICSP, which works to improve collaborative activities of federal statistical agencies. Activities of the ICSP have led to standardization of data and concepts, transfers of technology, methodology exchange, collaborative research, process improvement, improved customer service, reduced respondent burden, and infrastructure sharing.

Federal Economic Statistics Advisory Committee (FESAC): The Committee presents advice and makes recommendations to BEA, the Census Bureau and the Department of Labor's Bureau of Labor Statistics from the perspective of the professional economics and statistics community. The Committee examines the agencies' programs

and provides advice on statistical methodology, research needed, and other technical matters related to the collection, tabulation, and analysis of Federal economic statistics.

Other agencies: To obtain source data for its economic accounts, BEA maintains close working relationships with statistics-producing agencies in most of the executive branch departments of the government, including Agriculture, Defense, Education, Energy, Health and Human Services, Labor, Transportation, and Treasury.

## External Factors and Mitigation Strategies

BEA is highly dependent on other government agencies and private organizations for the source data it uses to produce its economic accounts statistics. Thus, BEA’s ability to provide timely, relevant, and accurate economic data and to move forward with improvements in its economic accounts is constrained by the quality and availability of that source data. BEA works closely with its data sources to obtain the best and most complete data possible and continually refines its estimation methods to improve its measures, especially in areas with source data deficiencies.

## Unit Cost Measures

At the request of the Department of Commerce and the Office and Management and Budget, BEA has developed an experimental NIPA cost index that measures the cost of producing and improving the National Income and Product Accounts (NIPA) relative to 1997. Improving the accuracy and reliability of BEA estimates is of major importance to users. With a rapidly changing economy, BEA continually seeks to find better ways to measure the entire economy often with partial or scant data to help inform its measurements. This experimental cost index seeks to capture the efficiency of BEA through a measure of the cost per budget dollar of producing GDP and Gross Domestic Income (GDI) plus the cost of changes in methodology to improve their measurement. The first draft of this Cost Index, with calculations back to 1997, shows promise in measuring the cost concept. The index values for 1997 through 2002 are included in the table below.

	1997	1998	1999	2000	2001	2002
NIPA Cost Index	100	89	74	72	74	65

The index is set to 100.0 in 1997 to allow for comparisons back to this reference period. The drop in the cost efficiency index in the last five years reflects the ability of BEA to produce and improve its NIPA estimates in a cost-efficient manner. The large drop in the index in 1999, for example, represents the major statistical improvements introduced as part of BEA's comprehensive revision in that year. The drop in 2002 reflects the improvements made to the NIPAs as a result of

recently funded budget initiatives. These improvements include more accurate estimates of wages and salaries, brokerage services, and insurance services. These improvements were possible because of budget initiatives in recent years.

To ensure the integrity of this index, the source data to calculate this measure is available in the *Survey of Current Business* and in Presidential budget documents. This availability of source data allows any users to replicate and confirm the results.

## **Program Assessment Rating Tool**

BEA took part in the first year of the Program Assessment Rating Tool (PART) administered by the OMB during FY 2002 for inclusion in the FY 2004 budget submission. OMB rated BEA with an “Effective” rating, one of only 14 programs to receive its highest rating. In addition, BEA scored a 92 out of 100 on the PART, placing it among the top one percent of programs rated in this first year of the PART.

BEA made some important changes to its budget documents in response to issues raised in the PART. BEA re-drafted its budget presentation to strengthen the linkages between the BEA 5-year Strategic Plan and its performance milestones. In the past, the role of the Strategic Plan milestones in fulfilling the targets of the annual performance measures was not clearly stated. BEA also included more base funding information in its budget documentation including information on base funding by account.

In the PART reassessment of BEA included in the FY 2005 budget submission, OMB again awarded BEA’s programs their highest rating of “Effective,” scoring them a 92 out of 100. BEA scored 100 percent in the categories of Program and Management and reached scores in the high 80s in Planning and Accountability.

BEA is working to develop an experimental cost efficiency measure that seeks to quantify the quality improvements in GDP with plans to extend the measure to include the other major programs.

## **BEA Data Validation and Verification**

BEA conducts an annual review of the Bureau’s performance data to ensure that it is complete and accurate. Any significant deviations from the projected target, if any, are reviewed by the Director and action is planned to address deficiencies.

The validation process is conducted in a manner similar to audit principles including data collection and verification of data. Data are collected from independent sources and the BEA 5-year Strategic Plan and compared to actual outcomes

to determine the success or failure of the agency to meet its specific goals. All data are maintained and publicly available for additional outside review.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Measure 1a: Reliability of Delivery—Economic Data (Number of Scheduled Releases Issued on Time)	A schedule of release dates for the coming calendar year is published each fall in the <i>Survey of Current Business</i> and is posted on the BEA Web site. BEA maintains a record of subsequent actual release dates.	Annually	BEA maintains the schedule of future release dates and the record of actual release dates. Both sets of information are available on the BEA Web site.	Scheduled and actual release dates are a matter of public record and can be verified via the Internet.	A few releases may not be included in the published annual schedule because their release dates cannot be established that far in advance, and those releases are excluded from the performance measure.	FY 2005 target will be added when made available to OMB and published in the Survey of Current Business in the fall of 2004.
Measure 1b: Customer Satisfaction with Quality of Products and Services (Mean Rating on a five-point Scale)	BEA customer survey	Annually	BEA conducts the survey, compiles the results, and retains records of raw data and computations that lead to final results.	BEA provides a copy of the survey to the Economics and Statistics Administration and the report is made available on the BEA Web site.	Data are not available for years, such as FY 2001, in which survey is not conducted due to budget constraints.	Survey will be conducted in FY 2004.
Measure 1c: Percent of GDP Estimates Correct	Background research studies published in the BEA <i>Survey of Current Business</i> . Annual report will be submitted to OMB and available to the public on the BEA Web site	Annually	The <i>Survey of Current Business</i> is published monthly and available for free on-line and for a fee through subscription. Statistical report will be made available on the BEA Web site	The <i>Survey of Current Business</i> is a matter of public record and can be verified via the Internet or hardcopy. The statistical report also will be available to the public on the BEA Web site	Measure is the best single point estimation of the accuracy of GDP. Economic conditions, rather than statistical practices, could dramatically change the measure.	Research to calculate new measure will be conducted following the completion of the annual revisions in August 2004
Measure 1d: Improving GDP and the Economic Accounts	The BEA strategic plan provides a timetable with annual milestones for achieving significant improvements in the economic accounts. At the end of each fiscal year, beginning with FY 2002, BEA will evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data	BEA conducts internal review and analysis.	BEA's annual review and updating of its strategic plan could result in changes to milestones	Milestones will be adjusted as necessary to match the BEA Strategic Plan.
Measure 1e: Accelerating Economic Estimates	The BEA Strategic Plan provides a timetable with annual milestones for accelerating the release of its economic accounts estimates. Beginning with FY 2003, BEA will annually evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA	BEA's annual review and updating of its strategic plan could result in changes to milestones	Milestones will be adjusted as necessary to match the BEA Strategic Plan.
Measure 1f: Meeting U.S. International Obligations	BEA's strategic plan provides a timetable with annual milestones for incorporating NAICS (North American Industry Classification System) in its economic accounts. At the end of each fiscal year, beginning with FY 2003, BEA will evaluate and report its progress in achieving the scheduled milestones.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match the BEA Strategic Plan.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
Measure 1g: Upgrading Information Technology Systems	BEA's strategic plan provides a timetable with annual milestones for modernizing the information technology systems used to produce the economic accounts estimates, collect survey data, and disseminate data to users. At the end of each fiscal year, beginning with FY 2002, BEA will evaluate and report its progress in achieving the scheduled results.	Annually	BEA compiles and maintains data.	Internal review and analysis by BEA	BEA's annual review and updating of its strategic plan could result in changes to milestones.	Milestones will be adjusted as necessary to match the BEA Strategic Plan.

Department of Commerce  
BUREAU OF INDUSTRY AND SECURITY  
Summary of Goals, Objectives and Performance Measures

### Resource Requirements – Grand Total

Grand Total	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Increase/ Decrease	FY 2005
	Actual	Actual	Actual	Actual	President's	Base		Request
Operations and Administration								
Management and Policy Coordination	3.8	3.7	6.0	2.2	1.9	1.9	0.0	1.9
Export Administration	24.1	29.3	29.2	33.8	32.1	31.8	2.0	33.8
Export Enforcement	24.6	25.9	27.3	40.7	34.4	34.7	6.1	40.8
Total Funding	56.4	63.1	67.6	76.7	76.7	74.2	8.1	82.3
Direct	52.5	59.1	62.5	67.9	68.4	68.4	8.1	76.5
Reimbursable <sup>1</sup>	3.9	4.0	5.1	8.8	8.3	5.8	0.0	5.8
IT Funding <sup>2</sup>	2.6	2.6	4.2	4.2	6.7	6.7	0.0	6.7
FTE <sup>3</sup>	383	373	358	454	447	447	35	482

<sup>1</sup> Reimbursable funding included in total funding.

<sup>2</sup> IT funding included in total funding.

<sup>3</sup> Includes reimbursable FTEs.

**Notes:** Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.





Number of Internal Control Programs That Contribute to Compliance With License Conditions	New	New	New	New	New	New	New	New	New	100
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**Corresponding Strategic Goal 1:** Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

**Corresponding General Goal/ Objective 1.2:** Advance Responsible Economic Growth and Trade While Protecting American Security

**Rationale of Performance Goal 1:** BIS serves U.S. companies engaged in international trade by analyzing export license applications for controlled commodities in accordance with Export Administration Regulations (EAR). BIS also serves U.S. companies in conjunction with the Departments of Defense, Energy, and State, by making prompt decisions on license and related applications and by providing guidance to exporters on how to conform to applicable laws and regulations. BIS is particularly vigilant in evaluating transactions involving advanced technologies and dual-use products that potentially can be diverted to use in missile programs or in chemical, biological, nuclear, or conventional weapons programs. BIS also implements the Defense Production Act by analyzing the defense industrial and technology base to ensure that the United States remains competitive in sectors that are critical to national security.

Responding to increased concern about the proliferation of weapons of mass destruction, BIS continues to refine U.S. export controls in light of geopolitical and business realities. BIS also seeks to enhance the effectiveness of the EAR by educating exporters and other stakeholders in the export licensing process, thereby improving industry compliance with export control regulations. These efforts will increase the efficiency of the license processing system and thus enable exporters to be more competitive in the global economy while deterring transactions that threaten U.S. security interests.

**Program Increases That Apply to This Performance Goal:**

(Please see applicable Exhibit 13 for further details.)

**Office of Technology Evaluation (10 Positions; 8 FTE; and \$2,000,000).**

The Office of Technology Evaluation (OTE) will enable the Department to implement and maintain a more effective system of dual-use export controls that better protects U.S. national and economic security by (1) identifying sensitive new technologies for potential inclusion on the Commerce Control List; (2) assessing whether items currently controlled are available abroad or on a mass market basis; (3) conducting a thorough, systematic review of the Commerce Control List to ensure that items are appropriately controlled for the protection of U.S. national security; and (4) reviewing the effectiveness of multilateral export control regimes and of the control systems of regime members.

## **Explanation of Each Measure:**

### **Measure 1a: Median Processing Time for Referral of Export Licenses to Other Agencies (Days)**

This measure tracks the median processing time of an export license application from its receipt to its referral to other agencies. Approximately 85% of all export licenses must be referred to other agencies as dictated by Executive Order 12981. Although in FY 2003 BIS exceeded its target with a median processing time of 4 days, we are receiving increasingly complex license applications, therefore, we will retain the target of 9 days in FY 2004 and FY 2005.

### **Measure 1b: Median Processing Time for Export Licenses Not Referred to Other Agencies (Days)**

This is the other component of the license application inventory (about 15% of all applications received). This measure monitors the time it takes to process a license application (that is not referred to another agency) from its receipt to a final decision. For the reasons stated above, BIS will retain the median processing time of 15 days in FY 2004 and FY 2005.

### **Measure 1c: Median Processing Time for Issuing Draft Regulations (Months)**

BIS routinely issues new and amended regulations to effectuate its responsibilities under the Export Administration Act (EAA). Whether regulations liberalize or restrict industry activity, their prompt promulgation benefits the United States from a trade, economic, and national security perspective. Regulatory changes can, for example, reduce the number of license requirements imposed on U.S. exporters, close loopholes in the regulations, implement international agreements, or address new export control challenges. The majority of BIS regulations issued implement changes agreed to in the four multilateral control regimes in which the United States participates: Wassenaar Arrangement (conventional arms and related sensitive dual-use goods), Nuclear Suppliers Group, Missile Technology Control Regime, and the Australia Group (chemical and biological controls). This measure will track the length of time it takes BIS to issue a draft regulation after regime changes have been received and analyzed. There is a significant amount of time that is spent analyzing each regime resolution before actual drafting of a regulation can begin. For example, BIS must determine the appropriate level of unilateral controls for items decontrolled by the Regimes before it can change its regulations. Due to the complexity of changes recently made by the multilateral control regimes, BIS will retain the FY 2003 target of 3 months in FY 2004 and FY 2005.

### **Measure 1d. Level of Exporter Understanding of BIS Export Control Requirements**

This measure indicates the effectiveness of BIS's export control outreach program. BIS's export control outreach program is a means for transferring knowledge from the government to the private sector regarding export control requirements. The BIS outreach program to the domestic and international business communities is a form of preventive enforcement that encourages compliance with the EAR. Seminars also help to heighten business awareness of the Bush Administration's export control policy objectives and improve compliance with regulatory requirements. The first metric measures the overall value of information presented on a scale of 1 to 5 by calculating an average of all scores given to a set of questions. The second metric is an index that reflects the knowledge gained by exporters who attend BIS seminars. In FY 2003 BIS found the original methodology for calculating this measure to be

invalid. Therefore, beginning in FY 2004 BIS will calculate the second metric by comparing the actual improvement in knowledge to the maximum improvement possible for each event attendee.

**Measure 1e: Number of Industry and Export Control Assessments**

The Office of Technology Evaluation will be responsible for evaluating the efficiency and effectiveness of U.S. and multilateral export controls by conducting analyses of U.S. and foreign markets, the development of new technologies, and the impact of export controls on industries critical to U.S. national security and the economy as a whole. BIS typically conducts three industrial base assessments per year. In FY 2005, BIS plans to conduct an additional eight assessments, for a total of 11, to monitor and evaluate technology developments on a comprehensive and systematic basis as follows: two foreign availability assessments, two mass market determinations, five industrial base assessments, and two emergent technologies assessments.

**Measure 1f: Number of Internal Control Programs That Contribute to Compliance With License Conditions**

As part of BIS's License Condition Enforcement Program initiative, this measure will track the number of Internal Control Programs that contribute to compliance with license conditions. BIS will assist exporters and companies involved in forwarding, processing, and transporting goods through transshipment points in the development, revision and implementation of adequate export compliance programs. The effectiveness of this program will be evaluated through on-site compliance reviews. In FY 2005, BIS plans to review 100 Internal Control Programs.

**Program Evaluations:** In FY 2003, the General Accounting Office (GAO) and the Office of the Inspector General (OIG) continued their ongoing reviews of BIS's programs and activities. BIS's Office of Planning, Evaluation and Management (OPEM) conducted an annual review of the performance data to ensure that it was complete and accurate. In addition to the annual review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

**Cross Cutting Activities:**

**Intra-Department of Commerce**

BIS works with the International Trade Administration's U.S. and Foreign Commercial Service (US&FCS) offices located around the world to coordinate activities associated with planning and conducting export control seminars, Pre-License Checks (PLCs), and Post-Shipment Verifications (PSVs).

BIS employs a full-time export administration specialist in the Department of Commerce's Public Information Office in the Reagan International Trade Center. The specialist operates as an export counselor providing information in response to walk-in or telephone inquiries.

**Other Government Agencies**

Departments of State, Defense, Energy, Treasury, and Justice and the Central Intelligence Agency (CIA) – BIS works with these Executive Branch agencies to develop and implement U.S. export control policy and programs, including reviewing license applications, developing encryption policy and high-performance computer control policy, implementing sanctions, and participating in multilateral regimes such as the Wassenaar Arrangement, Missile Technology Control Regime, the Nuclear Suppliers Group, and the Australia Group. BIS also coordinates intelligence and law enforcement operations with these agencies.

### **Government/Private Sector**

Technical Advisory Committee – BIS consults with Committee members who are appointed by the Secretary of Commerce to advise the U.S. Government on matters and issues pertinent to implementation of the provisions of the EAA and the EAR, as amended and related statutes and regulations. These issues relate to U.S. export controls for national security, foreign policy, nonproliferation, and short supply reasons.

**External Factors and Mitigation Strategies:** Compliance with export control laws may be compromised if exporters are not aware of changes in requirements pertaining to them. BIS mitigates this situation by ensuring that exporters have ready access to regulatory and policy changes through seminars, individual counseling, and the Internet.

## **Performance Goal 2: Ensure U.S. Industry Compliance with the Chemical Weapons Convention (CWC) Agreement**

<b>Performance Goal 2: Resource Requirements</b>								
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Increase/ Decrease	FY 2005
	Actual	Actual	Actual	Actual	President's	Base		Request
Management and Policy Coordination	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Administration	4.2	6.5	4.5	5.9	7.3	7.3	0.0	7.3
Reimbursable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>4.2</b>	<b>6.5</b>	<b>4.5</b>	<b>5.9</b>	<b>7.3</b>	<b>7.3</b>	<b>0.0</b>	<b>7.3</b>
IT Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	30	22	22	29	30	30	0.0	30

**Note:** Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

<b>Performance Goal 2: Targets and Performance Summary</b>										
Measure	FY 2000	FY 2000	FY 2002	FY 2001	FY 2002	FY 2002	FY 2003	FY 2003	FY 2004	FY 2005
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Target
Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections	New	New	New	New	12	16	12	12	24	24

**Corresponding Strategic Goal 1:** Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

**Corresponding General Goal/Objective 1.2:** Advance Responsible Economic Growth and Trade While Protecting American Security

**Rationale of Performance Goal 2:** BIS is responsible for ensuring U.S. industries' compliance with the treaty requirements of the Chemical Weapons Convention (CWC). BIS collects, validates, and aggregates data from those U.S. companies that manufacture or use chemicals covered by the convention; educates those companies on their treaty rights and obligations; and serves as the lead U.S. Government agency for hosting international inspectors who are inspecting U.S. business facilities subject to convention requirements. BIS's primary host team role is to ensure that confidential business information is protected during inspections of U.S. firms. In addition, in the event that the U.S. Senate ratifies the International Atomic Energy Agency (IAEA) Protocol, BIS similarly will serve as lead U.S. Government agency in U.S. industry's compliance with the Protocol, and will be required to discharge responsibilities similar to those imposed under the CWC.

**Program Increases That Apply to This Performance Goal:** None

**Explanation of Measure:****Measure 2a: Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections**

BIS is responsible for overseeing industry compliance with the CWC and under the IAEA Protocol (if enacted). This responsibility includes facilitating domestic visits of international inspection teams to determine compliance with the multilateral treaty obligations by covered U.S. facilities, and informing industry of its obligations under the treaty. Industry site assistance visits prepare covered facilities to receive a team of international inspectors. These visits are to ensure that the inspections run smoothly with no potential loss of proprietary business information. The FY 2004 and FY 2005 performance target increases are based on the number of site assistance visits that would result if the IAEA Protocol is enacted. If not enacted in FY 2004, the target will remain at 12 site assistance visits.

**Program Evaluations:** In FY 2003, the GAO and the OIG continued their ongoing reviews of BIS's programs and activities. BIS's OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. In addition to the annual review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

**Cross Cutting Activities:****Other Government Agencies**

Governments of nations that conform to the CWC – BIS has negotiated bilateral and multilateral agreements that demonstrate compliance with the CWC.

Departments of State and Defense – BIS works with these Executive branch agencies to develop and implement U.S. policy and programs related to implementation of the CWC and to effectively coordinate industry site visits so that inspected companies comply with their statutory and regulatory obligations.

In the event that the IAEA Protocol is ratified, BIS will seek to enter into interagency agreements with the Departments of Defense and State to ensure compliance.

**Government/Private Sector**

American Chemistry Council and the Society of Chemical Manufacturers of America – BIS negotiates controls and policies that conform to the CWC while also protecting the valid concerns and interests of U.S. industry.

**External Factors and Mitigation Strategies:** BIS conducts both informational seminars and outreach visits that help companies prepare for CWC inspections. The Organization for the Prohibition of Chemical Weapons (OPCW) establishes the number of CWC inspections based on (1) a mandated minimum number and (2) risk assessments that the OPCW performs. BIS mitigates these potential problems by working closely with the OPCW to anticipate inspection requirements and properly address them in the budget planning process.

### Performance Goal 3: Prevent Illegal Exports and Identify Violators of Export Prohibitions and Restrictions for Prosecution

#### Performance Goal 3: Resource Requirements

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's	FY 2005 Base	Increase/ Decrease	FY 2005 Request
Management and Policy Coordination	1.3	1.1	2.4	0.0	0.0	0.0	0.0	0.0
Export Enforcement	24.6	25.9	27.3	40.7	34.4	34.7	6.1	40.8
Reimbursable <sup>1</sup>	0.1	0.1	0.3	0.3	0.3	0.3	0.0	0.3
Total Funding	26.0	27.1	30.0	41.0	34.7	35.0	2.8	41.1
IT Funding <sup>2</sup>	1.0	1.0	2.0	2.1	3.8	3.8	0.0	3.8
FTE	175	178	171	226	216	216	27	243

<sup>1</sup> Reimbursable funding included in total funding.

<sup>2</sup> IT funding included in total funding.

**Notes:** Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

#### Performance Goal 3: Targets and Performance Summary

Measure	FY 2000 Target	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Number of Cases Opened That Result in the Prevention of a Criminal Violation or the Prosecution of a Criminal or Administrative Case	80	93	70	81	75	82	85	250	250	275
Number of Post-Shipment Verifications Completed	New	New	New	New	300	415	375	397	375	395

**Corresponding Strategic Goal 1:** Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

**Corresponding General Goal/Objective 1.2:** Advance Responsible Economic Growth and Trade While Protecting American Security

**Rationale of Performance Goal 3:** To be effective, export controls must be enforced and violators punished. BIS enforces dual-use export controls for reasons of national security, foreign policy, nonproliferation, anti-terrorism, and short supply. The Bureau also enforces the antiboycott provisions of the EAR, the Chemical Weapons Convention Implementation Act (CWCIA), and the Fastener Quality Act. BIS special agents investigate potential violations of these laws, and build and present cases for criminal or administrative prosecution.

BIS enforcement personnel also conduct outreach and educational programs to train U.S. exporters to identify and avoid illegal transactions. A key element of BIS's preventive enforcement program is the on-site visits made to both current and potential foreign end-users of sensitive technology. In addition, BIS



works with its foreign counterpart agencies to encourage other governments to implement enforcement measures to complement the Bureau's export enforcement efforts.

**Program Increases That Apply to This Performance Goal:**

(Please see applicable Exhibit 13 for further details.)

**License Condition Enforcement Program: (13 Positions; 10 FTEs; and \$2,279,000).**

Ensuring and verifying that exporters adhere to the strategic conditions placed on export licenses is critical to the Bureau's mission. BIS has to date made best efforts to do so, however, as pointed out by the General Accounting Office and Commerce Department Inspector General, BIS has lacked a fully comprehensive system for reviewing, ensuring adherence to, and prosecuting exporter violations of license conditions. Under this program increase, BIS seeks resources to develop a comprehensive export license condition compliance and enforcement program. The program would enhance the enforcement of license conditions by (1) working with exporters to ensure that they have in place appropriate export management systems to track condition compliance, and (2) devoting dedicated resources to detecting and prosecuting violations of conditions.

**Enhanced Export Enforcement (22 Positions; 17 FTE; and \$3,844,000).**

Consistent with the President's mandate and broader federal law enforcement initiatives, BIS emphasizes the prevention and prosecution of any diversion of sensitive dual-use items to terrorist groups and countries of concern. These initiatives have placed - and will continue to place - an increased demand on BIS's resources. To meet the demand, BIS requests an increase to support: (1) additional staff for its computer evidence recovery program; (2) additional agents for its Intelligence and Field Support Division; (3) additional agents for its field offices in New York and Chicago; (4) an additional regional office in Seattle; (5) an enhanced Safeguards program; and (6) additional staff in selected field offices to investigate targeted priority cases.

**Explanation of Each Measure:**

**Measure 3a: Number of Cases Opened That Result in the Prevention of a Criminal Violation or the Prosecution of a Criminal or Administrative Case**

This performance measure is designed to emphasize a results-oriented approach to export enforcement - focusing on violations prevented or prosecuted, rather than simply investigations accepted. It will enable BIS to recapture such preventive enforcement information as the interdiction of suspicious shipments, warning letters, recommending denials on license applications, placing parties on the Unverified List, denials on visa requests, detecting violations of license conditions and other measures to prevent exposure to sensitive technology by foreign nationals. The implementation of this measure will allow BIS to gauge its overall effectiveness in terms of prosecutions and preventive enforcement. Beginning in FY 2005, BIS proposes a comprehensive export license condition enforcement program that should produce 275 cases. This program will seek to monitor and enhance compliance with license conditions, by detecting and prosecuting violations of license conditions. BIS anticipates that the establishment of such an initiative will result in additional

leads that will increase the number of enforcement cases opened that result in the prevention of a criminal violation or the prosecution of a criminal or administrative case by an additional 10 cases in FY 2006.

**Measure 3b: Number of Post-Shipment Verifications Completed**

BIS enforcement agents and US&FCS officers conduct post-shipment verifications (PSVs) to ensure that exported items are used in accordance with the terms of the export license. PSVs are conducted to ensure that the products are being used by the authorized end-users as approved. In FY 2003, BIS exceeded its target of 375 PSVs by completing an additional 22 PSVs (397 total). While we initially expected to complete 500 PSVs in FY 2004, we assumed that we would receive funding for seven attachés overseas, and that each attaché, with the exception of China, would conduct 40 PSVs per year. This estimate was too high for a couple reasons. First, the estimate of 40 PSVs per attaché failed to factor in the number of pre-license checks that attachés must also complete. Secondly, subsequent to our FY 2004 budget request, we received funding for five attachés rather than the seven requested, and did not receive the appropriated funds until mid-2003. At present, we have attachés posted in Beijing and Abu Dhabi, and will be posting attachés in Moscow, New Delhi, and Hong Kong. However, because of this delay in funding, we do not expect to have a full complement of attachés posted until the later part of FY 2004. Moreover, for every attaché we post, we gain a better understanding of their capacity in that location. Accordingly, the target will remain at 375 PSVs in FY 2004 and 395 in FY 2005.

**Measure 3c: Length of Time, Once a Licensing Determination is Obtained, for Case Presentation to an Assistant United States Attorney (Days) -----  
-- DISCONTINUED**

This measure sought to track the speed with which cases opened are presented for prosecution, based on an anticipated increase in the number of such cases with the growth in exports and new exporters entering the market. This measure was planned for FY 2004, however, it is being discontinued to concentrate on other areas of enforcement. While Export Enforcement (EE) will endeavor to expedite case processing, the emphasis in FY 2004 and beyond will be to focus on violations prevented or prosecuted. This focus is reflected in our increased targets beginning in FY 2004 for cases opened that result in the prevention of a criminal violation or prosecution of a criminal or administrative case.

**Program Evaluations:** In FY 2003, the GAO and the OIG continued their ongoing reviews of BIS's programs and activities. BIS's OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. In addition to the annual review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

## **Cross Cutting Activities:**

### **Intra-Department of Commerce**

BIS works with the Office of Chief Counsel for Industry and Security (OCC/IS) on administrative cases developed by BIS's enforcement agents.

BIS works with the Census Bureau on seminars and data sharing, including Shipper's Export Declarations (SED). BIS is also working with the Census Bureau on the Automated Export System, a joint venture with other U.S. Government agencies that seeks to implement electronic submission of SED data by the exporter.

BIS works with the ITA and the US&FCS offices located around the world to conduct PSVs.

### **Other Government Agencies**

Departments of Justice (DOJ) and State, U.S. Customs Service, Federal Bureau of Investigation (FBI), U.S. Postal Service, and the intelligence community – BIS works with these agencies on law enforcement matters, including development of leads, intelligence coordination, implementation of export control policy, and coordination of export license and fastener quality investigations. BIS field offices participate in interagency working groups with the FBI and the U.S. Postal Service, and shares data with the U.S. Customs Service via the Treasury Enforcement Computer System.

**External Factors and Mitigation Strategies:** Priorities and resources of DOJ and OCC/IS directly influence the achievement of this goal. BIS mitigates this situation by targeting investigations effectively, conducting them in a professional manner, and presenting them persuasively to prosecutors.

BIS may also have to rely on other agencies to conduct certain investigative activities. BIS mitigates this by maintaining regular communication with those agencies. BIS also diligently seeks opportunities to work cases jointly with other law enforcement agencies.

The increasing volume and complexity of international commerce directly increases the difficulty of applying and enforcing export controls and, consequently, the difficulty of preventing proliferation. BIS mitigates this situation by conducting visits overseas to educate foreign consignees about U.S. export laws and by sharing information with foreign export control officials. BIS attempts to focus investigative resources on areas that pose the greatest risk to national security.

## Performance Goal 4: Enhance the Export and Transit Control Systems of Nations that Lack Effective Control Arrangements

### Performance Goal 4: Resource Requirements

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's	FY 2005 Base	Increase/ Decrease	FY 2005 Request
Management and Policy Coordination	1.4	1.5	1.4	2.2	1.9	1.9	0.0	1.9
Reimbursable <sup>1</sup>	2.9	3.8	4.1	7.0	6.1	4.5	0.0	4.5
Total Funding	4.3	5.3	5.5	9.2	8.0	6.4	0.0	6.4
IT Funding <sup>2</sup>	0.4	0.4	0.3	.5	.2	0.2	0.0	0.2
FTE	9	9	9	9	9	9	0	9

<sup>1</sup> Reimbursable funding included in total funding.

<sup>2</sup> IT funding included in total funding.

Notes: Totals may differ slightly due to rounding.

Total obligations may differ from those reported in other exhibits due to inclusion of restorations of prior year funds in the amounts cited above.

### Performance Goal 4: Targets and Performance Summary

Measure	FY 2000 Target	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations	New	New	New	New	20	25	25	39	30	30

**Corresponding Strategic Goal 1:** Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers

**Corresponding General Goal/ Objective 1.2:** Advance Responsible Economic Growth and Trade While Protecting American Security

#### Rationale of Performance Goal:

Strong enforcement of U.S. export regulations is critical to protect U.S. security interests. However, U.S. national interests can also be jeopardized if sensitive materials and technologies from other nations reach countries of concern or terrorists. For this reason, BIS's strategy includes promoting the establishment of effective export control systems by other nations. BIS has been assisting the countries of the former Soviet Union and the former Warsaw Pact nations of Central Europe to strengthen their export control and enforcement regimes. BIS is also now extending technical assistance to other countries considered export or transit proliferation risks.

Through a series of bilateral and regional cooperative activities co-sponsored with the State Department, BIS helps the nations with which it works to (1) develop the procedures and requirements necessary to regulate the transfer of sensitive goods and technologies, (2) enforce compliance with these procedures and requirements, and (3) promote the industry-government partnerships necessary for an effective export control system to meet international standards.

**Program Increases That Apply to This Performance Goal:** None

**Explanation of Each Measure:**

**Measure 4a: Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations**

This performance measure is intended to measure the achievement of BIS's international cooperation program in remedying deficiencies in the export control systems of key nations. The BIS program aims to enhance the export and transit control systems of nations that lack effective control arrangements. Each targeted deficiency represents a specific facet of an export or transit control system that BIS seeks to strengthen through its cooperative activities in participating countries. BIS's Model Country Program has identified fifty-nine possible targeted deficiencies and matching remedial activities that are used to assess each country's export control program. Each targeted deficiency remedied shows how BIS can document the influence of its extensive bilateral and regional cooperative activities.

BIS bases and establishes future targets on the pace and timing of activities and the availability of resources to conduct the exchanges that produce outcomes. Because they require action on the part of sovereign governments, outcomes from BIS activities are often not immediately achieved. As a result, for many outcomes, there is an inherent time delay of as much as six months to two years between the performance of an export control technical exchange that addresses a specific desired outcome and BIS's ability to obtain confirming evidence that the outcome has been achieved. Our estimates of future targets are based on historical experience related to the number of outcomes that have been addressed by past technical exchanges, but that have not yet been confirmed with evidence, and the number of new outcomes that will be addressed by technical exchanges during the current fiscal year. In FY 2003, BIS exceeded the target of 25 due to productivity improvements. BIS expects a slightly higher level of activity in this area and increased funding from the donor agency, therefore, the target for FY 2004 and FY 2005 was raised to 30.

**Program Evaluations:** In FY 2003, the GAO and the OIG continued their ongoing reviews of BIS's programs and activities. BIS's OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. In addition to the annual review, OPEM produces monthly performance reports for the performance measures tracked by ECASS and semiannual reports for other selected measures tracked by paper evidence. During this process, significant deviations from projected targets, if any, were discussed with the appropriate office so that program changes could be made to help meet BIS performance goals.

**Cross Cutting Activities:****Intra-Department of Commerce**

The ITA and OCC/IS make invaluable contributions of their expertise, knowledge, and abilities to BIS's program to assist key nations to establish strong, effective export controls.

**Other Government Agencies**

U.S. Customs Service and the CIA's Weapons Intelligence, Nonproliferation, and Arms Control Center—BIS coordinates with these agencies regarding export control cooperation technical exchanges and activities with other nations.

Departments of State, Defense, Energy and Justice; U.S. Customs Service, and the FBI—BIS works with these agencies to coordinate assessments of the international export control system and to prioritize, design, and fund programs in which interagency resources are focused on specific national and regional issues.

**External Factors and Mitigation Strategies:**

BIS works with other agencies on the technical exchange and other activities relating to international export control cooperation. Two factors that drive the scheduling of technical exchange activities are (1) the interagency coordination process that enables agency experts to participate in the exchanges, and (2) the priorities of the countries involved. BIS mitigates these factors by conducting close and frequent consultations with pertinent U.S. agencies and client nation officials.

Unforeseeable shifts in U.S. policy (for example, suspension of activity with a particular country) or in the policies of client nations occasionally may preclude execution of funded, scheduled events or participation of certain national invitees. BIS mitigates these situations by designing fewer events that appeal to a broader range of potential participants. BIS is also proactive in working with service providers to minimize cancellation costs.

**Unit Cost Performance Measures:**

Currently, BIS does not have performance measures that can be shown in unit cost terms. The National Oceanic and Atmospheric Administration (NOAA) currently provide accounting services to BIS. In FY 2003, NOAA implemented the Commerce Administrative Management System (CAMS) to provide BIS with more timely, useful, and reliable financial data. In FY 2004, BIS will work with NOAA to develop project codes to track expenditures associated with each of its performance measures, and to have the system fully implemented in FY 2005. At that time, BIS will be better positioned to develop unit cost performance measures.

Data Validation and Verification

BIS's Office of Planning, Evaluation and Management (OPEM) conducts an annual review of the performance data to ensure that it is complete and accurate. During this process, significant deviations from projected targets, if any, are discussed with the appropriate office so that program changes can be made to help meet BIS's performance goals.

The actual validation process is conducted following procedures similar to audit principles including sampling and verification of data. Case information is regularly downloaded from the management information systems and imported into databases and spreadsheets for analysis. In some cases, information is manually checked against actual paper files to ensure the accuracy of information in the management information systems. Additionally, documentation is reviewed and a determination is made on its adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Median Processing Time for Referrals of Export Licenses to Other Agencies (Days)	ECASS	Monthly	ECASS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Median Processing Time for Export Licenses Not Referred to Other Agencies (Days)	ECASS	Monthly	ECASS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Median Processing Time for Issuing Draft Regulations (Months)	Paper records such as official publications and draft regulations	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None

Performance Measure		Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Level of Exporter Understanding of BIS Export Control Requirements	Value of Information (Average Score on a scale of 1-5)	Export Seminar Surveys	Monthly	Survey Results Database	BIS's OPEM will validate the performance measure against supporting documentation	Data is dependent on the voluntary responses of seminar participants and in based on respondent opinion. Opinion may, or may not be a factual indicator of performance.	None
	Percent Knowledge Gained Index	Export Seminar Surveys	Monthly	Survey Results Database	BIS's OPEM will validate the performance measure against supporting documentation	None	None
Number of Industry and Export Control Assessments		Export Admin. Documentation Verifying the number of Assessments Completed	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None
Number of Internal Control Programs that Contribute to Compliance with License Conditions		Export Admin. Documentation Verifying Internal Control Program Reviews	Annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None
Number of Site Assistance Visits Conducted to Assist Companies Prepare for International Inspections		Site Assistance and Inspection Reports	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None



Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be taken
Number of Cases Opened That Result in the Prevention of a Criminal Violation or the Prosecution of a Criminal or Administrative Case	Export Enforcement IMS	Monthly	Export Enforcement IMS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Number of Post-Shipment Verifications Completed	Export Enforcement IMS	Monthly	Export Enforcement IMS	BIS's OPEM will perform two types of checks to ensure data are entered where they should be (system integrity) and to ensure that the data are accurate and valid	None	None
Number of Targeted Deficiencies Remedied in the Export Control Systems of Program Nations	Paper Records	Semi-annual	Office Files	BIS's OPEM will validate the performance measure against supporting documentation	None	None

*Department of Commerce*  
*Bureau of the Census*  
**SUMMARY OF TARGETS AND RESOURCE REQUIREMENTS**

**Grand Total**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Request</b>
	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Estimate</b>	<b>Base</b>		
Salaries And Expenses	139.9	156.2	168.9	181.7	192.8	202.8	17.7	220.4
Periodic Censuses And Programs	4,259.1	585.5	383.8	420.2	479.0	447.2	163.9	611.1
Mandatory Programs	19.9	20.0	19.9	19.9	20.0	20.0	0.0	20.0
<b>Total Funding</b>	<b>4,589.6</b>	<b>966.9</b>	<b>799.5</b>	<b>846.9</b>	<b>929.1</b>	<b>895.7</b>	<b>181.6</b>	<b>1,077.2</b>
Direct	4,418.9	761.7	572.6	621.8	691.8	670.0	181.6	851.5
Reimbursable <sup>2</sup>	170.7	205.2	226.9	225.1	237.3	225.7	0.0	225.7
IT Funding <sup>1</sup>	470.0	347.5	291.4	246.2	379.2	412.2	13.7	425.9
FTE	86,399	10,380	8,420	7,729	8,929	8,598	1,905	10,503

<sup>1</sup> IT Funding Included In Total Funding

<sup>2</sup> Reimbursable Funding Included In Total Funding

PERFORMANCE GOAL 1: MEET THE NEEDS OF POLICY MAKERS, BUSINESSES AND NON-PROFIT ORGANIZATIONS, AND THE PUBLIC FOR CURRENT MEASURES OF THE U.S. POPULATION, ECONOMY, AND GOVERNMENTS

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2005 Base	Increase/ Decrease	FY 2005 Request	FY 2006 Estimate <sup>1</sup>	FY 2007 Estimate <sup>1</sup>	FY 2008 Estimate <sup>1</sup>	FY 2009 Estimate <sup>1</sup>
Salaries And Expenses												
Current Surveys And Statistics												
Current Economic Statistics	88.9	102.7	111.3	122.9	131.4	138.2	17.7	155.9	155.9	155.9	155.9	155.9
Current Demographic Statistics	47.5	49.8	53.5	54.4	57.9	60.8	0.0	60.8	60.8	60.8	60.8	60.8
Mandatory												
Survey Of Program Dynamics	9.9	10.0	9.9	9.9	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0
Children's Health Insurance Program	10.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0	10.0	10.0	10.0	10.0
Reimbursable Obligations	170.7	205.2	226.9	225.1	237.3	225.7	0.0	225.7	225.7	225.7	225.7	225.7
Total Funding	327.0	377.7	411.6	422.3	446.6	444.7	17.7	462.4	462.4	462.4	462.4	462.4
IT Funding	110.1	110.1	116.5	48.1	52.4	72.5	13.7	86.2	71.7	59.3	61.7	65.5
FTE	4,510	4,928	5,161	4,614	5,570	5,239	104	5,343	5,343	N/A	N/A	N/A

<sup>1</sup>Reflects total resource requirements excluding outyear pay raises and inflation.

	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actuals</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
MEASURE 1a <sup>1</sup> (1) Collect data for the planned number of households for CPS	(1) New	(1) New	(1) New	(1) New	(1) New	(1) New	(1) 54,000 interviewed households per month from a planned sample of 60,000 eligible households
(2) Collect data for the planned number of households for NCVS	(2) New	(2) New	(2) New	(2) New	(2) New	(2) New	(2) 45,000 interviewed households per period from a planned sample of 50,000 eligible households (two interview periods per year)
(3) Collect data for the planned number of households for AHS	(3) New	(3) New	(3) New	(3) New	(3) New	(3) New	(3) 47,700 interviewed households from a planned sample of 53,000 eligible households
(4) Collect data for the planned number of households for SIPP	(4) New	(4) New	(4) New	(4) New	(4) New	(4) New	(4) 29,750 interviewed households per wave from a planned sample of 42,500 eligible households (three waves per year)
MEASURE 1b <sup>2</sup> (1) Release data products from the SIPP	(1) Maintained FY 1999 actual time achieved	(1) Maintained FY 1999 actual time achieved	(1) Maintained FY 1999 actual time achieved	(1) Two data products by 9/30/03	(1) One data product by 9/30/03	(1) Seven data products by 9/30/04	(1) Two data products by 9/30/05
(2) Release data products from the CPS	(2) New	(2) New	(2) New	(2) New	(2) New	(2) New	(2) Twelve data products by 9/30/05
(3) Release data products from the CPS Supplements	(3) New	(3) New	(3) New	(3) New	(3) New	(3) New	(3) Six data products by 9/30/05
(4) Release data products from the AHS	(4) New	(4) New	(4) New	(4) New	(4) New	(4) New	(4) One data product by 9/30/05
MEASURE 1c Release Principal Economic Indicators	New	New	100% On Time	100% On Time	100% On Time	100% On Time	Release All 116 Monthly And Quarterly Principal Economic Indicators According To Pre-Announced Time Schedule
MEASURE 1d <sup>3</sup> Release Annual Survey of Manufacturers (ASM), The Annual Trade Survey (ATS), The Annual Retail Trade Survey (ARTS), and The Service Annual Survey (SAS) on preannounced time schedules.	New	New	New	New	New	New	100% on Time

<sup>1</sup>Targets were changed for CPS,NCVS, AHS, and SIPP to give a more transparent measure of effectiveness. Further, the measure for NHIS was removed due to indications from the sponsor that the Survey might not continue in FY 2005 or that it might be scaled back dramatically

<sup>2</sup>SPD is a mandatory appropriation that was due to expire, and given that there would be no data products to release in FY 2005, the decision was made to remove SPD from the annual performance plan and replace it with CPS and CPS supplement measures which would be more appropriate and available.

<sup>3</sup>Type of measure for these surveys was changed to better evaluate fulfillment of the customer's need for timely information.

## **Corresponding Strategic Goal**

Commerce Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers.

Commerce General Goal/Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.

Census Bureau Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

## **Rationale for Performance Goal**

### **Demographic Statistics:**

The Census Bureau's demographic statistics program staff is responsible for developing plans and programs to collect, process, and disseminate information from surveys and censuses on the population and its characteristics and on the size and characteristics of the housing inventory. The Census Bureau undertakes analytical research on emerging issues and trends, such as the condition of children and the elderly, the employment of disabled individuals, and the characteristics of immigrants.

Directing and coordinating technical and developmental work on the collection and analysis of data by race, Hispanic origin, and ancestry are major responsibilities. This work results in reports on the characteristics of special population groups and on American Indian Tribes and Alaska Native Village areas. An important aspect is examining reporting issues, such as error or bias in these data.

Official statistics on income, poverty, and health insurance coverage, as well as longitudinal data on income and program participation that federal agencies use to develop, modify, and monitor income transfer programs, come from demographic programs. Especially important are data necessary to continue to measure the impact of the Personal Responsibility and Work Opportunity Reconciliation Act, often called welfare reform.

Demographic program staffers conduct much of the foundational analysis and research underlying the U.S. Office of Management and Budget's (OMB's) decisions on national statistical standards for topics such as occupational classifications, metropolitan areas, and race and ethnicity.

The demographic programs also plan and conduct surveys and special censuses, funded by other federal agencies that focus on topics of national importance, such as unemployment, crime, health, education, and consumer expenditures.

**Economic Statistics:**

The Census Bureau's economic statistics program staff is responsible for statistical programs that count and profile U.S. businesses and government organizations in a rapidly evolving economic environment. This includes conducting economic censuses and a census of governments every five years; carrying out more than 100 separate surveys monthly, quarterly, and annually, including principal economic indicators; producing voluminous merchandise export and import statistics monthly; accomplishing extensive compilations of administrative records; and undertaking numerous research and technical studies.

In addition, economic statistics program staffers conduct a number of surveys under reimbursable agreements with other federal agencies such as the Bureau of Justice Statistics, the National Center for Education Statistics, the Bureau of Transportation Statistics, the Federal Reserve Board, the Environmental Protection Agency, the Agency for Health Care Research and Quality, the Department of Energy, and the Department of Housing and Urban Development.

The major activities of the economic statistics programs include:

- Providing statistics that are critical to understanding current conditions in the U.S. economy, including principal federal economic indicators
- Producing economic statistics that provide 75% of the source data used in preparing gross domestic product estimates, one of the nation's most important barometers of current economic activity
- Providing information on the labor, capital, and material inputs to, as well as the outputs of, the nation's manufacturing, mining, and construction industries
- Conducting company-based surveys for the collection of financial data, including data on capital investment, income, payroll, assets, and expenditures
- Collecting, processing, and compiling statistical data relating to U.S. merchandise trade (exports, imports, and transportation) with foreign countries and Puerto Rico and the Virgin Islands; detailed trade information is available on both a monthly and annual basis for 17,000 import commodities and 10,000 export commodities
- Conducting annual sample surveys of state and local government finances and employment and producing quarterly measures of taxes and government assets
- Conducting surveys for other government agencies related to federal, state, and local government activities
- Undertaking reimbursable activities (surveys and special tabulations) that take advantage of the economic program's processing infrastructure and core competencies.

**Program Increases that Apply to Performance Goal 1:**

Current economic statistics - Improved Measurement of Services \$4.0

Current economic statistics - Electronic Government: Making Economic Statistics Company-Centric \$3.3

Current economic statistics - Improve Quality and Accelerate Release of Trade Statistics \$10.4

**Explanation of Measures*****Measure 1A***

Maintaining a high level of response for household surveys ensures that the Census Bureau's survey information is always reliable, comparable, and widely accepted by customers over the longer term. Since the sample design, interview content, length, and respondent rules vary by survey and are correlated with response, our target measures are different: (1) The Current Population Survey (CPS), (2) the National Crime Victimization Survey, and the (3) American Housing Survey, can maintain a level of response where the number of interviewed households is 90% or better of the planned number of eligible households. These household surveys have rotating address-based panels and are usually contacted by a Field Representative in person when they first enter the sample and remain in sample for repeated visits over a prescribed period of time. The rotating design also ensures that there is a mix of new and returning households that serves to stabilize response rates over time. Field Representatives (FRs) can make subsequent contacts by appointment and by telephone if the respondent wishes. Households that move are not followed; the new occupants are eligible for the interview. This methodology, coupled with an interview lasting from 10-40 minutes depending on the household size, is conducive to maximizing response. However, levels of response across all surveys, regardless of design and content, have been declining in recent years as we compete with other surveys and demands on the public's time. (4) The Survey of Income and Program Participation (SIPP) is on average a 60-minute interview for each household and collects information on income, assets, transfer program participation, and various other socio-economic topics for each person in the household. Since 1996, the SIPP has had "abutting" rather than overlapping panels, which means that at any given time, all households have been in sample for the same time period. There is no replenishment of sample as in the CPS, NCVS, and AHS designs. In addition, respondents are interviewed every 4 months, are encouraged to consult their records and to report their social security number to ensure accurate data, and are followed to new locations if they move during the life of the panel, which is usually 3-4 years. These design features make the survey a unique source of data; however, they also contributed to sharp declines in levels of response for recent panels. We have taken several steps to maximize response such as monetary incentives, redesigned introductory letters and materials, and enhanced FR training. The target levels of response consider the age of the panel in the appropriate year.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 targets since the publication of the FY 2004 Annual Performance Plan. For FY 2005, the targets were changed from response rates to levels of response, as measured by the number of actual households interviewed out of the number of households we estimated would be eligible to be interviewed. These new targets will more accurately reflect the impact on the quality of survey estimates that will result from changes in the planned survey design.

We have replaced the release of data products from the SPD as a target for 2005 with products from the CPS, CPS Supplements and the AHS. The release of all data products currently planned for the SPD will be completed in FY 2004.

The target for the National Health Interview Survey was dropped for 2005 because we are currently negotiating with the survey sponsor on significant changes to the design of the program that will affect sample size and the reliability of survey estimates.

### ***Measure 1B***

In FY 2004, this measure has addressed the release of products from the Survey of Income and Program Participation (SIPP) and the Survey of Program Dynamics (SPD). For FY 2005, we continue to monitor SIPP. Current funding for the SPD expires March 31, 2004. Future funding for SPD depends on the status of reauthorization legislation; as of December 31, 2003, the House-passed bill continues the funding for the Census Bureau through FY 2008, but how the funds will be spent is under the direction of the Secretary of Health and Human Services (HHS). HHS has directed the Census Bureau to concentrate any additional funding on increasing the sample size of the 2004 panel of the SIPP, and on investigating workforce measures for recipients of the Temporary Assistance for Needy Families program. Once the legislation is passed, we will include performance levels as part of these negotiations. However, since the SPD will be complete with the issuance of the final data product in FY 2004, there will be no SPD performance measure in the FY 2005 plan.

SIPP– SIPP collects a “core” of data items on detailed income, program participation, and work experience at four-month intervals from a cohort of households that are in the sample for approximately three years. Each four-month interval is referred to as a “wave” of interviewing and in addition to the core items; questions measuring other aspects of household economic and social well-being are included as “topical modules” during each wave. The core data supplies longitudinal (studies in which variables relating to an individual or group of individuals are assessed over a period of time) measures over the life of the panel while the topical module data supplies cross-sectional (studies that focus on phenomena that occur during a precise time interval – such as a calendar year) measures at one or more points in time.

CPS – The CPS, sponsored jointly by the Bureau of Labor Statistics (BLS) and the Census Bureau, is the primary source of labor statistics for the nation. The CPS is the source of numerous high-profile economic statistics including the nation's unemployment rate and provides data on a wide range of issues relating to employment and earnings. The CPS conducts interviews each month on the



labor force participation of persons 15 years old and over. Within two weeks of the completion of these interviews, the BLS releases the major results of the survey.

**CPS Supplements** – In addition to the regular labor force questions, the CPS often includes supplemental questions on subjects of interest to social scientists. Some CPS supplements are conducted annually, some every other year, and some on a one-time basis depending on the needs of the supplement sponsor.

**AHS** – The American Housing Survey is designed to provide a current and recurring series of data on housing characteristics of the nation. Sponsored by the Department of Housing and Urban Development (HUD), the AHS consists of a national sample and surveys of selected metropolitan areas. The national sample is conducted biennially in odd-numbered years and the metropolitan sample is conducted biennially in even-numbered years. Data files from these surveys are released to HUD on an annual basis. Analysts and policymakers use AHS data to inform housing policy decisions and design housing programs.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 targets since the publication of the FY 2004 Annual Performance Plan.

By 9/30/2005, we will release the following data products for the Survey of Income and Program Participation:

- **Wave 9 Topical Module File from the 2001 Panel**

Topical modules data are used for a variety of measurement and modeling activities related to federal benefit programs (like food stamps) and for providing data on specific topic areas. The value of this type of data lies in the level of detail and uniqueness.

Following is one of the uses of the Wave Topical Module data:

- The Department of Agriculture uses these data to model food stamp eligibility and measure food stamp program participation by using asset amounts, child care expenses, medical expenses, real estate holdings, shelter costs, and work disability. No other nationally representative data source has the detail required to determine eligibility for this program.

- **Wave 1 Core Preliminary File from the 2004 Panel**

This will be the first product from the 2004 SIPP Panel which will begin interviewing in February 2004.

Since the SIPP follows a cohort of sample over a three year period, each subsequent round of interviewing at 4-month intervals provides updated information on the economic and social impact of formation and disruptions to the household. As such, data products have a longitudinal orientation that requires several waves of data to provide an accurate portrayal of effects. This Preliminary Wave 1 file, however, was requested by data users to provide a preview of survey results from a new panel.

- **CPS data files** - In FY 2005, we will release 12 monthly CPS files containing the labor force information for each month.

- **CPS Supplement data files** – In FY 2005, we will release 6 CPS supplement files on various topics.

**AHS data files** – In FY 2005, we will release one file from the AHS.

### *Measure 1C*

The Census Bureau provides statistics that are critical to understanding current conditions in our economy. These statistics include the principal federal economic indicators, which drive national monetary policy, federal economic policymaking and investment, and business decisions. These principal economic indicators include the Advance Retail Sales; Manufacturing and Trade: Inventories and Sales; Monthly Wholesale Trade; Advanced Report on Durable Goods, Manufacturers' Shipments, Inventories, and Orders; Construction Put in Place; Quarterly Financial Report (QFR): Manufacturing, Mining, and Wholesale Trade; New Residential Construction; New Residential Sales; QFR: Retail; Housing Vacancies; and the U.S. International Trade in Goods and Services, jointly released with the Bureau of Economic Analysis (BEA). Previously, the U.S. International Trade in Goods and Services measure was reported in the BEA's Annual Program Performance Report and Annual Performance Plan with reference to the Census Bureau's data collection and processing responsibilities.

OMB Statistical Directive no. 3 requires that data for our principal economic indicators be released within prescribed time periods. For most monthly indicators this means that they must be made available within one month of the end of the reference period and for the quarterly indicators within two and a half months. Release dates for these indicators are available at [www.census.gov/epcd/econ/www/indijun.htm](http://www.census.gov/epcd/econ/www/indijun.htm). Our goal is to release all 116 monthly and quarterly principal economic indicators on time throughout FY 2005.

### *FY 2004 & FY 2005 Targets*

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan. It is continued for FY 2005.

### *Measure 1D*

This measure applies to the annual surveys used to update benchmark data during intercensal years. The surveys included are the Annual Survey of Manufacturers (ASM), the Annual Trade Survey (ATS), the Annual Retail Trade Survey (ARTS), and the Service Annual Survey (SAS). The timely release of these reports is critical to the Bureau of Economic Analysis' work in preparing annual updates to the GDP.

Measure 1d was changed from achieving a targeted level of response to meeting predetermined release dates. This was done to more accurately reflect priorities, i.e., of maintaining and wherever possible improving the timeliness of our data. While achieving satisfactory response levels are critical to data quality and can be important measures of success, the ability to deliver products on time to our key stakeholders is considered our top priority. The four annual surveys in the measure are used by the Bureau of Economic Analysis (BEA) to update benchmark data during intercensal years. Delays in their release directly impact BEA's mission to produce timely and accurate measures of the Nation's Gross Domestic Product. It is for this reason that meeting these deadlines is viewed as the ultimate measure of our success.

### ***FY 2004 & FY 2005 Targets***

This is a new performance measure for FY 2005

### **Program Evaluation**

The Census Bureau's statistical program evaluations are numerous and ongoing. One measure we use to determine data reliability is initial response rates. One measure we use to determine timeliness is the elapsed time from data collection to data release. The following are some examples of our program evaluations.

#### Demographic Statistics

The Census Bureau regularly generates quality profiles and management reports for both reimbursable and Census Bureau-sponsored demographic surveys. These profiles and reports provide statistical measures of reliability and note compliance with or accomplishment of project tasks.

#### Economic Statistics

Evaluation of programs by the economic statistics staff has led to better measures of capital expenditures by American companies; improved the Census Bureau's ability to capture data on e-commerce activities; clarified what information companies can provide on their pollution abatement activities; and periodically documented, as required by OMB, the statistical rigor of the methodologies used to produce the principal economic indicators.

#### Cross-cutting Activities

##### **Intra-Department of Commerce**

The Census Bureau works closely with other statistical agencies, in particular BEA. BEA is a primary customer for the Census

Bureau's economic and demographic data. For example, BEA uses self-employment earnings data from the Current Population Survey (CPS) to improve the national income products accounts.

### **Other Government Agencies**

**Bureau of Labor Statistics**—The Bureau of Labor Statistics shares costs for the Census Bureau's major annual CPS. The CPS provides the Bureau of Labor Statistics with monthly unemployment numbers that are used to calculate the change in unemployment rates from previous months, which is a critical measure of the nation's economy.

**Interagency Council on Statistical Policy**—Under the auspices of OMB, the Census Bureau is a major participant in this council, which works to improve the collaborative activities of federal statistical agencies. Activities of the Council have led to standardized data and concepts, technology transfers, methodology exchange, collaborative research, process improvement, better customer service, reduced respondent burden, and infrastructure sharing.

**State governments**—The State Data Center (SDC) program is one of the Census Bureau's most longstanding and successful partnerships. This cooperative program between the states and the Census Bureau was created in 1978 to make data available locally to the public through a network of state agencies, universities, libraries, and regional and local governments. The Census Bureau disseminates demographic data relating to poverty, income, population trends, child health insurance issues, and other important measures to SDCs for distribution throughout local communities. The Business and Industry Data Center (BIDC) program was added in 1988 to meet the needs of local business communities for economic data. State governors appoint data center lead organizations.

### **Government/Private Sector**

The Bureau of the Census consults intensively with businesses and business associations in the development of economic surveys.

### **International/Private Sector**

The International Programs Center (IPC), which is part of the Census Bureau's Population Division, conducts demographic and socioeconomic studies and strengthens statistical development around the world through technical assistance, training, and software products. Its work is commissioned and funded by federal agencies, international organizations, nongovernmental organizations, private businesses, and other governments. For more than 50 years, the IPC has assisted in the collection, processing, analysis, dissemination, and use of statistics with counterpart governments throughout the world.

### **External Factors and Mitigation Strategies**

Public perception of both government and non-government intrusion into personal and business information privacy is increasingly negative. This affects the response to surveys and censuses and will be a significant factor affecting the future performance of the Census Bureau.

One major mitigation strategy for this problem is to continually inform the public of our privacy and confidentiality policies for all Census Bureau activities. This involves publishing our policy statements via the Census Bureau web site and carrying out other information activities. The web site indicates the Census Bureau's privacy policy in the following areas:

- Web site visitor activities
- Purchase of Census Bureau products over the Internet
- Privacy for respondents to online surveys and censuses
- Document accessibility and links to third-party sites via the Internet
- The Census Bureau's confidentiality policy, which describes how the agency protects individual or business establishment confidentiality and the penalties for wrongful disclosure of Census Bureau information.

PERFORMANCE GOAL 2: SUPPORT THE ECONOMIC AND POLITICAL FOUNDATIONS OF THE UNITED STATES BY PRODUCING BENCHMARK MEASURES OF THE ECONOMY AND POPULATION FOR THE ADMINISTRATION AND EQUITABLE FUNDING OF FEDERAL, STATE, AND LOCAL PROGRAMS

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2005 Base	Increase/ Decrease	FY 2005 Request	FY 2006 Estimate <sup>1</sup>	FY 2007 Estimate <sup>1</sup>	FY 2008 Estimate <sup>1</sup>	FY 2009 Estimate <sup>1</sup>
Periodic Censuses And Programs												
Economic Statistics Programs												
Economic Censuses	47.5	41.4	52.1	86.4	73.0	78.0	(9.5)	68.5	69.0	75.8	120.8	103.1
Census Of Governments	3.6	3.1	5.7	6.5	6.3	6.5	(1.3)	5.2	4.5	6.9	7.8	7.5
Demographic Statistics Programs												
Intercensal Demographic Estimates	5.4	5.7	6.3	9.3	9.4	9.8	1.2	11.0	12.2	12.2	12.2	12.2
2000 Decennial Census	4,116.5	441.5	147.9	92.4	9.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Continuous Measurement	19.9	21.2	26.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demographic Surveys Sample Redesign	5.1	7.9	12.4	12.1	13.0	13.5	(1.2)	12.2	10.1	10.1	10.0	14.3
Total Funding	4,198.0	520.8	250.8	206.7	111.2	107.8	(10.8)	96.9	95.8	105	150.8	137.1
IT Funding	322.5	181.9	118.2	52.4	84.9	63.7	0.0	63.7	66.8	69.9	102.2	19.9
FTE	81,604	5,105	2,243	1,653	768	780	(93)	687	676	N/A	N/A	N/A

<sup>1</sup>Reflects total resource requirements excluding outyear pay raises and inflation.

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
MEASURE 2a Conduct the economic census and census of governments	New	New	New	<ul style="list-style-type: none"> <li>Initial mailing for the finance phase of the Census Of Governments complete by 10/31/02 and 5 Million Economic Census forms by 12/20/02</li> <li>Complete initial mailing 2002 Survey of Business Owners forms to 1 million businesses with paid employees by 9/30/03</li> </ul>	<ul style="list-style-type: none"> <li>Initial mailing for the finance phase of the Census Of Governments was complete by 10/31/02 and 5 Million Economic Census forms by 12/20/02</li> <li>Completed initial mailing 2002 Survey of Business Owners forms to 1 million businesses with paid employees by 9/30/03</li> </ul>	<ul style="list-style-type: none"> <li>Complete initial mailing of 2002 Survey of Business Owners forms to 1.5 million businesses without paid employees by 7/31/04</li> <li>Obtain an 80% response rate for the employment phase of the Census of Governments and an 82% response rate for the finance phase</li> </ul>	<ul style="list-style-type: none"> <li>Prepare a detailed project plan for all phases of the 2007 Economic Census by 9/30/05</li> <li>Prepare a detailed project plan for all phases of the 2007 Census of Governments by 9/30/05</li> </ul>
MEASURE 2b (1) Release Decennial Census data products (2) Release Census of Governments data products (3) Release Economic Census products	New	100% of Scheduled Releases	100% Of Scheduled Releases	<p>(1) Four data products by 9/30/03</p> <p>(2) Two data products released by 9/30/03.</p> <p>(3) New</p>	<p>(1) Five data products by 9/30/03</p> <p>(2) One product released ahead of schedule. Second product being released on a flow basis beginning 9/03 to be completed by 12/03.</p> <p>(3) New</p>	<p>(1) None</p> <p>(2) Four data products by 9/30/04. This represents a more than 15% improvement in delivery time over the previous census. Issue by March 2004, The 2002 Economic Census Advance Report. This first report shows a snapshot of the economy at broad NAICS levels. Issue 651 of the 1,700 Economic Census products by 9/30/04. This represents a 40% increase in the number of reports released over a comparable time period for the 1997 Economic Census</p>	<p>(1) None</p> <p>(2) None</p> <p>(3) Issue 1,027 Economic Census data products by 9/30/05, for a total of 1,647 reports released since 3/1/04, and 58 remaining reports for release in FY 2006. This represents a 40% increase in the number of reports released over a comparable time period for the 1997 Economic Census.</p>
MEASURE 2c Release population estimates and survey controls for all subgroups and geographies	New	New	New	New	New	New	<ul style="list-style-type: none"> <li>Improved controls for the 2004 American Community Survey released by 5/30/05</li> <li>Current Population Survey Controls released each month in time for weighting monthly estimates</li> </ul>
MEASURE 2d (1) Introduce new Census 2000-based samples for the consumer expenditures survey-quarterly (CE-Q) (2) Introduce new Census 2000-based samples for the consumer expenditures survey-diary (CE-D) (3) Introduce new Census 2000-based samples for the National Crime Victimization Survey (4) Introduce new Census 2000-based samples for the American Housing Survey-National (AHS-N)	New	New	New	New	New	New	<p>(1) CE-Q samples introduced by 11/30/2004</p> <p>(2) CE-D samples introduced by 1/31/2005</p> <p>(3) NCVS samples introduced by 1/31/2005</p> <p>(4) AHS-N samples introduced by 5/31/2005</p>

### **Corresponding Strategic Goal**

Commerce Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers.

Commerce General Goal/Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.

Census Bureau Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

### **Rationale for Performance Goal**

The Census Bureau's benchmark programs are a major source of baseline information upon which most data-based decisions and activities take place. Whether it is information gathered through the Decennial Census of Population and Housing, the economic censuses and the census of governments, or the intercensal estimates that provide baseline demographic information in between the decennial censuses - the place where everyone looks is the Census Bureau's benchmark programs.

The demographic programs provide the data used to allocate nearly \$200 billion dollars in federal funds each year, conduct the analyses that underlie the statistical definitions and standards used by the entire federal government in policy decisions, and establish the baseline sample units that underlie virtually every survey conducted in the United States by both private and public sectors.

The economic statistics programs count and profile U.S. businesses and government organizations in a rapidly evolving economic environment. This includes conducting an economic census and a census of governments every five years. The economic census covers all nonagricultural sectors of the economy, publishes data on the activities of more than 22 million businesses and more than 1,100 industries, and provides detailed geographic information.

As a complement to the sectoral economic census program components, the Census Bureau also conducts a series of related programs to collect information on topics of special interest, for example, minority and women-owned businesses; the characteristics of the nation's trucking fleet; business expenses; the flow of commodities; and the economies of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands.

The census of governments represents the primary source of facts about the structure and function of the public sector of the U.S. economy. It provides essential information to Congress and federal agencies for planning and evaluating programs that involve intergovernmental relationships. The census contributes an important element for constructing composite national economic measures, such as Gross Domestic Product, the Bureau of Economic Analysis's input-output tables that measure market sectors, and the Federal Reserve Board's flow of funds accounts that provide time-series data of financial flows in the economy. The census of governments supplies vital analytical tools for a wide variety of data users. Among the most prominent are state and local government officials,



educational organizations, criminal justice organizations, public interest groups, private industry, economic research agencies, and the media.

The Census Bureau's Performance Goal 2 focuses on the major conduct and dissemination milestones for the publishing and disseminating data from the 2002 Economic Census on a timely, scheduled basis

- Conducting a comprehensive evaluation of the content, processing, and dissemination components of the 2002 Economic Census and Census of Governments, and
- Using the results of the evaluation, developing a priority list of improvements for the 2007 Economic Census and Census of Governments.

### **Program Increases that Apply to Performance Goal 2:**

Intercensal demographic estimates – measuring migration across U.S. borders \$1.2

### **Explanation of Measures**

#### ***Measure 2A***

FY 2005, besides being the last year of the six-year funding cycle for the 2002 Economic Census, is also the first year of the funding cycle for the 2007 Economic Census and Census of Governments. FY 2005 work on the 2007 censuses involves vital planning, scheduling, and organizing activities. While we expect the basic format of the censuses to stay the same, a key aspect of the FY 2005 work is to determine whether the censuses provide sufficient and proper information to our users and how much change is required in the operational aspects of the work. To accomplish this, we will complete a comprehensive evaluation of the content, processing, and dissemination components of both censuses and develop a priority list of improvements for the 2007 censuses.

#### ***FY 2004 & FY 2005 Targets***

An additional target has been added to FY 2005 since the publication of the FY 2004 Annual Performance Plan, covering the evaluation of the conduct, processing, and dissemination activities related to the 2002 Economic and Census of Governments. An evaluation report of both censuses, containing a list of improvements for the 2007 censuses will be completed by 9/30/05.

## ***Measure 2B***

### Decennial Census

In FY 2003, the Census Bureau completed the release of all Census 2000 data products.

### Census of Governments

In FY 2004, the Census Bureau will complete the release of all of the 2002 Census of Government data products.

### Economic Census

The primary focus of activity for FY 2005 will be on the publication and dissemination of information collected and processed in the previous two years. The FY 2005 budget request provides for an accelerated release schedule compared to previous censuses. It responds to the Bureau of Economic Analysis request to accelerate the release of the manufacturing industry series, the manufacturing and mining product class data, the retail merchandise line series, and the wholesale commodity line series. Full funding will support a 4 month improvement in the release time of the manufacturing industry series, an 11-14 month improvement in the product class data release, a 20 month improvement in the first release of the merchandise and commodity line data.

By the end of the fiscal year we will have released all but a handful of the 2002 Economic Census data products. All reports will be released via the Internet in the Census Bureau's American FactFinder system, which allows users to create summary reports and download files in HTML tables and in publication quality Adobe Acrobat files. In addition to the release of these data on the Internet, a CD-ROM will be released quarterly containing all the economic census reports released to date, with software to make the data easily accessible.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan.

## ***Measure 2C***

The intercensal demographic estimates program assists elected and appointed officials in allocating about \$200 billion each year by providing them updated estimates of the United States population for the country, states, counties, cities, and townships. Through this legislatively required program, these policy makers and program managers are able to better understand their population's size, as well as its basic characteristics like age, sex, race, and Hispanic origin, in the years between the decennial censuses. Since the United States population does not stand still between decennial censuses and governments base many of their funding decisions on the size and

basic characteristics of the population, effective and efficient government requires these estimates be prepared annually and released in a timely manner.

Title 13, Section 181 of the U.S. Code requires the Census Bureau to produce annual data on the population size and certain population characteristics (age, race, ethnicity, and sex) for the nation, states, counties, and local units of government with a population of 50,000 or more. This law also requires the Census Bureau to produce biennial estimates of total population for all local units of general purpose government, regardless of their size. Further, the law specifies the use of such estimates by federal agencies when allocating federal benefits to states, counties, and local units of government when they are based on population size.

Among the federal programs that use these intercensal estimates to allocate funds are the Department of Health and Human Services' Medical Assistance Program (Medicaid) and Social Service Block Grant Program; the Department of Housing and Urban Development's Community Development Block Grant Program; and the Department of Labor's Employment and Training Assistance -Dislocated Worker Program. About \$200 billion per year in federal funding is distributed to states and other areas based in some part on intercensal estimates.

These estimates of the geographic distribution of the population are also used for decisions about state and local government services, planning utility services, redefining metropolitan areas, and locating retail outlets and manufacturing establishments. Federal time-series that are produced on a per capita basis, such as per capita income, births per capita, and cancer incidence rates per capita also rely on these estimates for their denominators. Finally, they are used as population controls for the major household surveys, such as the Current Population Survey (CPS) and the American Community Survey (ACS) and, hence, have a major impact on the accuracy of the country's key measures such as unemployment, inflation, income, poverty, and health insurance.

### ***FY 2004 and FY 2005 Targets***

There were no FY 2004 targets as these are new performance measures for 2005.

By 5/30/2005, we will release improved controls for the 2004 ACS. It is important that we meet this date to insure the timely processing and release of ACS data to the public so that they can make informed planning decisions. The controls will reflect improved estimates of immigration.

Each month we will release controls for the CPS in time to weight the monthly estimates. It is important that we meet these dates to insure that the survey weighting is completed such that scheduled release dates for the monthly data on unemployment are met.

***Measure 2D***

Introducing new Census 2000-based, redesigned samples for four major household surveys in FY 2005 is critical to the successful implementation of the 2000 Demographic Surveys Sample Redesign and the continuation of these surveys at a quality and reliability level demanded by Congress, survey sponsoring agencies, and data users. The 2000 Demographic Survey Sample Redesign plans include the release of new, updated survey samples from FYs 2004 through 2007, depending on each survey's sample design requirements and needs.

The demographic surveys sample redesign program is a once-a-decade cyclical program following the completion of the decennial census. This program takes the new census information on the location and characteristics of the American population and uses that up-to-date snapshot to select smaller, but representative, samples of that population. These new samples then become the basis for the major federal household surveys conducted throughout the remainder of the decade. Using these updated samples allows federal agencies that sponsor these surveys to avoid substantial deterioration in the accuracy of their surveys' data and maintain confidence in major federal socioeconomic indicators such as the monthly consumer price index and the rate of violent crimes, which are vital to the effective management of the United States economy and government programs.

***FY 2004 & FY 2005 Targets***

This is a new measure for FY 2005.

By 11/30/2004 we will introduce new samples for the Consumer Expenditures Survey - Quarterly Survey (CE-Q).

By 1/31/2005 we will introduce new samples for the Consumer Expenditures Survey - Diary Survey (CE-D).

**Program Evaluation**

Evaluation activities in FY 2005 will relate to the content, processing, and dissemination components of the 2002 Census of Governments. In preparation for the 2007 Census of Governments, a complete a comprehensive evaluation of question detail, data quality, editing, and imputation activities related to the 2002 Census of Governments will be undertaken. Further evaluations of central collection and electronic reporting operations, as well as the content and utility of all data dissemination will also be undertaken in FY 2005.

## **Cross-cutting Activities**

### **Government/Private Sector**

#### **Economic Census**

Large businesses change rapidly, and regularly. They merge, restructure, downsize, and outsource. To meet customer needs they organize production and record keeping into alignments that may be unrelated to either location or function. Because of their size, large businesses have strategic importance to Census Bureau economic programs, and their responses are essential for measuring economic activity.

While businesses have changed significantly, the Census Bureau's means for collecting data in the economic census have changed very little. Distribution and return of paper questionnaires through the mail remains the principal data collection technique. Corporate change and traditional collection methods make it difficult to collect data, particularly from very large companies.

The Census Bureau has organized a Customer Relationship Management (CRM) unit to re-engineer its relationship with very large companies and help the Census Bureau respond to the swift changes of the business world. The guiding principle is "put customers first."

In a pilot effort targeting a limited portfolio of large companies, the CRM unit is developing profiles of company organization and providing annual schedules of company reporting requirements. At the same time, CRMs are also developing broad-based tools and strategies to promote internal and external communication.

CRMs are leading teams of subject matter specialists from across the Census Bureau and are working closely with their counterparts in large companies. The goal is to improve communication without disrupting productive existing relationships between data providers and survey specialists. Coupled with CRM, the Census Bureau will also offer the option to report electronically to 3.5 million reporters.

## **External Factors and Mitigation Strategies**

#### **Economic Census**

The increasingly negative public perception of both government and nongovernment intrusion into personal and business information privacy was reflected in the declining mail-response rates in two successive decennial censuses (1980 and 1990). There is a risk that this phenomenon will affect the economic census as well.

Much of our planning for the economic census started several years ago. We did not anticipate the decline in economic activity we have seen since mid 2001, nor, of course, the economic consequences of the events of September 11. Corporate downsizing, increased security concerns, and corporate consolidation may all impact census response. Now, maintaining an 84% response rate looks to be much more of a challenge.

To counter this general trend, we conducted a comprehensive program to encourage response to the 2002 Economic Census. Response promotion efforts included both direct communication with respondents and public communication through intermediaries. We had a special program focus on the largest companies, which included mailing advance information, assigning individual company account managers, and conducting personal calls to assist in reporting and follow-up with nonrespondents. For all businesses we have an Internet information and response-support program, which features an electronic reporting option, an on-line help desk, and a toll-free telephone help line. To encourage timely and accurate response, we worked with media and intermediary organizations (trade, business, and professional organizations) to highlight the importance of the census.

**PERFORMANCE GOAL 3: MEET CONSTITUTIONAL AND LEGISLATIVE MANDATES BY IMPLEMENTING A REENGINEERED 2010 CENSUS THAT IS COST-EFFECTIVE, PROVIDES MORE TIMELY DATA, IMPROVES COVERAGE ACCURACY, AND REDUCES OPERATIONAL RISK**

	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Request</b>	<b>FY 2006 Estimate<sup>1</sup></b>	<b>FY 2007 Estimate<sup>1</sup></b>	<b>FY 2008 Estimate<sup>1</sup></b>	<b>FY 2009 Estimate<sup>1</sup></b>
Periodic Census And Programs												
2010 Decennial Census	New	New	64.3	144.7	264.8	260.2	174.7	434.9	480.8	435.5	693.1	1,603.1
Total Funding	New	New	64.3	144.7	264.8	260.2	174.7	434.9	480.8	435.5	693.1	1,603.1
IT Funding	New	New	36.1	86.2	145.4	208.7	0.0	208.7	122.5	120.5	117.9	137.2
FTE	New	New	598	1,067	2,140	2,128	1,894	4,022	5,026	N/A	N/A	N/A

<sup>1</sup>Reflects total resource requirements.

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
MEASURE 3a Implement the American Community Survey	New	New	Completed field activities supporting the release of 2001 data from the long form transitional database in summer of 2002	Release three evaluation reports on the continuous measurement program by 9/30/03.	Evaluation reports not released.	<ul style="list-style-type: none"> <li>At least 92% overall weighted response rate for the American Community Survey, using three modes of data collection – mail, telephone, &amp; personal visit.</li> <li>Meet reliability requirements for annual state estimates with a median coefficient of variation of 5% on typical characteristics that are reported for 10% of the population.</li> </ul>	At least 92% overall weighted response rate for the American Community Survey, using three modes of data collection – mail, telephone, & personal visit.
MEASURE 3b Implement MAF/TIGER modernization	New	New	Prepared plan and systems by end of FY 2002 to measure housing unit coverage of the address list; list is at least as complete as it was for census 2000, as measured by the accuracy and coverage evaluation	Complete map feature corrections of 250 (8%) of the nation's counties by 9/30/03	Completed map feature corrections of 250 (8%) of the nation's counties by 9/30/03	TIGER features are within 7.6 meters of true GPS location for 26.3% of the nation's counties by 9/30/04	TIGER features are within 7.6 meters of true GPS location for 48% of all counties in the U.S., Puerto Rico, and the island areas by 9/30/05.
MEASURE 3c Conduct early 2010 Census planning, development, and testing	New	New	New	<ul style="list-style-type: none"> <li>Select test sites for 2004 census test by 12/31/02</li> <li>Develop and document design requirements for 2004 census test by 12/31/02</li> <li>(3) Develop detailed operational schedule for the 2004 census test in April 2004 by 9/30/03</li> </ul>	<ul style="list-style-type: none"> <li>Selected test sites for 2004 census test by 12/31/02</li> <li>Developed and documented design requirements for 2004 census test by 12/31/02</li> <li>(3) Developed detailed operational schedule for the 2004 census test in April 2004 by 9/30/03</li> </ul>	Implement the activities that support the following objectives of the 2004 census test: <ul style="list-style-type: none"> <li>questionnaire content</li> <li>mobile computing devices for field work</li> <li>coverage improvements</li> <li>special place/group quarters</li> <li>residence rules</li> </ul>	<ul style="list-style-type: none"> <li>Complete evaluations of the 2004 census test and, based on findings, make appropriate revisions to our research, testing, and development efforts for the 2010 Census.</li> <li>Determine design requirements and select sites for the 2006 census test.</li> <li>Complete preparations for and begin implementation of The 2005 National Content Survey.</li> <li>Use research, testing, and development efforts to date (for race/hispanic origin questions, residence rules, enterprise architecture, etc.) to update relevant 2010 Census action plans</li> </ul>



### **Corresponding Strategic Goal**

Commerce Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers.

Commerce General Goal/Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.

Bureau of the Census Strategic Goal 3: Meet constitutional and legislative mandates by implementing a reengineered 2010 census that is cost-effective, provides more timely data, improves coverage accuracy, and reduces operational risk

### **Rationale for Performance Goal**

Census 2000 was an operational and data quality success: all operations were completed on time and within overall budget; overall coverage was improved; and differential undercount was improved for all minority groups and for children. However, Census 2000 was conducted with high cost and at great operational risk. In response, and in striving to better meet this nation's ever-expanding needs for social, demographic, and geographic information, the Department of Commerce and the Census Bureau have developed a multi-year effort to completely modernize and re-engineer the decennial census program.

This re-engineering effort for the 2010 Decennial Census has four major performance outcomes:

1. Improve the relevance and timeliness of census long-form data,
2. Reduce operational risk,
3. Improve the accuracy of census coverage, and
4. Contain costs.

The re-engineered 2010 Decennial Census program consists of three highly integrated activities designed to take advantage of opportunities for innovations made possible through the expanded use of technology, major changes in our business process for data collection, and the use of focused coverage improvement procedures:

1. We will collect and tabulate long-form data every year throughout the decade using a large household survey (the American Community Survey). Besides improving the timeliness of these detailed socio-economic data for federal programs and other data users, this will allow the 2010 Census to focus solely on short-form data collection and coverage.
2. We will conduct a multi-year effort to enhance and improve the Census Bureau's Master Address File (MAF) and geographic data base, TIGER, by bringing them into alignment with global positioning system (GPS) coordinates and by converting our processing environment into one based on commercial off-the-shelf and geographic information system (GIS) software products. In addition to

the great benefits of these improvements to the nation's geographic information infrastructure, this will allow the 2010 Census to utilize GPS-equipped mobile computing devices. This in turn will allow us to make major improvements in our business process for data collection.

3. We will conduct a multi-year program of integrated planning, development, and testing to completely restructure the management and conduct of a short-form only census in 2010. This effort encompasses time-critical major field tests under census-like conditions in 2004 and 2006, and a Dress Rehearsal in 2008.

Full implementation of the American Community Survey, completion of the MAF/TIGER Enhancements Program, and continued development of a fully tested, redesigned plan for a short-form only 2010 Census all must occur for the Census Bureau to achieve its long-range performance goals for the 2010 Census—maintaining or reducing net differential undercounts compared to Census 2000, increasing the mail response rate compared to Census 2000, and containing the full cycle costs. *That is, while each of these components can yield great benefits on its own, the full overall benefit comes from the combination and integration of these activities into a fully re-engineered decennial census program.*

### **Program Increases that Apply to Performance Goal 3:**

2010 Decennial Census - \$174.7

### **Explanation of Measures**

#### ***Measure 3A***

The American Community Survey's methods of data collection involve three modes. First, we collect data by mailing out forms and processing the completed responses. We then attempt to contact non-responding households by telephone in order to collect these data. Finally, we take a sample of households that have still not responded and attempt data collection by visiting these households and conducting interviews. The overall weighted response rate reflects the contribution of all three modes of response. In the last Quarter of FY 2004 and throughout 2005 the monthly sample will reach 250,000 households. The American Community Survey will also assist data users to understand the quality of the published estimates by calculating and displaying the confidence interval for all estimates in the American Community Survey data products.

In FY 2000-2004, the Census Bureau conducted the Census 2000 Supplementary Survey, the 2001 Supplementary Survey, and the 2002 Supplementary Survey using American Community Survey methods. These surveys collected the data for the Long Form Transitional Database. The data collection for the Long Form Transitional Database was conducted to study the operational feasibility of collecting long-form-type data using a different methodology than that used in the decennial census, to demonstrate the reliability and stability of state and large-area estimates over time, and to demonstrate the usability of multi-year estimates. Each of these surveys had a sample of

approximately 700,000 residential addresses per year. Using a sample of this magnitude, we are able to generate data that will provide estimates for all states and essentially all counties of 250,000 people or more.

The success of the American Community Survey is predicated on our ability to validate, as well as on data users to accept, our current expectation that the American Community Survey will eliminate the need for the decennial census long form. To this end, the Census Bureau will conduct census tract-by-tract comparisons between the 1999-2001 American Community Survey cumulated estimates and the Census 2000 long form in the 31 test sites. We use these comparisons to identify the causes of differences, ways to improve American Community Survey design, and areas that require additional research. This analysis is a critical part of the transition to using data from the American Community Survey as a national program. When the American Community Survey becomes a comprehensive national program, community profiles will be updated every year rather than every 10 years. These vastly improved data will enable the U.S. Government to distribute billions of dollars more efficiently and to more effectively evaluate federal programs.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 targets since the publication of the FY 2004 Annual Performance Plan.

In FY 2005, full implementation data collection will be in place for the ACS, which will be based on at least a 92% overall weighted response rate across the three modes of data collection.

### ***Measure 3B***

Correctly locating every street in the MAF/TIGER database is critical to providing geographic products and services that meet the accuracy expectations of the 2010 Census field data collection staff, the Census Bureau's data product customers, and the needs of the U.S. Geological Survey/The National Map. The Census Bureau's field staff reported extensive difficulties in Census 2000 when asked to complete address list updating and verification tasks and to find addresses and streets that required follow-up visits. Many local and tribal governments that participated in the Census 2000 geographic partnership programs and many potential customers for MAF/TIGER geographic products have told the Census Bureau they would not consider future geographic partnership or use without substantial improvements in location accuracy.

Investing in the identification and correct location of new housing units and streets or roads in small towns and rural areas will assure uniform address and street coverage in the MAF/TIGER database and in the Census Bureau's data products, both for the ACS and the 2010 Census.

### *FY 2004 & FY 2005 Targets*

The target for measure 3b in FY 2004 has been changed from “TIGER features are within 5 meters of true GPS location for 26.3% of the nation’s counties by 9/30/04” to “TIGER features are within 7.6 meters of true GPS location for 26.3% of the nation’s counties by 9/30/04.” The 5 meter target corresponds with a typographical error in accuracy percentage (99.8%). The correct accuracy requirement of 99.6% translates to a 7.6 meter street centerline target accuracy. There was no change in program methodology. These same efforts will continue in FY 2005 for additional counties. The additional wording is to clarify that this multi-year effort includes Puerto Rico and the island areas.

### *Measure 3C*

A sustained, multi-year, integrated program for planning, testing, and development of a short-form only census for 2010 is the third key component of our re-engineering effort. Without it, we are left with a census that improves data relevance and timeliness (through the ACS) and geographic accuracy (through the MAF/TIGER efforts), but at a greatly expanded cost and with no serious reductions in operational risk or improvements in coverage accuracy. With it, the data collection effort for 2010 can take advantage of and build on these other improvements to contain costs and improve accuracy while keeping operational risk to a minimum. This will be accomplished through things such as:

- Development and extensive testing of data collection using GPS-equipped mobile computing devices. Use of these devices will allow us to make major improvements to our business process for data collection—the largest and most expensive component of any census. For example, their use will allow us to significantly reduce the need for paper forms and maps, the huge staff and space required to handle that paper, and the printing, postage, and data capture costs associated with data collection using paper forms. These devices also will provide better information to field staff as they conduct their work. This should result in improved productivity and fewer errors.
- Finding a way to mail a second questionnaire to households that do not respond to the initial mail out. Our research has shown this to have significant promise for increasing mail response rates, thus lowering field follow-up workloads and costs. We also plan to offer alternative response modes, such as the Internet and telephone, to increase response rates.
- Finding ways to increase data quality for all population groups by improving questionnaire wording and instructions when collecting data about race and Hispanic Origin.
- Exploring ways to increase within-household coverage for all groups and areas by improving questionnaire wording and instructions regarding our residence rules.
- Exploring methodological improvements in the way we collect data for persons who live in group quarters.

To do these things successfully, procedures must be fully tested under census-like conditions, and refined well in advance of Census Day. This requires a sustained, multi-year effort of integrated planning, development, testing, revising, and retesting of all the many procedures needed to complete a successful census. We will conduct a major field test in 2004, focused primarily on improved

methodologies for data collection and coverage. The FY 2004 estimate supports two test sites focused primarily on the systems integration needed to carry out this new census design. In 2006, we plan a second major field test. In 2008, we plan a full Dress Rehearsal of the new census methods and systems, setting the stage for a 2010 Census that can achieve all the goals of the 2010 Decennial Census re-engineering. Throughout the decade we also will conduct focused special purpose tests, cognitive studies, and technology assessments.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan. The targets for FY 2005 reflect completing the 2004 Census Test Evaluations; completing preparations and early activities for a nationally representative content test and for the 2006 Census Test; and updating our key 2010 planning and development documents to reflect results of testing efforts through FY2004.

### **Cross-cutting Activities**

#### **Intra-Department of Commerce**

The MAF/TIGER Enhancements Program works with the National Oceanic and Atmospheric Administration (NOAA) on issues related to the GPS and geodetic control.

#### **Other Government Agencies**

The American Community Survey works closely with external groups and agencies to ensure the design of the survey meets the needs of as broad a constituency as possible. These groups include other federal agencies and the Office of Management and Budget (OMB), numerous advisory committees, and organizations representing state and local governments or the private sector.

Other federal agencies involved in cross-cutting activities with the MAF/TIGER Enhancements Program include the Federal Geographic Data Committee (FGDC), the U.S. Geological Survey (USGS), the OMB, and the National Imagery and Mapping Agency (NIMA). The MAF/TIGER Enhancements Program also seeks geographic partnerships with all 39,000-plus state, local, and tribal governments in the United States, Puerto Rico, and the island areas.

The 2010 Census will seek input from federal agencies to help us define our methodology for enumerating overseas Americans and residents who live in group-quarters facilities, such as nursing homes and correctional institutions. For the Overseas Enumeration we will be working with the Departments of State and Defense. Group-quarters facilities consist of a large variety of places so we will be working with multiple agencies to help us define and classify these types of living quarters. The Census Bureau works closely with the OMB to ensure the design of questionnaires meets OMB guidelines and to obtain official OMB clearance for all questionnaires and

public use forms used in our testing.

### **Government/Private Sector**

The Census Bureau is working with several private sector contractors and will be using COTS and GIS software developed and supported by the private sector for major portions of the MAF/TIGER Enhancements Program.

The 2010 Census, including the American Community Survey and the MAF/TIGER Enhancements Program, interacts regularly with seven external advisory committees composed of members from governmental, professional, public, and private sector organizations. These comprise the Advisory Committee of Professional Associations (American Statistical Association, Population Association of America, American Economic Association, and American Marketing Association), the Decennial Census Advisory Committee to the Secretary of Commerce, and the five Racial and Ethnic Advisory Committees (African American, American Indian and Alaska Native, Asian, Hispanic, and Native Hawaiian and Other Pacific Islander). These committees provide advice and connections used by all three programs in shaping the specific approaches that will be used. Work is also done in cooperation with a National Academy of Science panel.

The 2010 Census also will seek direct input from state, local, and tribal governments, as well as from the private sector.

### **Program Evaluation**

Since the ACS is a continuing program, staff at the Census Bureau will continue to evaluate and report on the quality of ACS data. The overall objective of this evaluation project is to demonstrate the feasibility, desirability, and importance of implementing the ACS as a replacement for the decennial census long form. This objective will be achieved through a series of technical and external reports documenting key findings on the performance of nationwide implementation.

One of the major objectives of the MAF/TIGER Enhancements Program is implementation of a comprehensive plan for periodic MAF/TIGER evaluation, quality reporting, and corrective activities that will guide planning for cost-effective coverage and geocoding improvement operations. A quality assurance team is preparing MAF and TIGER error models that include descriptions of frequently found errors, performing a qualitative study to characterize each error's significance, and establishing a priority to guide implementation of quality metrics for each of the other four objectives. For example, we have developed a statistically sound sampling method for evaluating incoming state, local, and tribal GIS files and location-corrected contractor files using a random sample of 100 GPS quality assurance points for each file provided. Other proposed metrics include overall housing unit coverage (perhaps with separate measures for predominantly rural areas), currency of street and address information, and level of participation by potential geographic partners.

The evaluation of the re-engineered 2010 Census will start with evaluations of the 2004 Census Test. Specific evaluations will be conducted to answer each of the research questions we have identified for our test objectives. We will evaluate the proposed methodology tests to ensure that they are well designed and answer critical questions about how the plan for the 2010 Census can be modified to meet the goals of a re-engineered census. One of the important evaluations that we will begin in FY 2004 will assess the effectiveness of using mobile computing devices (MCDs) for nonresponse follow-up.

### **External Factors and Mitigation Strategies**

Each decade, the Census Bureau must adapt the design of the decennial census to changes in the nation's social, demographic, and technological environment. In recent decades, the pace of change has accelerated, along with demands for increasing accuracy in census results. These forces have engendered a series of census designs that have been increasingly complex and operationally risky—with attendant escalating costs. That trend continued with Census 2000, which for all its notable successes, was conducted at great risk and at historically high cost. Indeed, throughout most of that decade the General Accounting Office maintained Census 2000 on its list of high-risk federal programs. A major contributing factor to both high risks and ultimately high costs was the fact that the final census design, several aspects of which were never tested, was not determined until February 1999, only 14 months before Census Day.

Unlike the most recent decennial censuses, our strategy for this decade is to begin to develop and fully test the 2010 Census design earlier in the decade, so that we can mitigate late decade operational risks and costs. Both the American Community Survey and MAF/TIGER Enhancements Program are integral to a successful 2010 Census. In addition, based on lessons learned from Census 2000, developing a design infrastructure that leads to operational testing earlier in the decade is crucial. Testing will be done to identify ways to fundamentally change information technology systems and field infrastructure to improve the 2010 Census. There will be small special purpose field tests of individual activities and methods. These small tests will use relatively few people. There also will be relatively large integrated field tests that will study several methodologies in combination, involving several hundred thousand people. Results from these carefully designed tests will be used to conduct a dress rehearsal in the latter part of the decade and ultimately to achieve a successful, well-managed, cost-effective 2010 Census.

PERFORMANCE GOAL 4: SUPPORT INNOVATION, PROMOTE DATA USE, MINIMIZE RESPONDENT BURDEN, RESPECT INDIVIDUAL PRIVACY, AND ENSURE CONFIDENTIALITY.

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Estimate	FY 2005 Base	Increase/ Decrease	FY 2005 Request	FY 2006 Estimate <sup>1</sup>	FY 2007 Estimate <sup>1</sup>	FY 2008 Estimate <sup>1</sup>	FY 2009 Estimate <sup>1</sup>
Salaries And Expenses												
Survey Development And Data Services	3.5	3.8	4.1	4.3	3.5	3.7	0.0	3.7	3.7	3.7	3.7	3.7
Periodic Censuses And Programs												
Electronic Information Collection	5.8	6.1	6.2	6.2	6.5	6.6	0.0	6.6	6.6	6.6	6.6	6.6
Geographic Support	32.5	34.8	37.3	37.7	40.1	41.6	0.0	41.6	41.6	41.6	41.6	41.6
Data Processing Systems	22.7	23.5	23.1	23.5	30.8	31.0	0.0	31.0	31.0	31.0	31.0	31.0
Suitland Federal Center Office Space Construction	0.0	0.3	2.1	1.5	25.7	0.0	0.0	0.0	37.1	0.0	0.0	0.0
Total Funding	64.5	68.5	72.8	73.2	106.6	82.9	0.0	82.9	120.0	82.9	82.9	82.9
IT Funding	47.4	47.4	38.6	59.5	86.8	76.6	0.0	76.6	69.8	68.2	56.2	25.0
FTE	285	347	418	395	451	451	0	451	451	N/A	N/A	N/A

<sup>1</sup>Reflects total resource requirements excluding outyear pay raises and inflation



	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
MEASURE 4a Response to the Annual Boundary and Annexation Survey	New	81%	81%	83%	88%	83%	83%
MEASURE 4b Meet milestone dates for evaluating and expanding web-based technology solutions to include more functionality/business processes.	New	New	New	100%	100%	100%	100%
MEASURE 4c Segment score for overall customer satisfaction on the American Customer Satisfaction Index	New	New	New	New	New	72%	73%

### **Corresponding Strategic Goal**

Commerce Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers.

Commerce General Goal/Objective 1.3: Enhance the supply key of economic and demographic data to support effective decision-making of policymakers, businesses, and the American public.

Census Bureau Strategic Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably.

### **Rationale for Performance Goal**

Mission critical support of the Census Bureau's goals and objectives provides a national resource for administrative records, statistical, survey, and technological research; geographic systems; and information technology services. This mission critical support is essential for survey and census collection, processing, and dissemination.

- An administrative records research program improves and enhances the processes and products of Census Bureau censuses, surveys, and estimates.
- An integrated Census Bureau privacy and confidentiality research program leverages ongoing work and complements that work with new research to monitor, understand, respond to, and inform the public's views about privacy and confidentiality.
- Geographic systems, the cornerstone to our collection, processing, and dissemination systems, provide the basic maps, address lists, address and geographic reference files, and associated processing systems needed to meet the geographic requirements of all Census Bureau programs. The geographic support system (GSS) manages large volumes of information from both internal and external sources to establish and maintain a current and complete inventory of housing unit addresses, streets, roads, governmental unit boundaries, and related attribute information.
- Centralized information technology services that provide stable, dependable information technology support and the ability to continually increase our capacity for information technology (IT) innovation are intimately linked to the accuracy, timeliness,

and effectiveness of all Census Bureau programs. These information technology services must include an IT security program.

- Research, testing, and the prototyping of tools, systems, and new methods to improve our core processes--data collection, processing, and dissemination--across programs are essential for the Bureau to meet its increasing customer demands for more complex data in a timely and efficient manner. Maintaining adequate response rates, reducing respondent burden, meeting complex data needs, improving data quality, and developing innovative training techniques can all be facilitated through research and the application of core expertise in statistical and survey methodologies.
- The annual compilation and issuance of the *Statistical Abstract of the United States* provides vital program data for policy background and research for congressional staff members and federal, state, and local government officials. The *Statistical Abstract of the United States* is also the principal source for annual statistics describing the social and economic structure of the United States. Information is compiled from more than 250 government, private, and international organizations. There are also cross-cutting periodic supplements such as the *County and City Data Book*, *State and Metropolitan Area Data Book*, and the Census Bureau's *Product Catalog*.

This performance goal has been broadened to include an administrative records research program and a privacy and confidentiality research program.

#### **Program Increases that Apply to Performance Goal 4:**

None

#### **Explanation of Measures**

##### ***Measure 4A***

The Annual Boundary and Annexation Survey is the mechanism by which the Census Bureau determines the legal boundaries and names of all governmental units (counties, cities, townships, American Indian Reservations, and so forth) for which it tabulates and disseminates statistical data in its various censuses and household surveys. The Boundary and Annexation Survey is the longest running component of the GSS, and response typically declines in years further from the previous decennial census. The Census Bureau is developing more options for local and tribal governments to respond to the survey and to notify the Census Bureau when no changes have occurred. The Census Bureau expects these options to increase the percentage of governments that respond to the Boundary and Annexation Survey during intercensal years.

Information in the Census Bureau's geographic database must be updated on a periodic and regular basis to meet the needs of the economic census, current demographic statistics programs, the intercensal demographic estimates program, the American Community Survey, and the early planning efforts of the 2010 Census. The Boundary and Annexation Survey is an important vehicle for these updates. The geographic program at the Census Bureau is but one of several cross-cutting programs that provide essential support for

survey and census collection, processing, and dissemination – thus providing support for our performance goal of fostering an environment that supports innovation, reduces respondent burden, and ensures individual privacy.

***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan.

***Measure 4B***

Evaluating and expanding web-based technology solutions for collection and processing tools or application systems will enable the Census Bureau to further meet the needs of its customers and provide employees with more efficient electronic access to data and analysis tools.

***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan.

***Measure 4C***

The American Customer Satisfaction Index (ACSI) is a survey conducted since 1994 by the University of Michigan in cooperation with other groups. It tracks trends in customer satisfaction and provides benchmarks that can be compared across industries and between the public and private sectors. The ACSI uses a statistical model that links customers' evaluations of their experiences with an organization's products and services to overall satisfaction. Results from ACSI allow managers to better understand customers' perceptions and helps guide agency decisions about quality products, services, and customer satisfaction. The Census Bureau, along with 31 other federal government agencies, participated in the American Customer Satisfaction Index (ACSI) for the first time in FY 2000 (Census Bureau's score was 67%), with subsequent participation in FY 2001 (69%), FY 2002 (73%), and FY 2003 (71%). The Census Bureau's model traditionally focuses on key communications, services, and products: data products, web products, and overall customer service as these relate to customers' perceived quality, expectations, overall customer satisfaction, complaints, and loyalty. The Census Bureau's target of 73% is higher than the overall score for the federal government as a whole in the most recent survey (70%). Other participating agencies include the Social Security Administration, the Food and Drug Administration, the Veteran's Health Administration, the U.S. Mint, and the Internal Revenue Service.

### ***FY 2004 & FY 2005 Targets***

No changes have been made to the FY 2004 target since the publication of the FY 2004 Annual Performance Plan.

### **Cross-cutting Activities**

#### **Intra-Department of Commerce**

In the compilation of the *Statistical Abstract of the United States* and the *County and City Data Book*, the Bureau of Economic Analysis, the International Trade Administration, the Patent and Trademark Office, and the National Oceanic and Atmospheric Administration support the Census Bureau.

#### **Other Government Agencies**

Other federal agencies involved in cross-cutting activities with the GSS include the Federal Geographic Data Committee, the U.S. Postal Service, the U.S. Geological Survey, the Department of Education, and the National Imagery and Mapping Agency.

The GSS provides the funding for the Census Bureau to participate in the important activities of the Federal Geographic Data Committee and support the efforts to develop and implement standards for the exchange of spatial data to further the development of the National Spatial Data Infrastructure and make it available through the National Information Infrastructure.

Continual updating of the Master Address File in conjunction with the U.S. Postal Service and local tribal partners, as required by Executive Order 12906 and Public Law 103-430, is the most cost-effective and quality-assured method for providing a complete and accurate housing-unit address list. These partnerships help the Census Bureau deal with concerns expressed by officials at all levels of government about the quality of the Master Address File and Topologically Integrated Geographic Encoding and Referencing and increase the confidence of Census Bureau customers in census and survey results. In addition to involving state, local, and tribal officials in the process of providing information about new streets, boundaries, and addresses, this process provides a feedback opportunity for participating officials to review the updated maps and address lists after processing their corrections.

The compilation of the *Statistical Abstract of the United States* and the *County and City Data Book* cuts across all federal statistical agencies, such as the Bureau of Labor Statistics, and a number of other federal agencies, such as the Internal Revenue Service.

#### **Government/Private Sector**

Private sector organizations involved in cross-cutting activities with GSS include the geographic information systems industry.

The Census Bureau interacts with a number of private sector organizations in the compilation of the *Statistical Abstract of the United States*, such as the Metropolitan Life Insurance Company, the Dun and Bradstreet Corporation, *Fortune*, Bridge Commodity Research Bureau, and the *Wall Street Journal*.

### **Program Evaluation**

The Census Bureau's ability to exploit technologies, enhance and apply support systems, and develop and implement improved statistical and survey methodologies is critical to meeting our mission needs of day-to-day and year-to-year measurement of the U.S. economy and population. Evaluations of our mission critical support programs are numerous and ongoing. Examples include Boundary and Annexation Survey respondent reporting rates recorded in production control systems, the annual conduct of the IT Security Self-Assessment survey in accordance with the standards established by the National Institute for Standards and Technology, and measures of customer satisfaction with key Census Bureau products in various media.

### **External Factors and Mitigation Strategies**

The Census Bureau is actively participating in a risk management process for the geographic support activities. The initial priority risks identified are budgetary, programmatic, and technical. Some of the initial mitigation strategies include the development of risk responses such as, timely identification and submission of funding requirements, continual review of program costs, accomplishment of formal plan reviews, establishment of quality management plans, and implementation of timely dissemination of information for decision making.

**Unit Cost Measures Summary:**

Unit cost measures are reflected in the appropriate narrative justifications. A great deal of effort went into selecting the Unit Cost Measures. The measures selected were chosen with four key factors in mind:

1. They are measurable and are currently being measured,
2. represent a cross section of the programs activities,
3. line up with budget items, and
4. support the goals identified in the Bureau and Department Strategic Plans.

The Bureau continues to work to develop meaningful cost measures for all activities.

<b><u>Salaries &amp; Expenses</u></b>							
<b>Measure</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
<b><u>Current Surveys and Statistics</u></b>							
<b><u>Current Economic Statistics</u></b>							
Cost per variable:							
Current Services	N/A	N/A	N/A	N/A	N/A	N/A	\$11.75/Variable
Construction Statistics	N/A	N/A	N/A	N/A	N/A	N/A	\$ 7.17/ Variable
Annual Survey of Manufacturers	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.36/ Variable
Business Register	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.37/ Variable
Foreign Trade Statistics	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.01/ Variable
Finance	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.15/ Variable
<b><u>Current Demographic Statistics</u></b>							
Cost per Case:							
Current Population Survey	N/A	\$46/case	\$47/case	\$49/case	\$45/case <sup>1</sup>	\$52/case	\$55/case
Survey of Income & Program Participation	N/A	\$134/case	\$142/case	\$149/case	\$164/case	\$157/case	\$165/case
<b><u>Survey Development and Data Services</u></b>							
Cost per Table in the Statistical Abstract	\$542/table	\$537/table	\$549/table	\$531/table	\$531/table	\$546/table	\$561/table

<sup>1</sup>Actual is below estimate due to one-time temporary cuts in activities. These activities will be reinstated, as well as an addition of supervisors, in FY 2004, returning cost per case to the predicted target.



Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
<b>Data Processing Systems</b>							
Cost per unit (number of Census Bureau current staff)							
Data Center Ops and Management	N/A	N/A	N/A	N/A	N/A	N/A	\$655/unit
Enterprise Systems	N/A	N/A	N/A	N/A	N/A	N/A	\$789/unit
Software Engineering/Data Backup	N/A	N/A	N/A	N/A	N/A	N/A	\$628/unit
Capital Planning & IT Policy	N/A	N/A	N/A	N/A	N/A	N/A	\$273/unit
Continuity of Operations	N/A	N/A	N/A	N/A	N/A	N/A	\$137/unit
Desktop Svc – cost per desktop unit	N/A	N/A	N/A	N/A	N/A	N/A	\$1,347/unit
LAN Management – cost per user supported by LAN	N/A	N/A	N/A	N/A	N/A	N/A	\$1,118/unit

### **Program Assessment Rating Tool (PART):**

Four Census Bureau programs have been evaluated during the FY 2005 budget cycle: Current Demographic Statistics, Intercensal Demographic Estimates, Decennial Census, and Demographic Surveys Sample Redesign.

Current Demographic Statistics received a moderately effective rating. The assessment noted that the program has ambitious long-term and annual performance goals and collects timely performance information on field data collection activities to measure and improve efficiency. Recommendations include continued development of long-term Survey of Income and Program Participation (SIPP) goals by including an ambitious data release schedule, improved managerial accountability for SIPP release schedules, and pursuit of additional independent evaluations of SIPP.

The Intercensal Demographic Estimates program received a moderately effective rating. The assessment noted that the program has ambitious long-term and annual performance goals and adequate strategic planning. Recommendations include work to further increase involvement of state partners and other stakeholders, more clearly incorporate programmatic changes into strategic planning documents (including improving estimates of international migration and use of the American Community Survey), and to continue to set ambitious annual performance goals to be incorporated into formal documents.

The Decennial Census received a moderately effective rating. The assessment noted that the program has sound annual and long-term performance goals and adequate strategic planning. Recommendations include the continued examination of all key cost factors and improved managerial responsibility for cost, schedule, and performance.



The Demographic Surveys Sample Redesign program received an effective rating. The assessment noted that the program has developed ambitious annual and long-term performance goals that meet the needs of survey sponsors and has adequate strategic planning. Recommendations include incorporation of programmatic changes into strategic planning documents including redesigning samples on a more frequent basis using the ACS and a continuously updated Master Address File, and the consideration of additional external evaluations.

**Validation/Verification Elements:**

The Census Bureau conducts periodic reviews of the performance data to ensure that projected targets are met. Data are verified by comparison with past release dates for those targets involving data release measures. The survey data tabulations are compared to publicly reported methodological standards for its surveys to verify that the specified measures are attained for targets involving reliability measures. During this process, significant deviations from projected targets, if any, are discussed with the appropriate program areas so that changes can be implemented to help meet the Census Bureau's performance goals.

In some cases, information is manually checked against actual paper files (when available) to ensure the accuracy of information. Additionally, documentation is reviewed and a determination is made on its adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

The following is a Census Bureau-wide table showing the validation and verification elements for each performance measure, as appeared in the FY 2003 Performance and Accountability Report.

## Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<b>Measure 1a:</b> Percentage of household surveys attaining specified reliability measurements	Performance measure data on reliability are collected, calculated, and assessed as the surveys are tabulated.	Performance measures are available at the time of a survey's public data release.	Survey performance data are in Census Bureau databases and are published in public press releases and data reports (Source and Reliability Statements in every release).	The Bureau publicly reports methodological standards for its surveys. The survey data tabulations are compared to these standards to verify that the specified reliability measurements are attained.	None	None
<b>Measure 1b:</b> Household response rate for the Current Population Survey, the National Crime Victimization Survey, and the American Housing Survey. Response rate for the National Health Interview Survey. Response rate for the Survey of Income and Program Participation	The Bureau of the Census collects, calculates, and assesses performance measure data on reliability as the surveys are tabulated.	Performance measures are available at the time of a survey's public data release.	Survey performance data are in Census Bureau databases and are published in public press releases and data reports (Source and Reliability Statements in every release).	The Bureau publicly reports methodological standards for its surveys. The survey data tabulations are compared to these standards to verify that the specified reliability measurements are attained.	None	None
<b>Measure 1c:</b> Release data products from the Survey of Income and Program Participation and the Survey of Program Dynamics	Data collection dates are published in advance. These set the baseline for release dates.	As scheduled	Census Bureau databases and public data releases	Data are verified by comparison with past release dates. Official responses to customers will verify customer satisfaction.	None	None
<b>Measure 1d:</b> Release principal economic indicators	Data collection dates are published in advance. These set the baseline for release dates	As scheduled	Census Bureau databases and public data releases	The Bureau compares with release schedule.	None	None
<b>Measure 2a:</b> Release Decennial Census, Census of Governments, and Economic Census products	Data dissemination is scheduled. These set the baseline for release dates.	As scheduled	American FactFinder	The Bureau will compare with actual release dates.	None	None
<b>Measure 3a:</b> Implement MAF/TIGER Modernization	MAF/TIGER activity schedule	As scheduled	Census Bureau MAF/TIGER database	The Census Bureau compares actual completion dates with scheduled dates	None	None
<b>Measure 3b:</b> Implement the American Community Survey	American Community Survey activity schedule	As scheduled	American Community Survey results and the American FactFinder	The Bureau compares actual release dates with completion schedule.	None	None



*Creating Jobs*

*And*

*Minimizing*

*Poverty*



# ***United States Department of Commerce***

## ***Economic Development Administration***

***Fiscal Year 2005 Congressional Request***

Department of Commerce  
Economic Development Administration  
RESOURCE REQUIREMENTS SUMMARY FOR PERFORMANCE  
(Dollar amounts in millions)

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Obligations	FY 2004 Estimate	FY 2005 Base	FY 2005 Estimate	Increase/ Decrease
Salaries & Expenses	26.5	28.7	30.4	30.1	30.2	30.5	30.5	0.0
Economic Development Assistance Programs	359.5	410.3	335.0	295.5	283.9	284.6	289.8	5.0
Total <sup>1</sup>	386.0	439.0	365.4	326	314.1	315.1	320.3	5.0
FTE	268	254	239	229	261	261	261	0
IT Funding <sup>2</sup>	1.9	1.4	2.7	1.3	1.2	1.2	1.2	0.0
Emergency Supplemental <sup>3</sup>	20.5	64.9	6.7	5.6	0.0	0.0	0.0	0.0
Reimbursable <sup>4</sup>	20.6	24.4	7.9	15.1	17.9	17.9	17.9	0.0
Total Funds Accounted For	427.1	528.3	380.0	347	335.4	333.0	338.2	5.0

<sup>1</sup> Total funding includes program dollars and Salaries and expenses. It also reflects direct obligations. It does not include one-time, disaster investments.

<sup>2</sup> IT funding is not included in total funding.

<sup>3</sup> EDA receives emergency supplemental funding on an irregular basis to respond to disasters or emergencies.

<sup>4</sup> EDA receives reimbursable funding that is variable in nature from year-to-year. Therefore, reimbursable resources are not factored into the performance goals.

**Department of Commerce  
Economic Development Administration  
RESOURCE REQUIREMENTS SUMMARY FOR PERFORMANCE  
(Dollar amounts in thousands)**

<b>Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities</b>	<b>2000 Actual</b>	<b>2001 Actual</b>	<b>2002 Actual</b>	<b>2003 Actual</b>	<b>2004 Estimate</b>	<b>2005 Base</b>	<b>2005 Estimate</b>	<b>Increase/Decrease</b>
	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
<b>Salaries and Expenses</b>	17.2	18.7	19.8	19.6	21.1	21.4	21.4	0.0
<b>Economic Development Assistance Program</b>								
Public Works	204.5	285.3	249.9	208.8	198.3	200.1	200.1	0.0
Economic Adjustment	90.3	58.3	26.9	29.9	28.3	28.2	31.8	3.5
<b>Total Funding Performance Goal 1'</b>	312.0	362.3	296.6	258.3	247.7	249.7	253.3	3.5
IT Funding <sup>2</sup>	1.2	0.9	1.8	0.8	0.8	0.8	0.8	0.0
FTE	174	165	155	149	174	174	174	174
<b>Performance Goal 2: Improve Community Capacity to Achieve and Sustain Growth</b>								
<b>Salaries and Expenses</b>	9.3	10.0	10.6	10.5	9.1	9.1	9.1	0.0
<b>Economic Development Assistance Program</b>								
Planning	23.9	24.0	24.0	23.9	23.5	23.6	23.6	0.0
Technical Assistance	9.2	9.2	9.5	9.2	8.7	8.3	8.3	0.0
Research and Evaluation	0.5	0.5	0.4	0.5	0.5	0.5	0.5	0.0
Trade Adjustment Assistance	10.5	10.5	10.5	10.4	11.6	11.8	11.8	0.0
Economic Adjustment	20.6	22.5	13.8	12.8	12.1	12.1	13.6	1.5
<b>Total Funding Performance Goal 2'</b>	74.0	76.7	68.8	67.4	65.7	65.4	67.0	1.5
IT Funding <sup>2</sup>	0.7	0.5	0.9	0.5	0.4	0.4	0.4	0.0
FTE	94	89	84	80	87	87	87	0
<b>Appropriation Total</b>								
<b>Salaries and Expenses</b>	26.5	28.7	30.4	30.1	30.2	30.5	30.5	0.0
<b>Economic Development Assistance Program</b>	359.5	410.3	335.0	295.5	283.2	284.6	289.7	5.0
<b>TOTAL ECONOMIC DEVELOPMENT ADMINISTRATION'</b>	<b>386.0</b>	<b>439.0</b>	<b>365.4</b>	<b>326.0</b>	<b>313.4</b>	<b>315.1</b>	<b>320.3</b>	<b>5.0</b>

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## Targets and Performance Summary

### Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities

<i>Measure</i>	<i>FY 2000 Target</i>	<i>FY 2000 Actual</i>	<i>FY 2001 Target</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Target</i>	<i>FY 2002 Actual</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2005 Target</i>
Private sector dollars invested in distressed communities as a result of EDA investments	\$400M by FY 2003		\$480M by FY 2004		\$390M by FY 2005		\$320M by FY 2006	\$1,251M from FY 2000 investments <sup>7</sup>	\$318M by FY 2007	\$320M by FY 2008
	\$1,020M by FY 2006	\$199M <sup>1</sup>	\$1,200M by FY 2007	\$971M <sup>3</sup>	\$970M by FY 2008	\$640M <sup>5</sup>	\$810M by FY 2009		\$795M by FY 2010	\$800M by FY 2011
	\$2,040M by FY 2009		\$2,410M by FY 2010		\$1,940M by FY 2011		\$1,620M by FY 2012	\$2,475M from FY 1997 investments <sup>8</sup>	\$1,590M by FY 2013	\$1,620M by FY 2014

<sup>2</sup> Actual jobs created/retained - Three Year Performance exceeds the FY 1997 projected target of 5,040 jobs by FY 2000. (snapshot of performance at first reporting interval for FY 1997 investments)

<sup>3</sup> Actual private sector - Three Year Performance exceeds the FY 1998 projected target of \$130 million by FY 2001. (snapshot of performance for first reporting interval for FY 1998 investments; see specific explanation of measure)

Jobs created or retained in distressed communities as a result of EDA investments	11,300 by FY 2003 28,200 by FY 2006 56,500 by FY 2009	12,056 <sup>2</sup>	14,400 by FY 2004 36,000 by FY 2007 72,000 by FY 2010	12,898 <sup>4</sup>	11,500 by FY 2005 28,900 by FY 2008 57,800 by FY 2011	29,912 <sup>6</sup>	9,170 by FY 2006 22,900 by FY 2009 45,800 by FY 2012	39,841 from FY 2000 investments <sup>9</sup> 47,607 from FY 1997 investment <sup>10</sup>	9,140 by FY 2007 22,850 by FY 2010 45,700 by FY 2013	9,000 by FY 2008 22,500 by FY 2011 45,100 by FY 2014
State and local dollars committed per EDA dollar	\$1-\$1	\$1-\$1.2	\$1-\$1	\$1-\$1	\$1-\$1	\$1-\$1	\$1-\$1	\$1-\$1.08	\$1-\$1	\$1-\$1
Percentage of investments areas of highest distress	40%	45%	40%	43%	40%	40.1%	37-43%	37.6%	37-43%	37-43%
Percentage of EDA dollars invested in technology-related projects in distressed areas	NEW	N/A	NEW	N/A	10%	11.8%	7-10%	8.8%	7-10%	7-10%

<sup>4</sup> Actual jobs created/retained - Three Year Performance exceeds the FY 1998 target of 5,400 jobs by FY 2001. (snapshot of performance at first reporting interval for FY 1999 investments)

<sup>5</sup> Actual private sector dollars - Three Year Performance exceeds the FY 1999 projected target of \$420 million by FY 2002. (snapshot of performance for first reporting interval for FY 1999 investments)

<sup>6</sup> Actual jobs - Three Year Performance exceeds the FY 1999 target of 11,300 jobs by FY 2002. (snapshot of performance at first reporting interval for FY 1999 investments)

<sup>7</sup> Actual private sector - Three Year Performance exceeds the FY 2000 projected target of \$400 million by FY 2003. (snapshot of performance for first reporting interval for FY 2000 investments)

<sup>8</sup> Actual jobs - Three Year Performance exceeds the FY 2000 target of 11,300 jobs by FY 2003. (snapshot of performance at first reporting interval for FY 2000 investments)

<sup>9</sup> Actual private sector dollars - Six Year Performance exceeds the FY 1997 projected target of \$581 million by FY 2003. (snapshot of performance for second reporting interval for FY 2000 investments)

<sup>10</sup> Actual jobs - Six Year Performance exceeds the FY 1997 target of 25,200 jobs by FY 2003. (snapshot of performance at second reporting interval for FY 2000 investments)



**Performance Goal 2: Improve Community Capacity to Achieve and Sustain Economic Growth**

<i>Measure</i>	<i>FY 2000 Target</i>	<i>FY 2000 Actual</i>	<i>FY 2001 Target</i>	<i>FY 2001 Actual</i>	<i>FY 2002 Target</i>	<i>FY 2002 Actual</i>	<i>FY 2003 Target</i>	<i>FY 2003 Actual</i>	<i>FY 2004 Target</i>	<i>FY 2005 Target</i>
Percentage of economic development districts and Indian tribes implementing economic development projects from the comprehensive economic development strategy process that lead to private investment and jobs	TBD <sup>1</sup>	NEW	TBD <sup>1</sup>	NEW	TBD <sup>1</sup>	NEW	95%	98.7%	95%	95%
Percentage of sub-state jurisdiction members actively participating in the economic development district program	89-93%	95%	89-93%	92%	89-93%	95.3%	89-93%	96.7%	89-93%	89-93%
Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center	NEW	NEW	NEW	NEW	NEW	NEW	75%	78.1%	75%	75%
Percentage of those actions taken by University Center clients that achieved the expected results	NEW	NEW	NEW	NEW	NEW	NEW	80%	85.7%	80%	80%
Percentage of Trade Adjustment Assistance Centers (TAACs) clients taking action as a result of the assistance facilitated by the TAACs	NEW	NEW	NEW	NEW	NEW	NEW	90%	92.4%	90%	90%
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	NEW	NEW	NEW	NEW	NEW	NEW	95%	98.4%	95%	95%
Percentage of local technical assistance and economic adjustment strategy investment awarded in areas of highest distress	30-35%	35%	30-35%	32%	30-35%	30%	30-35%	30.2%	30-35%	30-35%

**Annual Performance Plan  
Summary of Goals, Objectives and Performance Measures**

Activities that EDA undertakes with public dollars demonstrate return on investment through measurable, quantifiable performance measures. EDA looks for partners willing to work hand in hand to assure the success of their ventures.

EDA programs support:

Strategic Goal 1: Provide the information and the tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

The President's FY 2005 Budget requests an increase \$3.5 million for Performance Goal 1, and \$1.5 million for Performance Goal 2. These increases are discussed in more detail in Exhibit 13 for the Public Works and Economic Adjustment programs.

**PERFORMANCE GOALS**

***Performance Goal 1: Increase Private Enterprise and Job Creation in Economically Distressed Communities***

EDA's Performance Goal 1 includes program activities associated with Public Works and Development Facilities program, and the Economic Adjustment infrastructure and revolving loan fund program. 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 redevelopment of "brownfields," industrial and business parks, business incubator and skill training facilities, and port improvements. The Economic Adjustment program provides flexible investments for communities facing sudden or severe economic distress, including revolving loan fund investments that capitalize a locally administered fund. The RLF investments are used for making loans to local businesses, which creates jobs and leverages other private investment while helping a community 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 disasters, natural resource depletion, outmigration, underemployment, and destructive impacts of foreign trade.

EDA performance targets for long-term program outcomes are based on nine-year projections for private dollars invested and jobs created. Performance data are obtained at three-year intervals to provide snapshots of current progress in achieving the full, nine-year performance projection. FY 2000 was the first year for which data are available on long-term outcomes.

According to the performance evaluation of EDA's Public Works program (Rutgers et al. 1997), the investments "produce jobs, usually in increasing amounts, after project completion." The study found that "direct jobs six years after completion (nine years after investment award) are, on average, twice those found at completion." Because most investments are completed an average of three years after award, EDA monitors performance results at three, six, and nine years after investment award.

**Rationale for Performance Goal 1**

EDA fosters a favorable environment for the private sector to risk capital investment to produce goods and services and increase productivity. While successful economic development projects attract private sector capital investment and create value-added jobs, they are also beneficial for local communities and all levels of government. By investing in successful undertakings, creating jobs, and expanding the economy, the demand for government expenditures for social services decreases while tax revenues increase.

EDA's investment guidelines set standards to achieve its performance goals of promoting private investment and job creation in distressed communities. Potential investments must be market-based and proactive; maximize private capital investment; create higher-skill, higher-wage jobs; and offer a positive return on the taxpayer's investment.

Within the framework of this goal, EDA investments in public works serve as catalysts for other public and private investments for the establishment or expansion of commercial and industrial facilities in distressed communities. EDA also provides economic adjustment investments for infrastructure improvements and revolving loan funds to help communities and businesses respond to actual or threatened sudden and severe disruption or long-term deterioration of a local economy.

**EDA Performance Measures**

**Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments**

Explanation of Measure: This measure is based on the anticipated three-year performance results of FY 2000 public works and development facilities and economic adjustment infrastructure and revolving loan fund investments and the six year performance results of the FY 1997 public works and economic adjustment investments. The formula-driven calculation projects investment data at three-, six-, and nine-year intervals from the investment award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected private investment was realized within the first three years. Analyses of FY 1997 and FY 1998 revealed several anomalies of unusually large private investment amounts. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual private investment results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to provide a margin of attrition for the possible change in economic conditions over the nine-year period, pending final review and analysis of performance data reported by EDA grantees.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Private sector dollars invested in distressed communities as a result of EDA investments	\$1,251M from FY 2000 Investments (Three year performance)	\$318M by FY 2007	\$320M by FY 2008
	\$2,475M from FY 1997 Investments (Six year performance)	\$795M by FY 2010	\$800M by FY 2011
		\$1,590M by FY 2013	\$1,620M by FY 2014

Discussion of Target: There are no anticipated changes to the FY 2005 target that is based on the same calculations as the previous targets. EDA consistently reviews targets to align them with achievable outcomes. EDA will conduct an in-depth review of its results from the FY 2000 investments and FY 1997 investments. The analysis will help determine whether to adjust its three year targets again, and whether to collect a second year of six year investment data prior to adjusting the six and nine year targets. FY 2003 Performance for Performance Goal 1 cites several exceptional examples of EDA successful investments and their results.

**Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments**

Explanation of Measure: This measure is based on the anticipated results of the FY 2000 public works and economic adjustment implementation and revolving loan fund investments three years after investment award. The formula-driven calculation projects investment data at three-, six-, and nine- year intervals from the investment award. The formula is based on a study done by Rutgers University, which compiled and analyzed the performance of EDA Public Works projects after nine years. Based on this formula, EDA initially estimated that 10 percent of the nine-year projection would be realized after three years, and 50 percent after six years.

A review of the actual results for FY 1997 and FY 1998 performance measures shows that 20 percent of the projected jobs were realized within the first three years. Analyses of FY 1997 and FY 1998 revealed several anomalies of unusually large private investment amounts. Based on that review, EDA adjusted the three-year target to 20 percent. EDA will continue to analyze actual job creation results to collect smooth trend data prior to modifying the target further. Actual results reported here reflect a 25 percent discount to provide a margin of attrition for the possible change in economic conditions over the nine-year period, pending final review and analysis of performance data reported by EDA grantees. FY 1997 and 1998 target data included both direct and indirect jobs for EDA Public Works projects. In response to comments from GAO, job targets were adjusted to exclude indirect jobs. This downward adjustment was offset when EDA set job targets to include economic adjustment construction and revolving loan fund projects beginning in FY 1999.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target

Jobs created or retained in distressed communities as a result of EDA investments	39,841 from FY 2000 investments (Three year performance)	9,140 by FY 2007	9,000 by FY 2008
	47,607 from FY 1997 investments (Six year performance)	22,850 by FY 2010 45,700 by FY 2013	22,500 by FY 2011 45,100 by FY 2014

Discussion of Target: There are no anticipated changes to the FY 2005 target that is based on the same calculations as the previous targets. EDA consistently reviews targets to align them with achievable outcomes. EDA will conduct an in-depth review of its results from the FY 2000 investments and FY 1997 investments. The analysis will help determine whether to adjust its three year targets again, and whether to collect a second year of six year investment data prior to adjusting the six and nine year targets. FY 2003 Performance for Performance Goal 1 cites several exceptional examples of EDA successful investments and their results.

**Measure 1c: State and Local Dollars Committed per EDA Dollar**

Explanation of Measure: EDA's Economic Adjustment program assists those communities that experience sudden and severe economic distress and qualify for higher investment grant rates. Original targets for this measure were based on program evaluations (Rutgers et al. 1997), which found that construction projects funded under the section 201 Public Works Program had an EDA share of 53.6 percent and that projects funded under the section 209 Economic Adjustment Program had a median EDA share of 75 percent (reflecting different grant rate requirements for these programs under prior legislation). After reviewing the findings from both studies during FY 1998, EDA determined that an EDA share of 60 percent was a reasonable estimate for the combined program activities. With the enactment of the Economic Development Administration Reform Act of 1998, EDA issued new regulations during FY 1999, increasing requirements for non-federal funding to 50 percent of total project costs, except for areas of high distress, which qualify for higher EDA grant rates. EDA will continue to collect multi-year data on this measure to analyze any trends to determine adjustments to the target as sufficient data become available.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
State and local dollars committed / EDA dollar	\$1.00 to \$1.08	\$1.00 to \$1.00	\$1.00 to \$1.00

Discussion of Target: At this time, there are no anticipated changes to the FY 2005 target. The target for the ratio of state and local dollars to federal dollars remain constant for two reasons. First, statutory requirements regarding the community's matching funds changed for economic adjustment implementation investments from 75 percent to 50-80 percent to match the public works program in FY 1999. Second, external factors such as economic downturns increase the number of areas eligible for higher grant rates and decrease the availability of state and local dollars in distressed communities. Areas of severe economic distress can qualify for higher investment grant rates, which can lower the average.

**Measure 1d: Percentage of Investments to Areas of Highest Distress**

Explanation of Measure: EDA actively encourages proposals from areas of highest distress, and directs program and staff resources to assist these communities in developing viable proposals and plans for successful investments. Highest distress areas are defined as those areas where the 24-month unemployment rate is at least 180 percent of the national average, or where the per capita income is not more than 60 percent of the national average. EDA investments in areas of highest distress have surpassed the performance target for two consecutive years following implementation of the Economic Development Reform Act of 1998. To qualify for the minimum EDA assistance, distressed communities must show that per capita income is not more than 80 percent of the national average, or that the 24-month unemployment rate is at least one percent greater than the national average, as opposed to those with highest distress that must meet the criteria discussed above.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of investments areas of highest distress	37.6%	37-43%	37-43%

Discussion of Target: The only change from the FY 2003 and FY 2004 targets was to establish a target range. The FY 2003 and 2004 target ranges are based on the same calculations as the

previous targets. The target ranges will remain consistent for two reasons. First, the impact of the current economic contraction is unknown. Second, EDA is in the process of determining an optimum investment portfolio mix, which is critical to the overall impact of EDA's limited resources. While EDA's assistance is available to many distressed communities across the nation, targeting more than 37-43 percent to a specific category of applicants significantly reduces the ability of other deserving applicants to compete for assistance.

**Measure 1e: Percentage of EDA Dollars Invested in Technology-related Projects in Distressed Areas**

Explanation of Measure: EDA programs provide support for the efforts of the nation's distressed communities to become competitive in the new global economy. By supporting technology-based economic development, EDA offers those parts of the U.S. that have lagged behind in the opportunity to become leaders in the new economy. The new measure supports increased investment in technology-led economic development to provide better jobs and opportunities for growth in distressed communities. EDA already supports local and state initiatives to upgrade infrastructure, telecommunications, and technology-transfer facilities to support existing firms and new enterprise development. EDA also encourages greater participation by universities, community colleges, and business organizations to ensure that local firms and communities benefit from new information technologies, manufacturing processes, and applied research and development in environmental and life sciences. A task force researched EDA investments and other federal assistance available to support technology-led economic development in distressed areas.

Measure	FY 2003 Target	FY 2004 Target	FY 2005 Target
Percentage of EDA dollars invested in technology-related projects in distressed areas	8.8%	7-10%	7-10%

Discussion of Target: The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The measure had a target of 10% for FY 2002. The results showed 11.8%. Given that the baseline was established during FY 2002, and it was the first year data was reported, more trend data will need to be collected prior to any adjustments to this measure. A range of 7-10% was developed for FY 2003 investments. Technology-related investments tend to produce greater private investment and higher-skill, higher-wage jobs. EDA is increasing its emphasis on these types of projects, therefore the target will be revised in the future.

**Cross-cutting Activities**

**Intra-Department of Commerce**

EDA collaborates with the following Department of Commerce bureaus on cross-cutting initiatives:

- National Oceanic and Atmospheric Administration (NOAA) Strategies to promote Port Improvement and Economic Revitalization (PIER), sustainable development, disaster reduction, protection of natural resources, and the development of eco-industrial parks.
- National Institute of Standards and Technology (NIST) Technology deployment and assistance to small manufacturers in economically distressed areas.
- National Telecommunications and Information Administration (NTIA) Strategies to upgrade telecommunications infrastructure in distressed rural and urban communities.
- Minority Business Development Agency (MBDA) Increased support for minority business development and entrepreneurship and for minority-serving institutions.

**Other Government Agencies**

EDA builds effective partnerships with federal, state, and local entities on program delivery and information dissemination. At the federal level, major partners include:

- Federal Emergency Management Agency (FEMA) Early response, coordination, assessment, mitigation, and economic recovery efforts following major disasters.
- Environmental Protection Agency (EPA) Strategies to redevelop brownfields and improve air quality in ways that benefit economically distressed communities.
- Department of Defense Office of Economic Adjustment (OEA) Economic adjustment strategies and investments for base reuse and communities affected by Base Realignment and Closure Commission (BRAC) decisions.
- Department of Energy (DOE) Economic adjustment assistance to communities affected by closures of federal energy labs and facilities.
- Appalachian Regional Commission (ARC) Community and economic development assistance for economically distressed areas in the thirteen-state Appalachian region.
- Department of Labor (DOL) Dislocated Worker Program.
- Department of Agriculture (USDA), Rural Development/Rural Utilities (RD/RU) Infrastructure and business financing for enterprise development in rural areas.
- Department of Transportation (DOT) Improvements to highway, port, rail, and airport facilities to support private investment in distressed communities.

- Department of Housing and Urban Development (HUD) Coordination of Community Development Block Grants (CDBG) funds for economic development at the state and local levels; support for Empowerment Zones, Enterprise Communities, and Renewal Communities.
- Delta Regional Authority

### **Government/Private Sector**

EDA reviewed interagency agreements and supported GAO's review of cross-cutting federal programs for state and local economic development projects. EDA will provide leadership to improve federal assistance for economic development programs in distressed communities.

### **External Factors and Mitigation Strategies**

GAO has recognized that measuring the performance of economic development programs is difficult because of the many external factors that can influence local economies. To ensure strong program performance, EDA targets assistance to projects that can provide direct and lasting benefits to economically distressed communities. EDA programs are not intended to work alone, but to increase the availability of outside capital (both public and private) for sustainable development strategies to create and retain private enterprise and jobs in economically distressed areas. In doing so, EDA recognizes that many factors can influence the level of distress, rate of investment and job creation or retention, and the availability of other public funding and private entities. For example:

National or regional economic trends, such as slowdowns in the national economy, can cause firms to delay or postpone investments in new products, markets, plants, equipment, and workforce development. Such trends can affect the rate at which jobs are created or retained.

Changes in business climate and financial markets can impact the level of private capital and degree of risk associated with investment decisions, particularly for firms considering establishing or expanding operations in highly distressed areas.

Downturns in the national or regional economy can increase the demand for EDA assistance and reduce the availability of state and local funding. EDA regulations provide for waivers or reductions of the non-federal share, allowing EDA to cover a higher share of total project costs depending on the level of distress demonstrated by the local community.

Natural disasters and other major events can dramatically impact local economies and create an unanticipated demand for EDA assistance. This can affect performance in several ways, increasing the number of areas that are eligible for assistance and the number of areas in highest distress. Such emergencies can alter funding priorities under regular EDA programs and at times result in emergency supplemental funding. The impact on regular program assistance is more apparent when supplemental funding is delayed or unavailable.

### **Mitigation Strategies Include:**

- Strengthening local, State, and sub-state partnerships to assess and respond to long-term economic trends, sudden and severe dislocations, emergencies, and other unanticipated impacts on local economic conditions.
- Establishing flexible program and funding authorities that respond to local priorities.
- Developing effective partnerships with other federal agencies to improve assistance for distressed communities.
- Working directly with distressed communities, through experienced field staff and with state and local officials to achieve long-term development objectives and address sudden and severe economic dislocations.

### ***Performance Goal 2: Improve Community Capacity to Achieve and Sustain Economic Growth***

EDA's Performance Goal 2 includes the following program activities: the Planning program for investments to Economic Development Districts, Indian tribes, and other planning organizations; Economic Adjustment program strategy investments; and the Technical Assistance program for University Centers; and local technical assistance. Performance measures for trade adjustment assistance to firms authorized by the Trade Act of 1974, as amended, are included under this goal.

The Partnership Planning program is the cornerstone of effective economic and sustainable development. EDA supports local planning and long-term partnerships with state and regional

organizations that assist distressed communities with strategic planning and investments. The program helps communities set priorities, determine the viability of projects, leverage resources to improve the local economy, and sustain long-term growth. Evaluations of EDA's public works and defense adjustment programs show that EDA planning and technical assistance programs play a significant role in the successful completion and outcomes of its infrastructure and revolving loan fund projects.

The Economic Adjustment Assistance program provides flexible investments to develop economic adjustment strategies for communities facing sudden or severe economic distress. Under this program, states, cities, counties, and other eligible applicants can receive grant assistance to assess the dislocation and to develop an economic adjustment plan.

EDA's Technical Assistance program has three major components. The Local Technical Assistance program supports community leaders by providing technical expertise to assess local development issues and market-based solutions, specialized engineering and environmental services, and other special services. The University Center program is a partnership that draws on the expertise of colleges and universities to strengthen distressed communities by providing access to current economic data, technical knowledge, analytical skills, and manpower. The National Technical Assistance program disseminates timely economic development resources, tools, and information critical for economic development professionals responding to economic changes in communities.

The Trade Adjustment Assistance program, reauthorized under the Trade Act of 1974, as amended, helps U.S. firms and industries injured as the result of trade agreements. The TAA program is a national network of Trade Adjustment Assistance Centers (TAACs) funded by EDA to assist trade-injured U.S. manufacturing firms. TAACs provide three main types of assistance to firms: help in preparing petitions for certification (which must be approved by EDA), analysis of the firm's strengths and weaknesses and development of an adjustment strategy, and in-depth assistance for implementation of the strategy.

### **Rationale for Performance Goal**

Powerful economic forces are at work today and will grow stronger in the years to come. Organizations will be pushed to reduce costs, improve quality of products and services, and increase productivity. Although adjustment to changing conditions and requirements is a challenge, EDA is nonetheless committed to it. EDA is creating a new, stronger organization that provides practitioners with a one-stop source for information and professional development.

EDA is proud of its active partnership with its economic development partners at the state, regional, and local levels. The partnership approach to economic development is key to effectively and efficiently addressing the economic development challenges facing U.S. communities.

EDA continues to build upon its partnerships with local development officials; Economic Development Districts; University Centers; faith-based and community-based organizations; and local, state, and federal agencies. But more importantly, EDA will forge strategic working partnerships with private capital markets, and look for innovative ways to spur development.

Economic development is a local process; however, the federal government plays an important role by helping distressed communities build capacity to identify and overcome barriers that inhibit economic growth. EDA's approach is to support 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, leverage outside resources to improve the local economy, and sustain long-term economic growth.

EDA planning funds support the preparation of Comprehensive Economic Development Strategies (CEDs) that guide EDA Public Works and Economic Adjustment implementation investments, including revolving loan funds. Sound local planning also attracts other federal, state, and local funds plus private sector investments to implement long-term development strategies. Evaluations of EDA's Public Works and Defense Adjustment programs show that EDA capacity-building programs play a significant role in the successful outcomes of its infrastructure and revolving loan fund projects.

### **EDA Performance Measures**

**Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the Comprehensive Economic Development Strategy Process that Lead to Private Investment and Jobs**

Explanation of Measure: This measure provides an indication of whether the CEDS process is market-based, and whether EDA is creating an environment conducive to higher-skill, higher-wage jobs. Research conducted on FY 2002 data will establish a baseline for the FY 2003 target. The CEDS is a plan that emerges from a broad-based, continual planning process that addresses economic strengths and weaknesses, and opportunities and threats posed by external trends and forces, as well as partners and resources for development.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the Comprehensive Economic Development Strategy Process that Lead to Private Investment and Jobs	98.7%	95%	95%

Discussion of Target: EDA established targets based on the analysis of FY 2002 data. EDA will continue to analyze trend data for further refinement.

**Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the Measure Economic Development District Program**

Explanation of Measure: Under EDA's amended legislation, participation of sub-state jurisdictions in Economic Development Districts was reduced from 75 percent to more than 50 percent for district designation purposes. Economic Development Districts generally consist of three or more counties that are considered member jurisdictions. Sub-state jurisdiction participation indicates the District's responsiveness to the area it serves and shows that the services it provides are of value. Active participation was defined as either attendance at meetings or financial support of the Economic Development District during the reporting period. Sub-state jurisdiction members are independent units of government (cities, towns, villages, counties, etc.) and eligible entities substantially associated with economic development, as set forth by the district's by-laws or alternate enabling document.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Sub-state Jurisdiction Members Actively Participating in the Measure Economic Development District Program	96.7%	89-93%	89-93%

Discussion of Target: The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. EDA will continue to analyze trend data for further refinement.

**Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center**

Explanation of Measure: This measure will determine the perceived value-add of the University Centers to their clients. EDA funds 69 University Centers that provide technical assistance and specialized services (for example, feasibility studies, marketing research, economic analysis, environmental services, and technology transfer) to local officials and communities. This assistance improves the community's capacity to plan and manage successful development projects. University Centers develops client profiles and report findings to EDA, which evaluates the performance of each center once every three years and verifies the data. Taking action as a result of the assistance facilitated means to implement an aspect of the technical assistance provided by the University Center in one or several areas: economic development initiatives and training session development; linkages to crucial resources; economic development planning; project management; community investment package development; geographic information system services; strategic partnering to public- or private-sector entities; increased organizational capacity; feasibility plans; marketing studies; technology transfer; new company, product, or patent developed; and other services.



Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center	78.1%	75%	75%

Discussion of Target: EDA established targets based on the analysis of FY 2002 data. EDA will continue to analyze trend data for further refinement.

**Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results**

Explanation of Measure: This measure is a follow-up to the measure, "Percentage of University Center clients taking action as a result of the assistance facilitated by the University Center." It will further define the relevance of the assistance facilitated by the University Centers. EDA-funded University Centers provide technical assistance and specialized services to local officials and communities. This assistance enhances the community's capacity to plan and manage successful development projects. This measure will determine if the assistance provided by the University Center is market-based. University Centers will develop client profiles and report findings to EDA, which will evaluate the performance of each center once every three years and verify the data.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results	85.7%	80%	80%

Discussion of Target: EDA established targets based on the analysis of FY 2002 data. EDA will continue to analyze trend data for further refinement.

**Measure 2e: Percentage of Trade Adjustment Assistance Center (TAAC) Clients Taking Action as a Result of the Assistance Facilitated by the TAAC**

Explanation of Measure: This measure will determine the value-add of the funded TAAC to its clients. Twelve EDA-funded TAACs work jointly with U.S. firms and industries that have been adversely impacted as a result of trade agreements to identify and define specific actions to improve each firm's competitive position in world markets.

These centers develop client profiles and report findings to EDA, which will review the profiles to verify data as part of periodic site visits to monitor and evaluate each center's performance. Taking action as a result of the assistance facilitated means to implement an aspect of the trade adjustment assistance provided by the TAAC. The TAACs provide three main types of assistance to firms: help in preparing petitions for certification\* (which must be approved by EDA), analysis of the firm's strengths and weaknesses and development of an adjustment strategy, and in-depth assistance for implementation of the strategy." \*Only petitions for certification that are actually approved can be counted.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Trade Adjustment Assistance Center Clients Taking Action as a Result of the Assistance Facilitated by the Trade Adjustment Assistance Center	92.4%	90%	90%

Discussion of Target: EDA established targets based on the analysis of FY 2002 data. EDA will continue to analyze trend data for further refinement.

**Measure 2f: Percentage of Those Actions Taken by TAAC Clients that Achieved the Expected Results**

Explanation of Measure: This is a new measure that is a follow-up to the measure, "Percentage of TAAC clients taking action as a result of the assistance facilitated by the TAAC." It will further

define the relevance of the assistance facilitated by the TAAC. EDA-funded TAACs work jointly with trade-impacted firms to identify and define actions to improve each firm's competitive position in world markets. This measure will determine if the assistance facilitated by the TAACs is market-based. The centers will conduct client surveys and report findings to EDA.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results	98.4%	95%	95%

Discussion of Target: EDA established targets based on the analysis of FY 2002 data. EDA will continue to analyze trend data for further refinement.

**Measure 2g: Percentage of Local Technical Assistance and Economic Adjustment Strategy Investments Awarded in Areas of Highest Distress**

Explanation of Measure: Local technical assistance investments provide specialized technical or professional services to help local officials evaluate investment opportunities and solve complex development issues. Strategy investments help local communities adjust to sudden and severe economic dislocations and long-term declines that affect key sectors of the local economy. Areas of *highest* distress for this measure include areas where the 24-month unemployment rate is at least 180 percent of the national average and where per capita income is not more than 60 percent of the national average, as well as Indian Tribes or areas suffering from natural disasters. To qualify for the minimum EDA assistance, distressed communities must show that per capita income is not more than 80 percent of the national average, or that the 24-month unemployment rate is at least one percent greater than the national average, as opposed to those with highest distress that must meet the criteria discussed above.

Measure	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Local Technical Assistance and Economic Adjustment Strategy Investments Awarded in Areas of Highest Distress	30.2%	30-35%	30-35%

Discussion of Target: The only change to the FY 2003 and FY 2004 targets is to establish a target range, instead of a static target. The FY 2003 and 2004 target ranges are based on the same calculations as the previous targets. The target ranges will remain consistent for several reasons. First, the impact of the current economic contraction is unknown. Second, EDA is in the process of determining an optimum investment portfolio mix, which is critical to the overall impact of EDA's limited resources. While EDA's assistance is available to many communities across the nation, targeting more than 30-35 percent to a specific category of applicants significantly reduces the ability of other deserving grantees to compete for assistance.

**Cross-cutting Activities**

See Performance Goal 1.

**External Factors and Mitigation Strategies**

See Performance Goal 1.

## Program Assessment Rating Tool (PART)

In 2002, OMB conducted a performance assessment of EDA. The PART assessment informed the FY 2005 budget request and is reflected in this justification. EDA has significantly improved the design of its program to increase its impact on alleviating conditions of economic distress. It has done so by establishing investment policy guidelines that focus on results rather than process. Application of these guidelines encourages investment in America's communities based on expected return on the taxpayer's investment.

Within the new investment strategy in FY 2005, EDA will remain focused on its core mission to promote regional economic development by giving priority to those regions that seek to invest in their regional systems of education, research, physical infrastructure and quality of life. EDA's investments attract private sector capital investment and promote growth in personnel, knowledge, and capital that serve as a "platform for economic growth." In the next generation economy that regions seek to build, the hallmark of vitality will be the agility of institutions and their leaders to collaborate on the improvement of existing, or creation of new, sources of economic advantages, including the accessibility of technology, adaptability of human resources, the availability of financing, the adequacy of physical infrastructure, or capacity to achieve quality of life.

The following is EDA's response to OMB's PART recommendations.

### **Recommendation 1: Adjust targets to better reflect achievable performance.**

Since implementation of its performance management system in FY 1997, EDA has adjusted targets on various measures to reflect the performance results of its programs as data has been collected.

#### **Private Sector Investment and Jobs Created or Retained**

The measures for private sector investment and jobs are based on the anticipated results of the public works, economic adjustment implementation, and revolving loan fund investments.

1. A review of the actual results for FY 1997 and 1998 performance measures shows that 20% of the projected jobs were realized within the first three years instead of 10% as initially projected.
2. Based on that review, EDA adjusted the three-year target to 20% beginning with FY 1999 investments (reported in FY02).
  - a. EDA's analyses of these interim fiscal year results also revealed several anomalies with exceptionally large private investment and jobs.
3. The actual trend analyzed and reported for jobs created and retained in FY 2000, FY 2001, and FY 2002 remain consistently close to the FY 2002 target of 20%.
4. Excluding the two anomalies investments, EDA would have reported \$435 million (20.9%) in private investment compared to a target of \$420 million (20.1%), and 17,000 jobs (29.8%) compared to a target of 11,300 (20%) jobs.
5. The end of FY 2003 will be the first year that EDA will collect the first set of interim six-year investment results from its FY 1997 investments.
6. Prior to modifying the six-year target, EDA will need to adequately analyze and obtain smooth trend data for two consecutive years.

Conclusion: The results from anomalies should not be factored into initial long-term economic projections. The targets should remain the same.

#### **State and Local Match**

EDA's FY 2002 target for the measure regarding state and local match is \$1.00 to EDA's \$1.00 investment:

1. In FY 2002, the results showed the match to be \$1.13 state & local to \$1.00 EDA.
2. In FY 2001, the results showed the match to be \$1.00 state & local to \$1.00 EDA.
3. In FY 2000, the results showed the match to be \$1.00 state & local to \$1.00 EDA.
4. Many state and local governments are facing tight budgets and fiscal shortfalls, and so may have to contribute lower match.

Conclusion: This target should not be revised.

**Investments in areas of Highest Distress**

EDA has two measures recognizing our efforts in those communities having what EDA defines as “highest” distress that is higher than required by legislation.

1. FY 2002 target for construction investments was 40%. The results showed 40.1%. For FY 2003 and 2004 targets, a target range was developed of 37-43%.
2. For 2002 technical assistance and strategy investments, the target was 30%. The results showed 30%. A target range of 30-35% was developed.

Conclusion: This target should not be revised.

**Technology-related investments**

The measure regarding the percent of technology-related dollars invested in distressed areas had a target of 10% for FY 2002. The results showed 11.8%.

1. Given that the baseline was established during FY 2002, and it was the first year data was reported, more trend data will need to be collected prior to any adjustments to this measure.
2. A range of 7-10% was developed for FY 2003 investments.

Conclusion: Technology-related investments tend to produce greater private investment and higher-skill, higher-wage jobs. EDA is increasing its emphasis on these types of projects; therefore, the target will be revised in the future.

**Capacity-building investments**

EDA developed new capacity building measures during FY 2002 and began data collection.

1. EDA continues to analyze the capacity building results and will establish a baseline for FY 03.

Conclusion: This target should not be revised.

**Recommendation 2: Develop Unit-cost measures for private sector leverage related to EDA investments.**

The ratio of EDA investment dollars to private sector dollars leveraged are reflected below.

(Dollar amount in thousands)

	FY 1997 Actual	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
<b>Infrastructure Obligations</b>	\$164,802	\$177,905	\$304,392	\$296,608	\$345,712	\$277,176	\$232,111	\$281,450	\$309,400
<b>3-year Target projections</b>	116,000	130,000	420,000	400,000	480,000	390,000	320,000	380,000	438,000
<b>Target ratio</b>	0.70	0.73	1.38	1.35	1.39	1.41	1.38	1.35	1.42
<b>6-year Target projections</b>	581,000	650,000	1,040,000	1,020,000	1,200,000	970,000	810,000	950,000	1,095,000
<b>Target ratio</b>	3.53	3.65	3.42	3.44	3.47	3.50	3.49	3.38	3.54
<b>9-year Target projections</b>	1,162,000	1,300,000	2,080,000	2,040,000	2,410,000	1,940,000	1,620,000	1,900,000	2,191,000
<b>Target ratio</b>	7.05	7.31	6.83	6.88	6.97	7.00	6.98	6.75	7.08

	FY 1997 Actual	FY 1998 Actual	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Estimate
<b>Actual Private Investment</b>	199,000	971,000	640,000						
<b>3-year ratio</b>	1.21	5.46	2.10						
<b>Private Investment minus anomalies</b>	119,000	340,000	205,574						
<b>3-year ratio using anomaly total</b>	0.72	1.91	0.68						

**Recommendation 3: Better target EDA resources to areas of greatest need through administrative steps and reauthorization.**

This recommendation is being addressed through reauthorization and the resulting regulations. As part of the process to draft a new reauthorization bill, EDA researched a variety of modifications to the eligibility criteria to address this recommendation. EDA offered five options, but OMB ultimately determined that the most appropriate mechanism for better targeting EDA resources would be new regulations.

**EDA Data Validation and Verification**

The EDA GPRA pilots provided trend data on past performance, as presented earlier. They also provided critical outreach and training for EDA investment recipients and staff on valid reporting methods and verification of performance data on long-term outcomes. EDA achieved a 98 percent response rate on the FY 1999 pilots and conducted site visits to more than 25 percent of the projects to validate and verify data reported. The data was provided to Rutgers University for review and comparison with the original evaluations.

EDA validates some of the annual performance results of private sector investment and job creation upon receipt of the data. For FY 1999 EDA investments reported on in FY 2002, regional offices verified 89 percent of the private sector investment generated by its public works and economic adjustment investment, and 58 percent of the jobs created by its public works and economic adjustment investments. Regional offices directly contacted those investment recipients to request supporting information. Reports were completed that identified how the data was verified and the person or business contacted to verify the data. During FY 2002, EDA conducted validation site visits on six FY 1998 investments, one in each region that had been closed out by the end of FY 2001. At the time of the visit, the investments were reviewed utilizing the data report outline below. In all cases, the private investment and jobs created were verified, and the results were even higher at the time of the visit than at the time the data was reported which ranged from one to two years earlier.

EDA processing procedures specify that staff verify proposed private investment and jobs. Proposals for EDA investments are reviewed by regional Investment Review Committees (IRC) then forwarded to the Senior Advisor for Performance Evaluation at headquarters. This quality assurance process was implemented to determine whether the IRC endorsed investment satisfies the regulations and the Investment Policy Guidelines, as amended. Once a project has been invited for investment, the application includes a form, Assurances of Compliance, Exhibit V.B.1.b., that requires the entity to identify the estimated number of jobs and sign the form.

EDA utilizes the following criteria for site selection to verify the private investment and job creation and retention data reported for its performance measures.

- The fiscal year data being verified are from an investment that was closed within the appropriate three-, six-, or nine-year reporting time-frame.
- EDA investment is equal to or greater than \$500,000.
- Private investment dollars and jobs created or retained is present.
- At least one verification site visit per region will be conducted.
- A varied selection of public works and economic adjustment (regular, defense, or revolving loan fund) investments will be reviewed.

The GPRA site validation visit report includes background of the EDA investment and a project description. The following data are requested from the investment recipient with accompanying documentation for each item to verify the information.

- The tax assessment of the property or the building, before and after the construction or renovation.
- The number of jobs retained at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The number of jobs created at the time of project close-out and at the time of the site visit. Sources must be identified with documentation.
- The average salary of building's previous tenants, if applicable, or average annual wage before EDA investment.
- The average annual wage after EDA investment. Are the present jobs considered 'higher skilled' than the previous jobs?
- The amount of private investment at the time of project closeout and at the time of the site visit. Sources must be identified with documentation.
- The increase in Local Real or Business Property Tax Base (in dollars).
- The percentage of population growth (or decline) since investment award.
- Direct project-related results, direct non-project-related results, and indirect results (if any) are identified in the report, as well as an overall assessment of the EDA investment. Photos, brochures, news-related articles (if available) are also included.

As EDA collects and analyzes the data, EDA will use it to adjust performance targets as needed.

**Economic Development Administration  
Data Validation and Verification Chart**

<i>Performance Measure</i>	<i>Data Source</i>	<i>Frequency</i>	<i>Data Storage</i>	<i>Internal Control Procedures</i>	<i>Data Limitations</i>	<i>Actions to be Taken</i>
<p>Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments</p> <p>Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments</p>	Investment Recipient performance reports	At three-year intervals (typically three, six, and nine years after investment award)	EDA Management Information System	To validate data, EDA regions contacted recipients, or confirmed with engineers or project officers who had been on site. EDA will perform regional validation on-site visit with some recipients.	Universe - Regular Appropriation for Public Works and Development Facilities and Economic Adjustment implementation and revolving loan fund investments. Private investment may vary along with economic cycles.	EDA will continue monitoring investment and job creation data.
Measure 1c: State and Local Dollars Committed per EDA Dollar	Investment Recipient applications and progress reports	At the time of award of investment and at project completion	EDA Management Information System	EDA verifies non-federal funds committed to projects prior to disbursement of investment funds.	Universe - Regular Appropriations for Public Works and Development Facilities, Economic Adjustment Implementation, and Defense Economic Adjustment Implementation investments; the match rate may decrease in cases of severe distress while eligible areas increase during economic downturns.	Continue monitoring state and local investment data.
Measure 1d: Percentage of Investments to Areas of Highest Distress	Investment Recipient applications	Ongoing	EDA Management Information System	EDA samples projects periodically to ensure accurate project location codes. Statistical data are based on the Bureau of Labor Statistics' current 24-month unemployment data and most current Bureau of Economic Analysis per capita income data.	Universe - Regular Appropriations for Public Works and Development Facilities, Economic Adjustment Implementation, and Defense Economic Adjustment Implementation investments; the number of highest distressed areas will increase during economic downturns and decrease during economic expansions.	Determine appropriate investment portfolio mix for EDA's limited resources and continue to monitor results
Measure 1e: Percentage of EDA Dollars Invested in Technology-related Projects in Distressed Areas	Investments that are specifically identified and coded in EDA's Management Information System	Ongoing	EDA Management Information System	Testing performance projections, providing training, and improving reporting.	Universe - Investments from all EDA funding sources that are direct investments in technology-related construction or acquisition, or investments related to expanding the technology potential of companies, communities, or areas; EDA investments are dependent on the type of opportunities communities present.	EDA will continue to monitor and develop trend data.
Measure 2a: Percentage of Economic Development Districts and Indian Tribes Implementing Economic Development Projects from the Comprehensive Economic Development Strategy Process that Lead to Private Investment and Jobs	Investment Recipient Performance Evaluations and Comprehensive Economic Development Strategy	Annually	EDA Management Information System	EDA will conduct periodic performance reviews and site visits	Universe - EDA Partnership Planning investments only. This measure may vary with economic cycles due to limited local resources during downturns for project investments.	Baseline to be established.

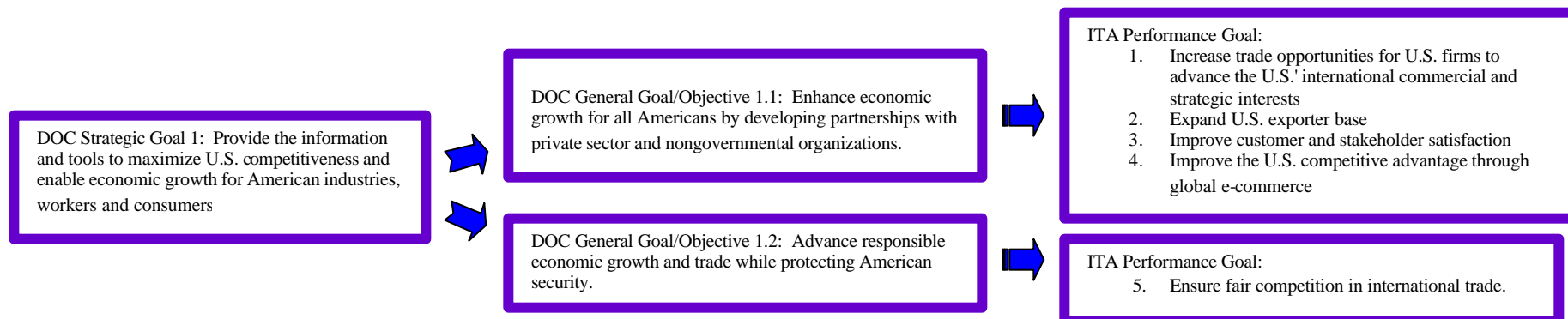
Measure 2b: Percentage of Sub-state Jurisdiction Members Actively Participating in the Economic Development District Program	Investment Recipient Performance Evaluations	Annually	EDA Management Information System	EDA conducts performance reviews and site visits on approximately one-third of the District and Indian Tribe investments per year.	Universe - EDA Partnership Planning investments only. This measures shows the value-add of the Economic Development Districts in which EDA invests. While an Economic Development District may be effective, members still may not participate for other reasons.	EDA will continue to monitor compliance with the new definition of sub-state member jurisdictions.
Measure 2c: Percentage of University Center Clients Taking Action as a Result of the Assistance Facilitated by the University Center	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review profile data.	Universe - EDA Local Technical Assistance investments. This measures the value of the University Centers; however, while the assistance may be valued, clients may choose not to act for other reasons.	Baseline to be established.
Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results	University Center client profiles	Annually	EDA Management Information System	Performance data will be verified by the University Centers. EDA headquarters will annually review data.	Universe - EDA Local Technical Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline to be established.
Measure 2e: Percentage of Trade Adjustment Assistance Center Clients Taking Action as a Result of the Assistance Facilitated by the TAAC	Trade Adjustment Assistance Center client profiles	Annually	EDA Management Information System	Performance data will be verified for the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline to be established.
Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results	Trade Adjustment Assistance Center client reports	Annually	EDA Management Information System	Performance data will be verified by the Trade Adjustment Assistance Centers. EDA headquarters will annually review data.	Universe - EDA Trade Adjustment Assistance investments only. Outside mitigating factors such as the local economy may affect the measure.	Baseline to be established.
Measure 2g: Percentage of Local Technical Assistance and Economic Adjustment Strategy Investments Awarded in Areas of Highest Distress	Bureau of Labor Statistics current 24-month unemployment data and most current Bureau of Economic Analysis per capita income data	Ongoing	EDA Management Information System	EDA verifies data prior to grant approval.	Universe - EDA Local Technical Assistance and Economic Adjustment Strategy investments. The number of highly distressed areas will increase during economic downturns and decrease during economic expansions affecting EDA investments in these communities.	Determine appropriate investment portfolio mix for EDA's limited resources and continue to monitor results.



## ***FY 2005 Annual Performance Plan***

**Introduction:** The Government Performance and Results Act (GPRA) of 1993 requires agencies to prepare Annual Performance Plans (APP). The agency's APP sets our measurable goals that define what will be accomplished during a fiscal year. These goals represent a level of accomplishment commensurate with the resources requested and subsequently funded<sup>1</sup>, thus creating an integral link between budget and program results. Performance against these goals<sup>2</sup> is reported under targets and is one method of assessing program effectiveness.

ITA's APP details five performance goals that are accompanied by 23 performance measures that focus on outcomes through which the progress toward meeting these goals is to be evaluated. The FY 2005 APP meets the GPRA requirements and is explicitly tied to the President's Management Agenda, the National Export Strategy and the Department of Commerce Strategic Plan. The following chart shows the relationship between the Department of Commerce's (DOC) goals and objectives and ITA's performance goals:



<sup>1</sup> "Resource Requirements Summary Tables" for funding by performance goal.

<sup>2</sup> "Targets and Performance Summary" tables for performance measures that focus planned targets and actual outcomes through which the progress toward meeting goals is to be evaluated.

***International Trade Administration  
FY 2005 Annual Performance Plan***

**Mission Statement**

**To create economic opportunity for U.S. workers and firms by promoting international trade, opening foreign markets, ensuring compliance with our trade laws and agreements, and supporting U.S. commercial interests at home and abroad.**

ITA is dedicated to free and fair trade by opening foreign markets through negotiations, promoting trade, delivering export assistance, and ensuring fair competition and compliance with international trade agreements. Even though these continue to be the three primary components of our business, ITA is refocusing its work to strengthen U.S. industry by supporting the manufacturing sector in America. Manufacturing generates 16 percent of the national gross domestic product and directly employs 1.8 million Americans, 14 percent of all workers<sup>3</sup>. Secretary Evans released the Bush Administration's pro-growth manufacturing initiative<sup>4</sup> to enhance economic growth, improve competitiveness and create better paying jobs in the manufacturing sector. ITA is reorganizing its 2,550 employees, stationed in the U.S. and abroad, into five more clearly defined program areas to implement this ambitious new initiative and better equipped existing ITA programs to carry out the President's economic goals.

- ITA is creating an Assistant Secretary for Manufacturing and Services to focus on the needs of American manufacturers and assess the economic impacts of new rules and regulations;
- ITA is consolidating all export promotion functions under a new Assistant Secretary for Trade Promotion and Director General of the U.S. and Foreign Commercial Service whose immediate task will be to accelerate implementation of the President's National Export Strategy to boost U.S. exports and launch an initiative promoting access for America's small and medium-sized manufacturers to global supply chains;

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<sup>3</sup> Under Secretary Grant D. Aldonas prepared testimony before the House Committee on Small Business, April 9, 2003

<sup>4</sup> Secretary Evans launched the Administration's Manufacturing Initiative on March 5, 2003.

- The Assistant Secretary for Market Access and Compliance will continue to ensure that America’s trading partners comply with international trade agreements and develop positions to remove barriers through negotiations and government-to-government strategies; and
- The Assistant Secretary for Import Administration will continue to work extensively with U.S. businesses on a regular basis to help them understand U.S. trade laws related to dumping and foreign government subsidies and act if they are injured by those practices. Import Administration will also oversee an Unfair Trade Practices Team. The new Unfair Trade Practices Team will track, detect and confront unfair competition by monitoring economic data from our global competitors and vigorously investigate evidence of unfair subsidization and production distortions.

One of ITA’s major contributions to the successful implementation of the manufacturing initiative is to make it a priority to open new markets for U.S. manufacturers through the elimination of all industrial tariffs within 10 years for WTO members, and push for new bilateral free trade agreements and a Free Trade Area of the Americas. ITA will work to increase trade opportunities and advance U.S. trade policy positions through our involvement in both the WTO negotiations and through our efforts to expand the NAFTA to a Free Trade Area of the Americas (FTAA). ITA is currently involved in the development or implementation of numerous FTAs including Chile, Singapore, Morocco, and the proposed FTA in the Middle East. The FY 2005 budget includes an increase request to support the Chile and Singapore FTA Secretariats. ITA ensures that the interests of U.S. industry are fully represented during these negotiations. ITA also develops negotiating priorities, recommends tariff negotiation procedures, and identifies and works on a government-to-government basis to overcome non-tariff barriers.

ITA will continue to defend American industry against injurious trade practices by administering the antidumping and countervailing duty laws of the United States in a timely and efficient manner that is consistent with U.S. international obligations. The productivity of American workers is unrivaled, yet their competitiveness can be compromised by unnatural and government imposed restraints on free and open markets. President Bush has consistently declared that free trade cannot be a one-way street. ITA is mindful of the dramatic impact of inequitable trade practices, and will marshal all the resources at its disposal to level the playing field.

President Bush’s “2002 National Export Strategy” (NES)<sup>5</sup> prepared by the TPCC presented 60 recommendations with an overall goal to ensure that all U.S. companies that are interested in exporting can join the global economy. A major theme of the 2002 NES is expanding the number of U.S. exporters, particularly SMEs, while ensuring that all exporters have the best resources available to take advantage of overseas commercial opportunities.

The TPCC<sup>6</sup> survey of 3,200 small and medium-sized firms, entitled, *Report Card on Trade II*, indicated several opportunities to bolster our support for SMEs. We plan to continue our statutory mandate of assisting SMEs through several key mandated activities. ITA will continue to:

- Identify potential U.S. exporters;
- Provide potential U.S. exporters with advice and information on establishing export businesses;
- Provide U.S. exporters with a broad range of export market information;
- Provide U.S. exporters with information and advice on foreign marketing strategies;
- Provide U.S. exporters with trade leads and foreign country contacts;

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<sup>5</sup> The NES is an annual Congressionally-mandated report as required by the Export Enhancement Act

<sup>6</sup>The TPCC is the statutorily mandated committee composed of 19 federal agencies (see NES report) established to ensure coordinated delivery of export promotion programs and services.

- Help U.S. exporters find reliable sources of business services abroad;
- Help U.S. exporters deal with foreign governments;
- Help coordinate and optimize the efforts of State and local agencies and private organizations which seek to promote United States business interests abroad;
- Use the TP/USFCS domestic and overseas offices as “one-stop shops” able to provide U.S. exporters with information and contacts on all U.S. Government (USG) export promotion and export finance programs; and
- Provide U.S. exporters and export finance institutions with information and assistance on Export-Import (Ex-Im) Bank, Trade and Development Agency (TDA), Overseas Private Investment Corporation and Small Business Administration (SBA) programs.

ITA will consider key recommendations from the Report Card on Trade II.<sup>7</sup> The report indicates that at least 30 percent of the U.S. SMEs that do not currently export have an interest in doing so. Additionally, of those companies that do export, two thirds export to only one market. ITA’s efforts to help companies export to new markets can substantially assist in unlocking billions of dollars worth of new export opportunities. Since exports account for 1 in 14 jobs<sup>8</sup> in the US economy, ITA must strive to expand exports and by FY 2005 work to have exports tied to a greater percentage of jobs in the economy.

### **Unit Cost Measures**

ITA has taken a first step by requesting funds for an ABC Accounting and Management System in order to move towards compliance with U.S. Government regulations and to provide necessary financial service to ITA users, but also to establish unit cost measures. The current financial system, FFS, does not allow individuals or offices to adequately allocate their time and operational costs to business processes and activities. This inflexibility prevents ITA managers from readily identifying how resources are being applied to crosscutting business processes and specific activities that contribute to performance goals and areas of management concern. ITA is currently planning to implement an ABC system to replace the inadequate current system.

### **Program Assessment Rating Tool (PART)**

OMB’s PART review, conducted in FY 2003, was limited to the TP/USFCS (former U.S. and Foreign Commercial Service) program. OMB findings indicated that TP/USFCS program purpose is clear and addresses a specific need, although OMB found that the TP/USFCS program is redundant and duplicative of other federal, state, local or private efforts and that the program has major design flaws. ITA has committed to work with TP/USFCS to arrive at more accurate annual performance targets and is presenting in this document long-term performance measures with ambitious targets. ITA will develop accurate cost data to show how much it costs to provide certain products and services when the proper management systems and activity based accounting structure is in place. This will move TP/USFCS towards a consistently applied pricing and marketing strategy for its services, both domestically and abroad. TP/USFCS must also determine annual and long-term plans that would strategically direct the program towards partial fee funding. ITA is in the process of implementing the recommendations of the ITA User Fee Study. ITA has also committed to establish a system for periodic independent evaluations of sufficient scope and quality or as needed to support program improvements and evaluate effectiveness and relevance to TP/USFCS problems and needs.

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<sup>7</sup> Report Card on Trade II: (also referred to as Kenan Report) Assessing the Effectiveness of U.S. Government Support to Small and Mid-Sized Exporters, June 12, 2002. The study is based on a survey of 3200 small and mid-sized firms, including 1100 exporters and 2100 non-exporters.

<sup>8</sup> U.S. Jobs From Exports, February 2001

## Priorities/Management Challenges

ITA will address several key priorities and management challenges through FY 2005, as follows:

- **Market Information** - One of the most useful services provided by government will continue to be the provision of essential market information to companies. ITA is the leading source of such information, while private sector service providers lead in the more transaction-related services. Although the impact of market information services is inherently more difficult to measure than the impact of services closer to the export transaction, information remains the government's clearest comparative advantage, relative to private providers, and deserves continued emphasis.
- **Overseas Regulations** - ITA will continue to play an important role in helping exporters deal with overseas governments' complex regulations. This role has become increasingly important as exporters explore more challenging markets and as smaller firms increase their export operations.
- **Trade Compliance** - Many of the world's countries are developing increasingly sophisticated techniques to protect their home markets from foreign sales and to provide unwarranted subsidies or other benefits to their firms. ITA will continue to ensure compliance with trade agreements through consultation with foreign governments, quick identification of noncompliance by communicating and establishing a relationship with U.S. exporters, improvement of coordination with other agencies, rapid response to illegal acts by mobilizing strike forces, and close collaboration with the Office of the U.S. Trade Representative (USTR) on enforcement actions.
- **Trade-related SME Support** - The Department of Commerce, through the TPCC and ITA, has strengthened its role as the leading provider of government services to SMEs. During FY 2005, ITA will continue to work towards further consolidation of trade-related SME support within DOC.
- **Web-based Information Delivery** - The Report Card on Trade II study found that government websites were an effective way to provide the information on export markets that companies most value from government. More than a quarter of all exporters reported using the Web to get information on overseas markets (26.2%), and ITA websites were the most commonly used source for this support, accounting for half of all government websites used. ITA will continue to enhance and expand the use of web-based information based on these results. ITA has also taken into account and is proceeding with an extensive effort to ensure that ITA's network architecture and Web infrastructure are safe and secure. This will continue to be a priority as Web-based information delivery expands. ITA will rely more on the Web and alliances with private providers to deliver support domestically, but ITA's worldwide presence in major current markets and promising future markets alike is a unique resource for exporters, and must continue to be strengthened in FY 2005.
- **Enhanced Partnerships** - ITA will explore efforts to effectively leverage and partner more actively and creatively with three key groups of private service providers: shippers (including market leaders such as FedEx and UPS as well as traditional shippers), U.S. wholesalers/export marketing companies, and in-country distributors. These groups are critical to the U.S. export potential, because two-thirds of all small and medium-sized exporters are non-manufacturers.<sup>9</sup>

During FY 2005, ITA will continue to face the difficult balancing act of supporting necessary shifts in foreign policy and security goals while addressing viable opportunities to expand our U.S. market base. ITA's success in maintaining this balance will stem from its ability to integrate efforts to support the President's

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<sup>9</sup> Source: U.S. Department of Commerce, Exporter Data Base

commercial and foreign policy goals to promote freedom and liberty through free trade, while it pursues expanding profitable markets for U.S. goods and services. For this reason, ITA is readily working to reconstruct Iraq and Afghanistan and to bring free trade to Africa and the Middle East.

More can be done to improve ITA's record of success in promoting and expanding export opportunities for U.S. firms. Manufacturing accounts for approximately two-thirds of private research and development expenditures resulting in sustained technological innovations and productivity gains.<sup>10</sup> Yet a total of 2.7 million jobs were lost since manufacturing employment peaked in July 2000.<sup>11</sup> ITA has led a comprehensive look at both the challenges and opportunities facing American manufacturing. Over the past six months, Department of Commerce officials traveled across the country visiting over 20 cities to meet with manufacturers from most every industry in the manufacturing sector to hear their concerns.

No country raised more attention as a source of concern than China with piracy of intellectual property, inadequate access to China's markets, forced transfer of technology from firms launching joint ventures, non-tariff trade barriers and capital markets and currency issues that are largely insulated from free-market pressures. ITA has responded to meet the needs of U.S. firms and their difficulties in China. ITA will issue a manufacturing report during FY 2004 that contains recommendations across many of these issues. A new Assistant Secretary for Manufacturing and Services will serve as the point person in the Administration and within the U.S. Government for manufacturers and act as an effective advocate for the manufacturing sector's competitiveness, among all federal agencies. Consolidation of all Commerce Department export promotion functions under a one Assistant Secretary for Trade Promotion and Director General of the U.S. & Foreign Commercial Service will accelerate the President's NES to boost our exports, particularly to those markets that our negotiators have recently opened to our trade in China. Finally, ITA's Market Access Program and Import Administration will continue to address market access and WTO compliance/accession requirements and seek avenues to correct production related market distorting practices in China. Ensuring that U.S. firms have a fair playing field is a cornerstone of the President's Trade agenda.

## **FY 2005 Program Changes**

*(Dollars in Millions)*

The FY 2005 budget focuses on the resources needed in the upcoming fiscal year that will enable ITA to promote international trade, open foreign markets, ensure compliance with our trade laws and agreements, and support U.S. commercial interest at home and abroad.

	<b>Base (includes reimbursables)</b>		<b>Increase/Decrease</b>	
	FTE	Amount	FTE	Amounts
Manufacturing and Services (former Trade Development)	320	50.4	0	0.0
Market Access and Compliance	273	39.7	2	0.2
Import Administration	407	69.3		
Trade Promotion and U.S. and Foreign Commercial Services (former U.S. and Foreign Commercial Service)	1411	228.8	0	4.5
Executive Direction/Administration	189	36.0	0	0.5

<sup>10</sup> Testimony of Under Secretary Grant Aldonas before the House Committee on Small Business

<sup>11</sup> Washington Post, Government Outlines Aid for Manufacturing, September 16, 2003

## Resource Requirements Summary\*

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

<b>Grand Total</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 President's Budget</b>	<b>FY 2005 Base</b>	<b>Increase/Decrease</b>	<b>FY 2005 Request</b>
Total Funding	334.0	357.7	376.6	393.7	437.5	424.3	5.2	429.5
Direct	325.0	342.2	365.8	380.9	401.5	388.3	5.2	393.5
Reimbursable	9.0	15.5	11.1	12.8	36.0	36.0	0	36.0
IT Funding	23.8	27.2	25.6	22.5	28.4	26.5	.5	27.0
FTE	2,344	2,286	2,255	2,283	2,599	2,600	2	2,602

\*The amounts published within the FY2003 Performance and Accountability Report (PAR) for ITA's resources by goal were incorrect, due to several errors. The Budget reflects updated funding for each goal. ITA is instituting a number of procedural changes that will improve the accuracy of the data contained in the PAR for FY 2004.

### Skill Summary

The following list describes ITA's core competencies. These skills are essential to ensure the success of ITA's reorganization. Skill gaps and additional skills are currently being identified to ensure ITA is properly equipped with newly identified capabilities to advance its new program functions. At present ITA requires all of the skills listed below:

- In-depth knowledge of international and domestic trade laws and regulations, economics, and commercial diplomacy;
- Understanding of foreign trade practices, trade programs and policies;
- Research and analytical skills to help evaluate U.S. industry conditions, domestic and overseas market/industry trends, and U.S. and foreign government policies impacting U.S. businesses;
- Skills to manage the development of trade policy impacting the competitiveness of domestic industry;
- Country, regional and/or industry-sector expertise;
- Specialized knowledge and experience in export marketing, trade mechanics and promotion;
- In-depth knowledge of trade distorting practices related to production aberrations and non-tariff barriers;
- Understanding of key trade issue areas such as intellectual property rights and standards;
- Knowledge of key U.S. Government positions for country/sector specific bilateral, multilateral, and plurilateral trade negotiations;
- Information technology skills -- to deliver services to clients; to identify, analyze, and manage information; and to interface with technology to improve productivity and client service;
- Leadership skills -- to lead and manage ITA's missions and programs;
- Customer service skills -- to improve delivery of service to customers; and
- Project management skills -- to lead and manage projects and contracted work.





## Performance Goal 1: Increase Trade Opportunities for U.S. Firms to Advance the U.S.' International Commercial and Strategic Interests

### Targets and Performance Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Number of New or Enhanced ITA Partnerships with Public and Private Sector Entities to Promote U.S. Exports	New	New	Not Implemented	50	88	45	45
Trade Policy and Negotiation Advancement	New	New	New	New	New	New	New
Place holder for FY 2004 Measure on Trade and Economic Analysis	New	New	New	New	New	New	New
Dollar exports in targeted products and markets	New	New	\$166.3B	\$160B to \$180B	\$165.6B	\$160B to \$180B	\$170B to \$190B

### Resource Requirements Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's Budget	FY 2005 Base	Increase/Decrease	FY 2005 Request
Manufacturing and Services	New	18.6	17.2	18.5	18.7	15.7	0.0	15.7
Market Access and Compliance	New	1.5	1.9	11.9	5.9	4.7	0.	4.7
Import Administration	New	0.0	0.0	0.0	0.0	0.0	0.0	0
Trade Promotion and U.S. and Foreign Commercial Service	New	73.0	62.4	76.3	77.7	78.8	4.5	83.3
Ex. Dir./Administration	New	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	New	93.1	81.5	106.7	102.3	99.2	4.5	103.7
IT Funding	New	7.0	6.6	5.9	7.4	6.9	0.0	6.9
FTE	New	563	463	667	703	703	0.0	703

### Corresponding DOC Strategic Goal

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

General Goal/Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organization.

### **Rationale for Performance Goal**

Changing economic, technological, and social conditions in the last decade have altered how international trade is conducted. This changing international trading environment presents American exporters with numerous challenges and opportunities such as domestic and international competitiveness, compliance with WTO accession requirements for nations like China, standards, currency and intellectual property issues, as well as transparency and rule-of-law requirements. ITA helps U.S. firms address these challenges and has had significant success in addressing opportunities when they present themselves. For example, ITA has made much progress expanding U.S. exports while supporting U.S. Government foreign policy initiatives. To quote President Bush, "...Free trade is also a proven strategy for building global prosperity and adding to the momentum of political freedom..." By generating U.S. exports, ITA simultaneously supports the development of a stronger market-oriented economic system in areas of the world (for example, Africa, Middle East), contributing both to U.S. economic goals and global stability.

ITA believes in the importance of America's small and medium-sized enterprises to the health of the American economy and to our future. Significant portions of ITA's resources are directed toward ensuring that America's SMEs and manufacturers can compete and win in the global economy. ITA's contribution to the success of the President's Manufacturing Initiative will include a comprehensive look at both the challenges and opportunities facing American manufacturing and the best opportunities for our companies to successfully compete in global markets and supply chains. During the second half of FY 2003, ITA led a comprehensive review of the issues influencing long-term competitiveness of U.S. manufacturing. ITA held round-table discussions in over 20 cities with manufacturers from most every industry in the manufacturing sector, and developed recommendations for private sector action, government initiatives, and further work.

ITA also supports the President's economic program of export expansion by reasserting leadership in international trade through the TPCC. ITA provides analysis, expertise and staff support needed during the negotiations of the FTAA and with other regional agreements with the nations in Central America, Morocco, Australia, and the members of the South African Customs Union. ITA is responsible for advancing Commerce's role in the Doha Development Round of the WTO negotiations, working to lower tariffs on industrial goods that would end the inequities in the current trade regime by ensuring that all WTO members eliminate tariffs on all manufactured goods and gaining access to foreign markets by monitoring the development of tariff, non-tariff and regulatory barriers that could place U.S. firms at a disadvantage in key foreign markets. ITA will seek the removal of trade barriers and continue to promote the development of commercial infrastructure in target markets.

### **Program Increase:**

The FY 2005 budget increase request focuses on the Administration's Capital Cost Sharing Program, which covers Commerce's share in the program. ITA's TP/USFCS has a large overseas presence and the majority of the offices are located in DOS facilities at U.S. Consulates and Embassies.

Capital Security Cost Sharing Program -- \$4,539,000, 0 FTE

**Measure 1a: Number of New or Enhanced ITA Partnerships with Public and Private Sector Entities to Promote U.S. Exports**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	36	50	45	45
Actual			Not Implemented	88		
Met/Not Met				Met		

**Explanation of Measure**

To identify U.S. industry trade policy needs, ITA manages a number of public/private partnership activities -- 17 Industry Sectors and four Functional Advisory Committees on Trade Policy Matters, a Committee of Chairs, and a Trade Advisory Center -- all geared to ensure that U.S. business needs are considered in trade policy decision-making. This performance measure quantifies ITA's efforts to form new partnerships or enhance existing partnerships with public and private sector entities to help achieve ITA's goal to increase trade opportunities for U.S. firms. A partnership is a new or enhanced relationship codified in writing through a memorandum or letter of understanding or agreement, reimbursable agreement, grant, cooperative agreement, or contract. A new partnership is defined as being with an entity with which ITA has not had a relationship in the preceding three years. An enhanced partnership is a partnership that is changed so that it more positively affects the achievement of ITA goals and objectives.

**FY 2004 Target**

Target for FY 2004 has been revised downward based on the incoming information from program managers. The performance measure has been implemented in FY 2003 and all existing and new partnerships have been included in the actual data creating a baseline for measuring future performance. Currently, no evidence exists to suggest that the partnerships will grow at an accelerating pace since some partnerships may be renewed without being enhanced. In fact, the performance measure may stabilize, at or perhaps below current projections, depending on the state of the economy and/or the stability or instability of world affairs. To date, no useful leading economic, political, or programmatic indicator has surfaced that anticipates when industry and government will conceive and execute partnership agreements.

**FY 2005 Target**

The target established for FY 2005 is based on the FY 2003 actual performance and emerging trends that point toward a static number.

**Measure 1b: Trade Policy and Negotiation Advancement**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	New	New	New	New
Actual						
Met/Not Met						

**FY 2004 Target**

Performance measure implementation will begin in the second quarter.

**FY 2005 Target**

Target has not been developed due to lack of data.

### Measure 1c: Placeholder for New Measure Dealing with Trade and Economic Analysis

ITA has also identified an approach to measure trade and economic analysis work performed by ITA employees. The new performance measure, “Trade and Economic Analysis,” will be refined and tested in FY 2004.

### Measure 1d: Dollar Exports in Targeted Products and Markets

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	\$160B to \$180B	\$160B to \$180B	\$170B to \$190B
Actual			\$166.3B	\$165.6B		
Met/Not Met				Met		

#### Explanation of Measure

Exports have accounted for almost one-quarter of U.S. economic growth during the past decade<sup>12</sup>. ITA promotes U.S. business abroad, supports trade policy development, ensures compliance with trade agreements, and creates market access through trade negotiations and trade agreements. This measure tracks dollar value of exports generated by U.S. businesses in environment, services, telecommunications and energy sectors, both in total and for individual foreign markets that are attributable to ITA programs.

#### FY 2005 Target

Increased FY 2005 target assumes greater world economic growth and continued improvement in U.S. productivity and competitiveness.

#### Program Evaluation

ITA undertook a customer satisfaction survey. One of the issues addressed by the survey is customers satisfaction with ITA’s work in facilitating difficult negotiations that deal with fair trade and market access with foreign governments Results were calculated using the same methodology as the American Customer Satisfaction Index (ACSI), which is a uniform, cross-industry measure of satisfaction with goods and service available to U.S. consumers. The results show that customer service is a relative strength for ITA. ITA’s score of 74 out of a possible 100 is a strong score. ITA is optimistic in improving customers’ perceptions and better manage expectations where efforts have failed to meet customers desires.

#### Cross-cutting Activities

##### Intra-Department of Commerce

- U.S. Patent and Trademark Office--provides support to ITA during international negotiations on intellectual property rights and advises ITA on patent and trademark issues.

<sup>12</sup> Radio Address of the President to the Nation, April 27, 2002

### **Other Government Agencies**

- Customs Service--Customs ensures the prompt and accurate implementation of duty collection based on ITA's decisions on antidumping or countervailing duty cases.
- Federal Aviation Administration--The Federal Aviation Administration advises ITA on strategies to address foreign regulatory barriers and security standards for transportation.
- Department of State--The Department of State's economic officers assist with market research and compliance projects in countries where TP/USFCS does not maintain or has deployed minimal commercial staff.
- Trade Promotion Coordinating Committee--TPCC coordinates implementation of trade finance and trade promotion programs of the 19 TPCC member agencies.

### **Government/Private Sector**

The President's export council, chaired by the Secretary of Commerce, advises the President on trade policy issues. Its members include 28 chief executive officers of private-sector companies, officials of other agencies (Commerce, State, Treasury, Labor, Agriculture, Small Business Administration, Export-Import Bank, and U.S. Trade Representative), and 10 Congressional representatives. The Industry Consultations Program, which consists of 22 trade advisory committees, provides a mechanism for the U.S. business community to provide input to the government on trade policy issues.

### **External Factors and Mitigation Strategies**

All trade is subject to sharp changes in economic performance in markets around the world; changes in trade policy in foreign nations; expansion of markets just starting to open; technological advances; and large-scale, unexpected capital movement. ITA staff identify these changes and adopt policies that continue to promote expanding overseas markets for U.S. firms and workers.

ITA will analyze the impact of other nations' trade policies on U.S. firms. The passage of Trade Promotion Authority offers new challenges and opportunities for the U.S. to open foreign markets. ITA will focus on FTAs and the WTO, a labor-intensive component of the U.S. negotiating agenda. ITA will provide complex industry and economic analysis, conduct and support the negotiations and measure the impact of the trade agreements. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations, and help shape regulations and standards that facilitate business and improve the quality of life.

## Performance Goal 2: Expand U.S. Exporter Base

### Targets and Performance Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target	FY 2006-FY 2007
Percentage of Undertaken Advocacy Actions Completed Successfully	New	New	11.8%	12% to 15%	10%	10% to 15%	10% to 15%	N/A
Dollar Value of Completed Advocacies (U.S. Export Content)	New	New	\$8.64B	\$4B to \$6B	\$5.9B	\$4B to \$6B	\$4B to \$6B	N/A
Number of U.S. Exporters Entering New Market*	4,502	5,386	5,740	6,500	6,278	6,200 to 6,300	6,400 to 6,500	9,800 to 10,000
Number of U.S. Firms Exporting for the First Time*	673	742	699	800	896	880 to 900	920 to 940	860 to 880
Number of Export Transactions Made as a Result of ITA Involvement*	New	11,160	12,178	13,500	14,090	14,000 to 14,500	14,300 to 14,800	16,000
Percentage Funded* of TP/USFCS fee-programs	New	New	New	New	New	1%	2%	3%

\*Designated as long-term measures.

### Resource Requirements Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's Budget	FY 2005 Base	Increase/Decrease	FY 2005 Request
Manufacturing and Services	28.7	17.9	21.4	29.0	18.2	15.8	0.0	15.8
Market Access and Compliance	2.4	1.5	1.9	2.3	3.3	2.7	0.0	2.7
Import Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Trade Promotion and U.S. and Foreign Commercial Service	93.1	58.4	52.0	65.9	72.6	73.3	0.0	73.3
Ex. Dir./Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total Funding</b>	<b>124.0</b>	<b>77.8</b>	<b>75.3</b>	<b>97.2</b>	<b>94.1</b>	<b>91.8</b>	<b>0.0</b>	<b>91.8</b>
IT Funding	8.9	5.9	5.6	3.8	4.8	4.5	0.0	4.5
FTE	904	468	424	496	488	488	0.0	488

### Corresponding DOC Strategic Goal

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

General Goal/Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organization.

### Rationale for Performance Goal

The health of the American economy depends on the America's SMEs. ITA mandate is to create an environment in which all enterprises, including SMEs, can flourish. In order to achieve this, ITA seeks to increase export opportunity awareness among U.S. companies by proactively identifying potential exporters who need assistance, leveraging electronic and traditional media, centralizing relationships with customers, and developing alliances and partnerships to deliver export messages. ITA's domestic offices are located to capitalize on high export activity areas identified by trade patterns and to facilitate aggressive outreach to traditionally under-served rural and minority communities.

ITA focuses on SMEs with fewer than 500 employees by tailoring existing products and services to their needs; providing technical assistance and matchmaking capability using e-commerce and the Internet; expanding established exporters into additional markets; and coordinating government-wide, collaborative advocacy efforts through the TPCC. The chief aim is to consistently deliver a complete package of export assistance to U.S. businesses throughout the country in order to increase the number of U.S. exporting companies as well as increase the value of U.S. exports to new markets. ITA is the only nationwide source of one-on-one export counseling assistance for SMEs.

Manufacturing sector faces one of the most significant challenges. The downturn in manufacturing output and employment led the creation of the Administration's Manufacturing Initiative. ITA will work to strengthen market forces and make markets more competitive by reducing or eliminating factors that contribute to inefficiencies and higher costs, ensuring that new technologies are diffused and adopted as rapidly as possible, addressing unfair foreign subsidies, and opening closed markets, especially the expanding markets of the developing world. ITA will accelerate implementation of the recommendations contained in the President's National Export Strategy to boost exports. ITA will launch an initiative promoting access for America's SME manufacturers to global supply chains and will expedite implementation of the standards initiative to ensure that American manufacturers are export ready to sell into those global supply chains.

### Program Increase:

ITA's reorganization, which creates an Assistant Secretary for Manufacturing and Services, can be accomplished within current resources.

### **Measure 2a: Percentage of Undertaken Advocacy Actions Completed Successfully**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	15% to 20%	12% to 15%	10% to 15%	10% to 15%
Actual			11.8%	10%		
Met/Not Met			Not Met	Not Met		

**Explanation of Measure**

This performance measure captures information about the effectiveness of ITA's advocacy efforts by measuring the percentage of successful advocacy awards made to U.S. firms or interests during a fiscal year. The success of America's export community depends on ITA addressing the challenges in the trade environment and meeting the expectations and needs of ITA's customers. ITA's Advocacy Center helps U.S. exporters win foreign government procurement contracts, and each contract creates and retains U.S. jobs over the life of each successful advocacy project. The Advocacy Center advances trade promotion and deal making to support three basic U.S. firm needs: (1) access to new markets, (2) entry to markets, and (3) expansion of export activities.

**FY 2004 Target**

Target adjusted downward to reflect actual performance in FY 2003. The world economic recession, SARS, placed U.S. companies under increasing pressure both in terms of the competitiveness of their exports and in terms of the competition they faced here at home.

**FY 2005 Target**

FY 2005 target is based on the historical information maintained by the ITA's Advocacy Center. The target depends on domestic and international economic conditions. As policies that promote expanding overseas markets change due to economic changes, ITA will review and adjust targets as appropriate.

**Measure 2b: Dollar Value of Completed Advocacies (U.S. Export Content)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	\$3B to \$4B	\$4B to \$6B	\$4B to \$6B	\$4B to \$6B
Actual			\$8.64B	\$5.9B		
Met/Not Met			Met	Met		

**Explanation of Measure**

This measure captures information on the effectiveness of ITA's advocacy efforts. It measures the estimated dollar value of U.S. export content of foreign contracts signed or awarded to U.S. companies during a fiscal year. The success of the United State's export community depends upon ITA addressing the challenges in the trade environment and meeting the expectations and needs of its customers. ITA's Advocacy Center helps U.S. exporters win foreign government procurement contracts and facilitates U.S. and Foreign Commercial Services (Trade Promotion) and deal making, especially where U.S. firms are bidding on major projects overseas.

**FY 2005 Target**

The FY 2005 target is based on historical information maintained by the ITA's Advocacy Center. The target depends on domestic and international economic conditions. As policies that promote expanding overseas markets change due to economic changes, ITA will review and adjust targets as appropriate.

**Measure 2c: Number of U.S. Exporters Entering New Market (Long-Term Measure)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006-FY 2007</b>
Target	New	4,540	5,900	6,500	6,200 to 6,300	6,400 to 6,500	9,800 to 10,000
Actual	4,502	5,386	5,740	6,278			
Met/Not Met		Met	Not Met	Not Met			



### Explanation of Measure

This performance measure helps to assess ITA's success bringing in U.S. exporters into a new overseas market and to measure ITA's effectiveness in promoting trade. ITA records and reports on the number of U.S. exporters entering new markets that transact actual verifiable export sales, which include shipment of goods or delivery of services; signing of legally binding agreements, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; and signing of contracts with future sales expected for the first time. Another criterion of the definition for this measure is that the firm has not exported in the last 24 months, prior exports have resulted from unsolicited orders, or exports were made through a U.S.-based intermediary.

As a result of the OMB PART review, ITA has developed a measure that focuses on long-term outcomes and meaningfully reflects the purpose of the program. This performance measure builds on the "Number of exporters entering a new market" by expanding the planning targets into FY 2007. By FY 2007, ITA will increase the baseline of the number of U.S. firms entering a new market by 20% of the total baseline of firms exporting to only one market. ITA has targeted 40,000 firms to enter more than one market over the next six years forming a baseline of 200,000 SMEs that currently export to only one market.

### FY 2004 Target

Target has been revised downward to reflect a more stringent verification and validation system that will be employed in FY 2004 for gathering actual data.

### FY 2005 Target

Increased FY 2005 target assumes greater world economic growth and continued improvement in U.S. productivity and competitiveness.

### FY 2006 through FY 2007 Targets

Targets based on current performance estimates.

### Measure 2d: Number of U.S. Firms Exporting for the First Time (Long-Term Measure)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006-FY 2007
Target	New	679	800	800	880 to 900	920 to 940	860 to 880
Actual	673	742	699	896			
Met/Not Met		Met	Not Met	Met			

### Explanation of Measure

ITA focuses on SMEs that are export-ready. Export-ready firms are those with competitive products or services and are firms that already possess a level of financial and managerial strength that enables them to export. ITA will record and report on the number of U.S. firms exporting for the first time that transact an actual verifiable export sale, which includes shipment of goods or delivery of services; signing of a legally binding agreement, including agent or distributor, representation, joint venture, strategic alliance, licensing, and franchising agreements; or signing of a contract with future sales expected for the first time to assess ITA's success in bringing in new U.S. businesses into exporting and to measure ITA's effectiveness in promoting trade. Another criterion of the definition for this measure is that the firm has not exported in the last 24 months, prior exports have resulted from unsolicited orders, or exports were made through a U.S.-based intermediary. ITA helps identify and qualify agents, distributors, and end users. ITA provides access to timely, product-specific market information and country-specific information about appropriate distribution channels and information and assistance in the critical area of export financing and payment

considerations in order to broaden and deepen U.S. firms' participation in exporting. ITA meets other important needs by organizing market-sensitive trade events and, in a growing number of cases, effective overseas advocacy for U.S. firms' business interests.

As a result of the PART review, ITA has developed a measure that focuses on long-term outcomes and meaningfully reflects the purpose of the program. This performance measure builds on the "Number of U.S. firms exporting for the first time" by expanding the planning targets into FY 2007. By 2007, ITA will increase the baseline of the number of U.S. firms exporting for the first time by 1% of the total exporting base. ITA has targeted 5,000 firms to begin exporting over the next six years from a baseline of 400,000 SMEs that currently do not export.

**FY 2004 Target**

Target has been revised upward. The aim is to consistently deliver a complete package of export assistance to U.S. businesses throughout the country in order to increase the number of U.S. exporting companies.

**FY 2005 Target**

Increased FY 2005 target assumes greater world economic growth and continued improvement in U.S. productivity and competitiveness.

**FY 2006 through FY 2007 Targets**

Targets based on current performance estimates.

**Measure 2c: Number of Export Transactions Made as a Result of ITA Involvement (Long-Term Measure)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006-FY 2007</b>
Target	New	9,253	12,300	13,500	14,000 to 14,500	14,300 to 14,800	16,000
Actual		11,160	12,178	14,090			
Met/Not Met		Met	Not Met	Met			

**Explanation of Measure**

The number of export transactions made as a result of ITA involvement measures ITA's effectiveness in increasing trade opportunities for U.S. exporters. This performance measure captures information on the number of export transactions executed by U.S. firms that resulted directly from ITA's counseling, matchmaking, research, information products, or other TP/USFCS activities. An export transaction occurs when ITA facilitates an actual verifiable export sale, shipment of goods or delivery of services, by the client and where the direct link between the assistance provided and the resulting outcome is clearly established for each export action claimed. A transaction also takes place when ITA helps a client identify and sign with an agent or distributor or sign a contract that ensures the expectation of future sales, where there is a direct link between the assistance provided and the resulting outcome. A transaction can also include helping a U.S. firm avoid harm or loss, for example, by helping it obtain payment or resolve some other kind of trade dispute.

As a result of the PART review, ITA has developed a measure that focuses on long-term outcomes and meaningfully reflects the purpose of the program. This performance measure builds on the "Number of export transactions made as a result of ITA involvement" by expanding the planning targets into FY 2007. By 2007, ITA will increase the number of transactions made as a result of ITA's involvement by 43%. In FY 2001, ITA completed 11,160 transactions and by 2007 ITA has targeted 16,000 transactions. This constitutes a 43% increase over 2001.

**FY 2004 Target**

Target has been revised downward to reflect a more stringent verification and validation system that will be employed in FY 2004 for gathering actual data.

**FY 2005 Target**

Increased FY 2005 target assumes greater world economic growth and continued improvement in U.S. productivity and competitiveness.

**FY 2006 through FY 2007 Targets**

Targets based on estimates presented in the PART appeal and agreed to by the ITA management and OMB.

**Measure 2f: Percentage of TP/USFCS' Programs that are Fee Funded (Long-Term Measure)**

	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006 – FY 2007</b>
Target	New	New	New	1%	2%	3%
Actual						
Met/Not Met						

**Explanation of Measure:**

In FY 2003, ITA undertook a PART review of the TP/USFCS. As a result of the review, ITA has developed a long-term measure to capture information on TP/USFC fee funding progress. ITA has determined that by 2007, three percent of the TP/USFCS programs will be fee funded.

**Targets:**

This is a new performance measure. Targets based on estimates presented in the PART appeal and agreed to by the ITA management and OMB.

**Program Evaluation**

OMB's PART review, conducted in FY 2003, was limited to the TP/USFCS program. OMB findings indicated that TP/USFCS program purpose is clear and addresses a specific need, although OMB's findings also pointed out that the TP/USFCS program is redundant and duplicative of other federal, state, local or private efforts and that the program has major design flaws. ITA has committed to work with TP/USFCS to arrive at more accurate annual performance targets and is presenting in this report long-term performance measures with ambitious targets. ITA will develop accurate cost data to show how much it costs to provide certain products and services. This will move TP/USFCS towards a consistently applied pricing and marketing strategy for its services, both domestically and abroad. ITA is in the process of implementing the recommendations of the ITA User Fee Study that will have an impact on the TP/USFCS' fee funding program. Additionally, ITA has committed to establish a system for periodic independent evaluations of sufficient scope and quality or as needed to support program improvements and evaluate effectiveness and relevance to TP/USFCS problems and needs.

## Cross-cutting Activities

### **Intra-Department of Commerce**

- Office of General Counsel--to work together on guidance for interpreting existing agreements, defining the rights of U.S. firms and workers under U.S. and international trade law, and in negotiations for proposed FTA's and for future bilateral or multilateral agreements.
- National Oceanic and Atmospheric Administration (NOAA)--to coordinate trade initiatives with the NOAA's environmental programs.

### **Other Government Agencies**

- Small Business Administration, Export-Import Bank, State and Local Government Agencies, and Local Chambers of Commerce--to share clients and provide complementary counseling services.
- Department of Energy, Department of Transportation, and Department of Education--to provide industry expertise for ITA trade events.
- Department of Defense and U.S. Air Force--The U.S. Air Force provides industry expertise for ITA trade events involving aircraft sales (for example, the Paris Air Show).
- Department of State--the Department of State's economic officers assist with market research projects in countries where TP/USFCS does not maintain staff.
- Department of Health and Human Services—ITA works closely with HHS on helping U.S. manufacturers lower health care costs.
- Department of Labor—ITA works with the Department of Labor on worker training and employment.
- Environmental Protection Agency—ITA works with the Agency to lower burden of regulations on the U.S. industry.
- Department of Agriculture--The Department of Agriculture provides grant assistance for U.S. and Foreign Commercial Service export counseling in rural areas.
- Bureau of Indian Affairs in the Department of the Interior--The Bureau of Indian Affairs provides industry expertise for ITA tourism development efforts.
- U.S. Agency for International Development--The U.S. Agency for International Development provides grant assistance for various overseas projects (for example, American business centers in Russia).
- Trade Promotion Coordinating Committee--TPCC coordinates the implementation of trade finance and trade promotion programs of the 19 TPCC-member agencies.

### **Government/Private Sector**

District Export Councils (DECs)--to provide experienced, professional advice and guidance to exporting firms, ITA coordinates a private sector network of DECs. DECs are councils of leaders from the local business community, appointed by the Secretary of Commerce, whose knowledge of international business provides a source of professional advice and support for local firms and the local ITA export assistance centers. Currently there are 56 DECs composed of more than 1,500 members.

## External Factors and Mitigation Strategies

ITA's success in achieving this goal depends upon domestic and international economic conditions. Economic shocks in foreign markets, exchange rate fluctuations, and the increasing relative strength of the U.S. dollar can affect U.S. exports and demand for U.S. products. Availability of resources for new initiatives is subject to Congressional approval. The cooperation of other TPCC-member agencies affects the level of services provided to SMEs.

ITA developed and is deploying useful Internet technologies to enable SMEs to have low-cost access to online information on overseas markets and export services available through the U.S. Government as one approach to minimize external factors. ITA's commercial officers, stationed in 80 countries, provide key information to the U.S. business community on best prospects for U.S. exporters in various countries. Through more than 100 domestic locations, ITA trade specialists work directly with U.S. businesses to tailor innovative solutions to their market and exporting needs. ITA partners with state commerce departments and economic development agencies to ensure that American exporters receive the best services and support that both federal agencies and states have to offer.

ITA is planning to establish a new Assistant Secretary of Commerce for Manufacturing and Services to serve as the point person in the Administration and within the U.S. Government for manufacturers and as an effective advocate for the manufacturing sectors' competitiveness. Secondly, ITA plans to establish an Unfair Trade Practices Team to track, detect, and confront unfair competition before it injures an industry here at home. Our goal is to focus on those trading practices that are likely to have the biggest impact on our manufacturers and ensure that they are eliminated, rather than leaving small and medium-sized manufacturers in the U.S. with costly trade litigation as the only possible means of addressing the unfair trade practices they face in the marketplace. Thirdly, ITA will create an Assistant Secretary for TP/USFCS to boost our exports, particularly to those markets that our negotiators have recently opened to our trade like China.

## Performance Goal 3: Ensure Fair Competition in International Trade

### Targets and Performance Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Percentage of Antidumping or Countervailing Duty Cases Completed on Time	New	New	100%	100%	100%	100%	100%
Number of Market Access and Compliance Cases Initiated	New	New	253	180 to 210	144	150 to 160	160 to 170
Number of Market Access and Compliance Cases Concluded	New	New	New	30 to 40	158	70 to 80	90 to 100

### Resource Requirements Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's Budget	FY 2005 Base	Increase/Decrease	FY 2005 Request
Manufacturing and Services	6.4	6.6	6.9	4.4	5.7	4.8	0.0	4.8
Market Access and Compliance	17.6	18.6	24.2	19.3	31.2	24.5	0.2	24.7
Import Administration	31.3	33.0	40.9	40.3	59.7	62.1	0.0	62.1
Trade Promotion and U.S. and Foreign Commercial Service	4.0	4.1	20.8	21.8	20.8	21.0	0.0	21.0
Ex.Dir./Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	59.0	62.3	92.8	85.8	117.4	112.4	0.2	112.6
IT Funding	3.7	4.9	4.6	6.5	8.2	7.7	0.0	7.7
FTE	378	418	571	488	713	713	2	715

### Corresponding DOC Strategic Goal

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

General Goal/Objective 1.1: Advance responsible economic growth and trade while protecting American Security.

### **Rationale for Performance Goal**

ITA is committed to building a rules-based trading system in which international trade is both free and fair for American firms and workers by combating dumping, where foreign goods are “dumped” at less than market value, and subsidy of imports and ensuring compliance with trade agreements. ITA identifies and monitors import surges created by imports that are sold in the U.S. at less than fair market value, foreign governments subsidy practices, and other harmful import trends. ITA defends American industry against injurious trade practices by administering the antidumping (AD) and countervailing duty (CVD) laws of the U.S. ITA deploys attachés to foreign locations to educate foreign governments and businesses about U.S. AD/CVD laws and supports U.S. AD/CVD proceedings in foreign locations. ITA expedites investigations when warranted by import surges and foreign subsidy practices, defends unfair trade practices before the World Trade Organization, and coordinates the Department of Commerce’s role in the Administration’s steel strategy.

ITA tracks crucial market access and compliance problems to ensure timely engagement and resolution. Cases are classified as information requests, compliance (violation of a multilateral or bilateral trade agreement), noncompliance market access (market barriers other than compliance problems preventing or limiting a U.S. firm or industry from market entry or expansion), or commercial disputes (a U.S. company encountering problems with an existing transaction or venture). As the volume of world trade and investment expands and more countries enter into multilateral and bilateral trade agreements with the U.S., ITA ensures compliance with trade agreements through consultation with foreign governments, quick identification of noncompliance by communicating and establishing a relationship with U.S. exporters, improvement of coordination with other agencies, rapid response to illegal acts by mobilizing strike forces, and close collaboration with the USTR on enforcement actions. ITA’s Trade Compliance Center monitors trade agreements for implementation by foreign governments and for identification of compliance problems.

The President is deeply committed to free and fair trade, which provides a level playing field and unfettered access for U.S. manufacturers to global markets. In support of the Manufacturing Initiative, ITA will track, detect and confront unfair competition by monitoring economic data from our global competitors and vigorously investigate evidence of unfair practices. The experts of ITA’s Unfair Trade Practices Team will monitor economic data from global competitors and vigorously investigate evidence of unfair practices. American companies are willing to compete, on even terms with any country in the world, but will not stand for unfair competition. ITA is going to aggressively target unfair trade practices wherever they occur.

### **Program Increase:**

The United States has concluded FTAs with Singapore and Chile. Each agreement calls for the establishment of a dispute settlement mechanism, or Secretariat, in each country. The Secretariat will provide administrative support for dispute settlement proceedings related to disputes brought by industry in each country on possible violations of the terms of the agreement

Free Trade Agreements Secretariats -- \$200,000, 0 FTE

### **Measure 3a: Percentage of AD/CVD Cases Completed On Time**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	100%	100%	100%	100%
Actual			100%	100%		
Met/Not Met			Met	Met		

**Explanation of Measure**

The percentage of AD/CVD cases completed on time is a reflection of the vigilance of IA staff to complete its casework within the statutory timeframe. Domestic industry generates AD/CVD cases, and timeliness of case activity is a critical factor for delivering customer satisfaction. Timeliness of casework is also essential for upholding the integrity of the AD/CVD laws as a credible and fair legal mechanism to address unfair trade actions by foreign interests. The stated target reflects management's prioritization of adherence to statutory requirements. ITA must always complete these cases within the limits set forth in law.

Domestic products covered by these AD/CVD investigations and reviews are critical to U.S. industries. The timely completion of these cases may have a direct correlation with the ability of petitioning U.S. firms to remain viable when a firm may be subjected to unfair trading practices. Ensuring expedient completion of cases offers firms the best timeframe for determining if they are being injured by an unfair trading practice.

ITA has an unparalleled record of timely completion of casework. The completion of cases within the statutory deadlines is especially critical during a year when our receipt of AD/CVD cases from domestic industry rises.

**FY 2005 Target**

ITA has developed the FY 2005 target based on the data maintained by IA. The planned target reflects the percentage of antidumping/countervailing duty cases to be completed by the unit.

**Measure 3b: Number of Market Access and Compliance Cases Initiated**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	New	180 to 210	150 to 160	160 to 170
Actual			253	144		
Met/Not Met				Not Met		

**Explanation of Measure**

ITA faces new demands as the international trade environment changes from year to year: new barriers are erected, the role of international organizations and alliances is strengthened, and other foreign regulatory measures are implemented that have a negative impact on ITA exports. This performance measure assesses the extent of ITA's efforts to monitor trade agreements, identify and initiate market access and compliance cases on behalf of U.S. businesses, and work to their resolution. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports, which are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers. This measure holds tremendous promise for ITA as the agency proceeds in the Doha round of trade negotiations. The new WTO round will likely focus on issues impacting developing nations. Lessons learned from compliance cases initiated will enable our negotiators to have a better perspective on key issues in the developing world.

**FY 2005 Target**

The FY 2005 target is based on the reports received in FY 2003. Targets are affected by world economy, i.e., less business activities result in fewer market access and trade compliance problems.



### Measure 3c: Number of Market Access and Compliance Cases Concluded

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	30 to 40	70 to 80	90 to 100
Actual			Not Available	158		
Met/Not Met				Met		

#### Explanation of Measure

This performance measure addresses ITA's efforts in obtaining market access for U.S. exporters and achieve foreign government compliance with trade agreements. The number of market access and compliance cases concluded is based on a number of cases processed by ITA where no further action by ITA is warranted—the case is successfully resolved; the complaint was groundless, i.e., no violation; industry decides not to pursue the complaint; the case is referred to USTR for consideration for formal dispute settlement resolution; or the problem cannot be resolved despite ITA efforts. Market access cases arise from complaints received by ITA from U.S. companies experiencing overseas barriers to U.S. exports that are not covered by trade agreements. Compliance cases rise from complaints received by ITA from U.S. companies regarding failures by foreign governments to implement trade agreements negotiated by the U.S. and through monitoring efforts by ITA compliance officers.

#### FY 2005 Target

Target is based on workload information collected since the implementation of the measure in FY 2003 and projected increased focus on market access and trade compliance activities.

#### Program Evaluation

The FY 2003 ITA-wide Customer Satisfaction Survey preliminary recommendation includes focusing of ITA work on the most critical effort of helping customers resolve market access problems, eliminate compliance problems and keep foreign markets opened to U.S. exports. ITA scored 74 out of possible 100 on obtaining and resolving fair trade/ market access issues. ITA needs to manage customer expectations better, to ensure customers understand what ITA can provide to them.

#### Crosscutting Activities

##### Intra-Department of Commerce

- Office of General Counsel--to work together on guidance for interpreting existing agreements.

##### Other Government Agencies

- USTR--to work with the USTR to develop strategies for solving market access disputes and to participate with USTR in major trade negotiations.
- International Trade Commission--in an AD/CVD case, ITA conducts an investigation and the International Trade Commission concurrently conducts the industry injury investigation. If both ITA's and the International Trade Commission's investigations result in affirmative determination, then ITA issues an AD/CVD order to the U.S. Customs Service, which results in a tariff rate adjustment.
- U.S. Bureau of Customs and Border Protection (CBP) and Treasury Department--because the AD/CVD law requires collection of offsetting duties at the time merchandise enters the country, ITA communicates regularly with the CBP to ensure the prompt and accurate implementation of ITA's decisions.

The CBP then collects cash deposits and final duty assessments. ITA responds to inquiries from the CBP headquarters and port offices regarding the scope and potential evasion of AD/CVD orders, as well as other enforcement concerns.

- Treasury Department--to monitor subsidy-related commitments contained in the International Monetary Fund's stabilization packages.
- Department of State--in AD/CVD proceedings, ITA verifies information provided by foreign governments and companies in those countries. ITA works closely with the Department of State to obtain country clearances, arrange meetings, make necessary trip arrangements, and obtain pertinent information on subsidy enforcement issues. ITA works on a daily basis with U.S. embassies abroad and State Department economic officers and the Department of Commerce's U.S. and Foreign Commercial Service.
- Department of Justice--ITA, in conjunction with the Office of General Counsel, works with the Department of Justice's attorneys on pending AD/CVD litigation before the Court of International Trade and the Court of Appeals for the Federal Circuit.

### **Government/Private Sector**

ITA works with U.S. small and medium-sized firms and state or local governments wherever possible in order to enable U.S. companies to take full advantage of export opportunities.

### **External Factors and Mitigation Strategies**

Economic shocks in foreign markets can adversely affect demand for U.S. exports; changes in trade policy by foreign nations; expansion of markets just starting to open, such as that of China; and technological advances and large-scale, unexpected capital movement. ITA staff has identified and will continue to identify these changes and adopt policies that promote expanding overseas markets for U.S. firms and workers.

ITA will address the impact of other nations' trade policies. Specifically, we will expand our analytical infrastructure to support timely and accurate assessments of (1) the impact on U.S. industries of the growth of regional trade pacts and (2) the impact of major competitors exporting their discriminatory technical regulations to third markets in the developing world. ITA will develop strategies to support bilateral and multilateral trade negotiations that prevent the adoption of discriminatory international standards and regulations against U.S. products. ITA will also work closely with foreign governments and regulatory officials in the developing world to devise strategies to address regulatory barriers, head off potentially harmful regulations, and help shape good regulations and standards.

As part of ITA's reorganization, ITA plans to establish an Unfair Trade Practices Team to track, detect, and confront unfair competition before it injures an industry in the U.S. Many of the legal remedies available to counter unfair trade practices are costly, particularly for small and medium-sized manufacturers. ITA's goal is to focus on those trading practices that are likely to have the biggest impact on our manufacturers and ensure that they are eliminated, rather than leave SMEs manufacturers in the U.S. with costly trade litigation as the only possible means of addressing the unfair trade practices they face in the marketplace. The new Unfair Trade Practices Team will track, detect and confront unfair competition by monitoring economic data from our global competitors and vigorously investigate evidence of unfair subsidization and production distortions.

## Performance Goal 4: Improve Customer and Stakeholder Satisfaction

### Targets and Performance Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Customer Satisfaction with ITA's Products or Services	New	New	New	66 to 70	70	70	70
Customer Perception of Ease of Access to Export and Trade Information and Data	New	New	New	60 to 80	74	74	74
Level of Awareness of ITA Products and Services	New	New	New	3.5 mean (70)	77%	77%	77%
Number of U.S. Exporter Activities Undertaken per Customer Surveyed	New	New	New	2	1	1	1
Employee Job Satisfaction	New	New	Not Implemented	3.5 mean	Not Implemented	Discontinued	Discontinued
Number of Customers Acquired through Proactive ITA Efforts	New	New	New	1,000	Not Implemented	Discontinued	Discontinued

### Resource Requirements Summary

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 President's Budget	FY 2005 Base	Increase/Decrease	FY 2005 Request
Manufacturing and Services	New	10.0	12.5	17.7	8.5	7.2	0.0	7.2
Market Access and Compliance	New	2.9	3.8	5.9	5.0	3.9	0.0	3.9
Import Administration	New	3.9	4.6	5.0	6.6	6.9	0.0	6.9
Trade Promotion and U.S. and Foreign Commercial Service	New	31.3	31.3	29.6	30.7	31.1	0.0	31.1
Ex.Dir./Administration	New	12.3	13.3	23.2	32.0	33.0	0.5	33.5
Total Funding	New	60.4	65.5	81.4	82.8	82.1	0.5	82.6
IT Funding	New	4.5	4.2	4.1	5.1	4.3	0.5	4.8
FTE	New	436	442	453	481	481	0.0	481

### Corresponding DOC Strategic Goal

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

General Goal/Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organization.

**Rationale for Performance Goal**

In support of the Administration’s vision for government that is client-oriented, ITA is committed to improving both customer and stakeholder satisfaction. ITA’s customers are U.S. businesses. U.S. firms expressed several needs for enhanced products and service offerings and service delivery capabilities from ITA to export more successfully in a fair trade environment. U.S. businesses want on-line customized information products and simplified access to ITA services. ITA cannot always address the needs of its customers, as a single agency, but ITA often leverages support from other agencies, both public and private, to meet its customers’ needs. Other government agencies frequently join ITA in its efforts to promote trade or expand market access. ITA also works with nongovernmental organizations such as trade groups, or other private sector organizations to deliver its mission and to address the needs of U.S. businesses.

ITA’s policy and promotion efforts, ranging from information to hands-on assistance, help SMEs through every stage of the export process. ITA promotes the use of technology to speed up access to relevant information for customer and service staff and assesses the effectiveness of its products and services in meeting customer needs. Collectively, these efforts assure timely, responsive, high-quality service to the customers and stakeholders, promote continuing program improvement, and ensure efficient operations. The success of ITA efforts depends upon effectively addressing the challenges in the trade environment, but also meeting the expectations and needs of its stakeholders and customers.

**Program Increase:**

The FY 2005 “Activity-Based Cost Accounting and Management System” budget increase request will enable ITA to fully comply with U.S. Government regulations and to provide necessary financial service to ITA users.

Activity-Based Cost Accounting and Management System -- \$500,000, 0 FTE

**Measure 4a: Customer Satisfaction with the Quality of ITA’s Products or Services**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	New	66 to 70	70	70
Actual				70		
Met/Not Met				Met		

**Explanation of Measure**

U.S. exporters have expressed needs for specialized, customized products, which are provided quickly and accurately and are consistently updated. This new performance measure tracks the satisfaction of ITA’s customers with the products and services they receive. ITA will use the survey data to improve the quality of its products and services. Taken together, ITA’s efforts must assure timely, responsive, and high-quality service to the business community that promotes the ability of U.S. customers to export and thus increases U.S. market share.

**FY 2004 Target**

FY 2004 target retained at the FY 2003 level. ITA's long-term organization-wide survey strategy is currently under development. In the meantime, ITA plans to conduct a bi-annual customer satisfaction survey and consequently, to populate ITA's customer value performance measures every other year. The bi-annual cycle was selected to minimize the burden on ITA's customers, reduce the costs of conducting an annual survey, and to provide time to pursue change based on survey findings and realize results which can then actually be measured in the next survey. In summary, ITA plans on an ongoing basis to conduct a survey bi-annually, implement the survey results in the off-year (2004), and to measure its progress and any increases in customer satisfaction (2005).

**FY 2005 Target**

FY 2005 target retained at the FY 2003 level. ITA plans to conduct a customer satisfaction survey and measure its progress and any increases in customer satisfaction in FY 2005.

**Measure 4b: Customer Perception of Ease of Access to Export and Trade Information and Data**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	60 to 80	74	74
Actual			Not Implemented	74		
Met/Not Met				Met		

**Explanation of Measure**

ITA continues to enhance its product and service delivery to U.S. exporters. The “customer perception of ease of access to export and trade information and data” measure assesses ITA customers’ perception that export and trade information and data may be obtained via ITA web sites, database applications, export assistance centers, and other personal interactions with ITA personnel, in a timely and efficient manner. By monitoring ITA's performance in this regard, we hope to increase the timeliness and efficiency of service delivery to U.S. businesses and improve the effectiveness of the provision of information and data for persons with disabilities. ITA believes that all customers should be able to obtain export and trade information and data quickly, accurately, and on first contact from courteous employees.

**FY 2004 Target**

FY 2004 target retained at the FY 2003 level. ITA's long-term organization-wide survey strategy is currently under development. In the meantime, ITA plans to conduct a bi-annual customer satisfaction survey and consequently, to populate ITA's customer value performance measures every other year. The bi-annual cycle was selected to minimize the burden on ITA's customers, reduce the costs of conducting an annual survey, and to provide time to pursue change based on survey findings and realize results which can then actually be measured in the next survey. In summary, ITA plans on an ongoing basis to conduct a survey bi-annually, implement the survey results in the off-year (2004), and to measure its progress and any increases in customer satisfaction (2005).

**FY 2005 Target**

FY 2005 target retained at the FY 2003 level. ITA plans to conduct a customer satisfaction survey and measure its progress and any increases in customer satisfaction in FY 2005.

**Measure 4c: Customer Value: Level of Awareness of ITA Products and Services**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	New	3.5 mean (70)	77%	77%
Actual			Not Implemented	77%		
Met/Not Met				Met		

**Explanation of Measure**

ITA is committed to performance and accountability and this measure directly supports the ITA performance goal of improving customer and stakeholder satisfaction to ensure that ITA’s potential customers are informed of new and existing products and services and their benefits. This measure addresses awareness and assesses if the potential customer knows about ITA’s products and services. It measures if a customer understands the benefits of using our products or services and measures how effective ITA is in seeking out potential customers.

**FY 2004 Target**

FY 2004 target retained at the FY 2003 level. ITA's long-term organization-wide survey strategy is currently under development. In the meantime, ITA plans to conduct a bi-annual customer satisfaction survey and consequently, to populate ITA's customer value performance measures every other year. The bi-annual cycle was selected to minimize the burden on ITA's customers, reduce the costs of conducting an annual survey, and to provide time to pursue change based on survey findings and realize results which can then actually be measured in the next survey. In summary, ITA plans on an ongoing basis to conduct a survey bi-annually, implement the survey results in the off-year (2004), and to measure its progress and any increases in customer satisfaction (2005).

**FY 2005 Target**

FY 2005 target retained at the FY 2003 level. ITA plans to conduct a customer satisfaction survey and measure its progress and any increases in customer satisfaction in FY 2005.

**Measure 4d: Number of U.S. Exporter Activities Undertaken per Customer Surveyed**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	New	2	1	1
Actual				1		
Met/Not Met				Not Met		

**Explanation of Measure**

The number of U.S exporter activities undertaken per customer surveyed is a performance measure that supports ITA’s goal to increase trade opportunities for U.S. firms. The first survey will approximate the measure while a more accurate instrument to establish a baseline will be issued during FY 2003. The survey captures information on the number of export activities that customers report having taken as a result of ITA’s service to those customers. The information collected would cover the period after the first year of receiving ITA’s assistance.

**FY 2004 Target**

FY 2004 target retained at the FY 2003 level. ITA's long-term organization-wide survey strategy is currently under development. In the meantime, ITA plans to conduct a bi-annual customer satisfaction survey and consequently, to populate ITA's customer value performance measures every other year. The bi-annual cycle was selected to minimize the burden on ITA's customers, reduce the costs of conducting an annual survey, and to provide time to pursue change based on survey findings and realize results which can then actually be measured in the next survey. In summary, ITA plans on an ongoing basis to conduct a survey bi-annually, implement the survey results in the off-year (2004), and to measure its progress and any increases in customer satisfaction (2005).

**FY 2005 Target**

FY 2005 target retained at the FY 2003 level. ITA plans to conduct a customer satisfaction survey and measure its progress and any increases in customer satisfaction in FY 2005.

**Discontinued Measures****Employee Job Satisfaction**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	3.5 mean	3.5 mean	Discontinued	Discontinued
Actual			Not Implemented	Not Implemented		
Met/Not Met						

**Explanation of Measure**

ITA is unable to implement the "Employee job satisfaction" measure due to the pending reorganization. ITA has elected to rely on the government-wide Federal Human Capital Survey, which is periodically conducted by the Office of Personnel Management. Presently, ITA is addressing findings from the 2002 Federal Human Capital Survey, which provides an indication of the status of employee job satisfaction in ITA.

**Measure 4e: Number of Customers Acquired Through Proactive ITA Efforts**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	1,000	Discontinued	Discontinued
Actual			Not Available	Not Implemented		
Met/Not Met						

**Explanation of Measure**

ITA is unable to implement this measure due to lack of data. ITA completed an organization-wide survey in FY 2003. As previously anticipated, the survey did not provide the necessary statistical information to calculate results.

## **Program Evaluation**

The FY 2003 ITA-wide Customer Satisfaction Survey preliminary findings point to a relative strength in customer service area. It is relatively high scoring and high impact, meaning it has a large influence on customer satisfaction. ITA will maintain its performance in this area, as a decline in Customer Service would cause a subsequent drop in the Customer Satisfaction Index.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

- Office of General Counsel--to work together on guidance for interpreting existing international trade agreements and defining the rights of U.S. firms and workers under U.S. and international trade laws.
- National Institute of Standards and Technology (NIST)--to coordinate our efforts to help SMEs export new technology and coordinate trade initiatives with the NIST's technology development and commercialization programs.
- National Telecommunications and Information Administration--to work together on opening foreign markets to American telecommunications technology.
- Minority Business Development Agency--to work together to target underserved communities and minority-owned businesses by proactively identifying potential exporters who need assistance.
- NOAA--to coordinate e-commerce trade initiatives with the NOAA's environmental programs.
- The Bureau of the Census--to fund reimbursable agreements to produce customized e-commerce statistics and collaborates on development of methodologies to generate data on e-commerce services exports.

### **Other Government Agencies**

- Small Business Administration, Export-Import Bank, Overseas Private Information Corporation, state or local government agencies, and local chambers of commerce--to share clients to provide complementary counseling services.
- Department of Energy, Department of Transportation, Department of Education, and Department of Defense and the U.S. Air Force--to provide industry expertise for ITA trade events.
- Department of State--to assist with market research projects in countries where the U.S. and Foreign Commercial Service does not maintain staff.
- Department of Agriculture --to provide grant assistance for U.S. and Foreign Commercial Service export counseling in rural areas.
- Bureau of Indian Affairs and Department of Interior--to provide industry expertise for ITA tourism development efforts.
- U.S. Agency for International Development--to provide grant assistance for various overseas projects (for example, American business centers in Russia).
- Trade Promotion Coordinating Committee--to coordinate the implementation of the trade finance and trade promotion programs of the 19 TPCC member agencies.

### **Government/Private Sector**

District Export Councils --to provide experienced, professional advice and guidance to exporting firms. District Export Councils are councils of leaders from the local business community, appointed by the Secretary of Commerce, whose knowledge of international business provides a source of professional advice and support for local firms. Currently there are 56 District Export Councils composed of more than 1,500 members.



### **External Factors and Mitigation Strategies**

In serving U.S. firms, ITA helps SMEs to enter and expand into new markets and to take advantage of trade opportunities. However, the overall strength of the global economy affects ITA's efforts. For example, the increasing relative strength of the U.S. dollar can make U.S. exports more costly in foreign markets. In addition, developments in e-commerce, information technology, biotechnology, the service industry, and environmental technologies are challenging ITA to develop new skills in order to help SMEs export.

To counter the trends and challenges that may lower SMEs' exporting abilities, ITA is taking advantage of information technology and e-commerce to disseminate information and connect U.S. exporters with foreign buyers. ITA also partners with other U.S. government agencies and with the private sector to deliver integrated services, especially through the Internet. ITA includes client evaluation on quality and effectiveness of products and services and provides feedback to the overseas posts and domestic offices. Collectively these efforts assure the timely, responsive, high-quality service to the business community, promote continuing program improvement and ensure efficient field operations.

## Performance Goal 5: Improve the U.S. Competitive Advantage through Global E-Commerce

### Targets and Performance Summary

<b>Performance Goal 6: Improve the U.S. competitive advantage through global e-commerce</b>							
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
Number of New Subscribers Using BuyUSA.com E-services	New	339	564	650	2,078	5,000 to 5,500	5,200 to 5,700
Customer Perception of (Export.gov) Portal Ease of Use	New	New	84.4%	Greater than 70%	69%	Greater than 70%	Greater than 70%
Percentage of ITA's Significant Products and Services Provided Electronically to External Customers	New	New	Not Implemented <sup>3</sup>	75% to 80%	82%	Greater than 85%	Greater than 90%

### Resource Requirements Summary

	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 President's Budget</b>	<b>FY 2005 Base</b>	<b>Increase/Decrease</b>	<b>FY 2005 Request</b>
Manufacturing and Services	8.5	10.0	2.0	0.3	8.5	7.0	0.0	7.0
Market Access and Compliance	2.5	2.9	3.8	2.9	5.0	3.9	0.0	3.9
Import Administration	1.6	1.9	0.0	0.0	0.0	0.0	0.0	0.0
Trade Promotion and U.S. and Foreign Commercial Service	26.6	31.3	25	19.4	24.5	24.9	0.0	24.9
Ex.Dir./Administration	1.9	2.2	2.3	0.0	2.9	3.0	0.0	3.0
<b>Total Funding</b>	<b>41.0</b>	<b>48.3</b>	<b>33.1</b>	<b>22.6</b>	<b>40.9</b>	<b>38.8</b>	<b>0.0</b>	<b>38.8</b>
IT Funding	3.0	3.7	3.5	2.3	2.8	2.6	0.0	2.6
FTE	316	305	198	181	214	215	0.0	215

### Corresponding DOC Strategic Goal

Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers and consumers.

<sup>13</sup> Data are not available at the time of this publication because data sources are currently under development.

General Goal/Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations.

**Rationale for Performance Goal**

ITA continues its focus on e-commerce, a major channel to further U.S. exports. The scope of e-commerce influence is broad, covering market access, customs, services, government procurement, and other areas of export promotion. ITA’s e-commerce export promotion program has four main goals: helping small businesses use the Internet to find markets overseas; helping established U.S. information technology companies to expand overseas; helping emerging economies make the transition to the digital age; and ensuring that both the Internet and foreign markets are open and accessible.

ITA provides exporters with desktop access to the international marketplace, through the use of electronic products and services such as Export.gov and BuyUSA.gov. These two major web sites provide basic information on navigating through the steps in the export process, in addition to international market research and online matchmaking services with foreign buyers. Through ITA’s leadership role in the International Process Streamlining E-gov Initiative, Export.gov allows users to obtain information on regulatory matters and policies, and access a broader array of U.S. Government trade-related information from the Department. BuyUSA.com and Export.gov work in partnership to help SMEs complete export transactions. Using a wide variety of e-commerce tools and service from both public and private sector sources, ITA employees help U.S. business evaluate new overseas markets and take advantage of foreign sales opportunities.

On the policy side, ITA is working in a range of international fora, such as the Free Trade Area of the Americas, with other Department of Commerce bureaus and government agencies to develop and advocate U.S. policy positions on a range of e-commerce issues. These include privacy, consumer protection, infrastructure access, telecommunications liberalization, diffusion of IT to SMEs, standards, IT tariff elimination, and expanded IT market access.

**Measure 5a: Number of New Subscribers Using BuyUSA.com E-services**

	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Target	New	5,000	1,500	650	5,000 to 5,500	5,200 to 5,700
Actual		371	564	2,078		
Met/Not Met		Not Met	Not Met	Met		

**Explanation of Measure**

Subscribers to BuyUSA.com receive full access to the database of international buyer, distributor, and business partner contacts; trade leads and postings; catalogs; and the ability to establish purchase orders online. As e-commerce goes global, U.S. SMEs seek a secure platform for identifying potential international buyers and transacting business. ITA provides e-commerce export facilitation tools, such as BuyUSA.com, to new and existing clients; creates new e-commerce services; and promotes information technology throughout the world.

**FY 2004 Target**

Target has been adjusted upward to reflect improving U.S. economy. Additionally, technical difficulties encountered in the web site’s operations have been resolved, and improvement is expected in the number of new subscribers using the e-services offered by the BuyUSA.com.

**FY 2005 Target**

Proposed target is based on the projected improvement of U.S. economic trends.

**Measure 5b: Customer Perception of (Export.gov) Portal Ease of Use**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	Greater than 50% Satisfaction Rate	Greater than 70% Satisfaction Rate	Greater than 70% Satisfaction Rate	Greater than 70% Satisfaction Rate
Actual			84.4%	69%		
Met/Not Met			Met	Not Met		

**Explanation of Measure**

Customers' perceptions of portal ease of use ties directly to the ITA performance goal that seeks to improve U.S. competitive advantage through global e-commerce. The rise of the Internet and e-commerce should make global markets increasingly accessible to even the smallest of U.S. companies. However, less than one percent<sup>14</sup> of small companies currently export. The online information on overseas markets and export services available through the U.S. government left something to be desired. Through ITA's leadership role in the International Trade Process Streamlining E-gov Initiative, Export.gov is a first step toward consolidating export information into a single, customer-focused site where anyone can find every online federal resource related to exporting. ITA will survey online customers visiting Export.gov on an ongoing basis. Two weeks before the end of each reporting quarter, customers will be asked to fill out the questionnaire before leaving the site. The customers' response will be optional. This new performance measure will allow ITA to gauge customers' perception of portal ease of use and to increase the quality and navigability of the portal based on customer feedback. ITA will seek a target of greater than 70% satisfaction with scores of 3 or higher on a scale of 1-5 for overall portal ease-of-use.

**FY 2005 Target**

Target based on projected success of the Export.gov website. Since the website was redesigned in April of 2003, and customer perception of portal ease of use improved.

**Measure 5c: Percentage of ITA's Significant Products and Services Provided Electronically to External Customers**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	50%	75% to 80%	Greater than 85%	Greater than 90%
Actual			Not Implemented	82%		
Met/Not Met				Met		

**Explanation of Measure**

U.S. exporters expressed a need for fast access to ITA products and services. This performance measure will track ITA's progress in delivering products electronically to external customers. Based on Government Paperwork Elimination Act requirements, ITA is required to offer business processes electronically by October 2003, where practicable.

<sup>14</sup> The 2002 National Export Strategy

## **FY 2005 Target**

The FY 2005 target is based on ITA achieving most of the government paperwork elimination act requirements.

## **Program Evaluation**

The Report Card on Trade II revealed two primary reasons why SMEs do not export: lack of information on how to export and lack of information about foreign markets. The study also revealed that the Federal government was the leading source of four of the top ten export services used. The benefits derived from e-commerce impact all industry sectors and all business. ITA implemented a number of changes to improve coordination of services and sharing of client information both domestically and overseas in order to promote e-commerce. ITA's efforts designed to focus on getting results for U.S. companies paid off based on the preliminary findings of the ITA-wide Customer Satisfaction Survey, pointing toward customers perceiving ease of access to information and staff, to be an agency strength across all channels and topics.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

- Office of General Counsel--to work together on guidance for interpreting existing international trade agreements, defining the rights of U.S. firms and workers under U.S. and international trade laws.
- NIST--to coordinate our efforts to help SMEs export new technology and coordinate trade initiatives with the NIST's technology development and commercialization programs.
- National Telecommunications and Information Administration--to work together on opening foreign markets to American telecommunications technology.
- Minority Business Development Agency--to work together to target underserved communities and minority-owned businesses by proactively identifying potential exporters who need assistance.
- NOAA--to coordinate e-commerce trade initiatives with the NOAA's environmental programs.
- The Bureau of the Census--to fund reimbursable agreements to produce customized e-commerce statistics and collaborates on development of methodologies to generate data on e-commerce services exports.

### **Other Government Agencies**

- Small Business Administration, Export-Import Bank, Overseas Private Information Corporation, state and local government agencies, and local chambers of commerce--to share clients to provide complementary counseling services.
- Department of Energy, Department of Transportation, Department of Education, and Department of Defense and the U.S. Air Force--to provide industry expertise for ITA trade events.
- Department of State--to assist with market research projects in countries where the TP/USFCS does not maintain staff.
- Department of Agriculture --to provide grant assistance for TP/USFCS export counseling in rural areas.
- U.S. Agency for International Development--to provide grant assistance for various overseas projects (for example, American business centers in Russia).

- Trade Promotion Coordinating Committee--to coordinate the implementation of the trade finance and trade promotion programs of the 19 TPCC-member agencies.

### **Government/Private Sector**

District Export Councils --to provide experienced, professional advice and guidance to exporting firms. District Export Councils are councils of leaders from the local business community, appointed by the Secretary of Commerce, whose knowledge of international business provides a source of professional advice and support for local firms. Currently there are 56 District Export Councils composed of more than 1,500 members.

### **External Factors and Mitigation Strategies**

The overall strength of the global economy affects U.S. e-commerce exports. For example, because the increasing relative strength of the U.S. dollar can make U.S. exports more costly in foreign markets, economic slowdowns and/or issues relating to foreign corruption may reduce the number of advocacy requests received from U.S. firms competing in the international marketplace.

To counter these trends, ITA will increase efforts to promote U.S. companies' bids in regions with higher export potential. Global economic trends also require ITA to alter the types of programs and export assistance services we provide for U.S. companies by, for example, pioneering efforts to move e-commerce into the mainstream of trade-enhancing and improving existing products and services and creating new product lines to meet exporters' changing needs. Additionally, the ITA's worldwide network, strong in-country contacts, and improved local outreach, including local language web sites, help foreign buyers locate U.S. suppliers. ITA created a menu of reverse services, which helps foreign buyers locate appropriate U.S. suppliers for their desired product, service, joint venture, or partnering needs.

## ITA Data Validation and Verification

ITA is using PBViews, a network-based performance management data reporting system utilizing software to fully integrate the performance management approach into ITA's day-to-day operations and annual planning cycle. Every performance measure has a designated measure owner who gathers data and validates collected information; maintains individual measure documentation; leads cross-organizational coordination of data collection; performs quality control, including error checking and elimination of duplicates; and acts as program unit point of contact. Individual program unit managers are held accountable for the quality of the data that their staff collects and the timeliness with which the data is input into the performance management system, PBViews. Every quarter, the ITA Strategic Planning Leadership Team composed of senior career ITA line managers reviews the reports published on PBViews for data integrity and accomplishments, and recommends corrective actions as necessary. This peer review approach also serves as a validation process of whether data are appropriate for the performance measures.

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 1a: Number of New or Enhanced ITA Partnerships with Public and Private Sector Entities to Promote U.S. Exports	Database of domestic or foreign, for-profit or not-for-profit private sector firm or industry organization partners; federal, state, or local government agency	Annually	ITA-wide source data to be input into PBViews	ITA will perform client verification survey based on the information stored in PBViews	Global trends, political developments, and ITA resources could affect the actual numbers.	Performance measure has been fully operational for less than one year. ITA is currently reviewing FY 2003 actual data in order to establish data trends for setting meaningful targets. Targets established for FYs 2004 and 2005 are based on best available data at the time of this publication.
Measure 1b: Trade Policy and Negotiation Advancement	Survey of ITA staff	Annually	ITA-wide source data to be input into PBViews	ITA will perform client survey verification and periodic auditing of survey data and results	Response rate to the survey; quality of survey questions	Survey strategy is currently under development.
Measure 1c: Placeholder for New Measure Dealing with Trade and Economic Analysis	Under development	N/A	N/A	N/A	N/A	N/A

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 1d: Dollar Exports in Targeted Products and Markets	Census Bureau and Bureau of Economic Analysis trade data and U.S. export promotion participants	Annually	Electronic retrieval of detailed Census Bureau and Bureau of Economic Analysis trade data	ITA collects data on dollar exports in targeted markets quarterly using internal procedures. ITA performs quality control, including error checking and elimination of duplicates, and, through peer review, verifies collected data.	Data present estimates of resultant exports, but global economic variables and political or administrative developments may affect the future growth in U.S. exports to targeted markets. Data for the service sector are limited in the detail available and frequency of publication, and there is a substantial lag (three to four months) in its publication.	Data are compiled from several sources, which include lagging indicators.
Measure 2a: Percentage of Undertaken Advocacy Actions Completed Successfully	U.S. companies that benefit from U.S. government advocacy	Annually	Data collected from the Advocacy Success Database, and the Client Management System is stored in the PBViews database.	The Advocacy Center conducts annual verifications with follow-up calls to a significant sample of customers to verify the dollar value of exports generated through the support of U.S. government effort.	In some cases a host government overturns awards, and the winning U.S. company then loses the project. Quality of data is dependent on client's willingness to provide the data. Some clients elect not to provide information to ITA due to business proprietary concerns. U.S. embassies in some instances do not report all advocacy projects they have worked on in a given fiscal year.	Advocacy actions reported are those recorded by the Advocacy Center thus eliminating any possible duplications in the data reported by various ITA entities. ITA has taken steps to ensure that all completed advocacies are reported and verified in the Advocacy Center database. Targets and actual data are stored in PBViews.
Measure 2b: Dollar Value of Completed Advocacies (U.S. Export Content)	U.S. companies that benefit from U.S. Government advocacy	Annually	Data collected from the Advocacy Success Database, and the Client Management System is stored in the PBViews database.	The Advocacy Center conducts annual verifications with follow-up calls to a significant sample of customers to verify the dollar value of exports generated through the support of U.S. government effort.	Quality of data is dependent on client's willingness to provide the data. U.S. companies provide dollar estimates regarding export content. The advocacy center has found that after these estimates were reviewed in random audits conducted in the past three years, the individual project export content values did vary. Additionally, some clients elect not to provide information to ITA due to business proprietary concerns.	Advocacy actions reported are those recorded by the Advocacy Center thus eliminating any possible duplications in the data reported by various ITA entities. ITA has taken steps to ensure that all completed advocacies are reported and verified in the Advocacy Center database. Targets and actual data are stored in PBViews.



<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 2c: Number of Exporters Entering a New Market (Long-Term Measure)	U.S. exporters	Annually	Data from the Client Management System is stored in the PBViews database.	ITA data on client contact activities, including U.S. exporters entering new market, are collected quarterly using internal procedures. ITA performs quality control, including error checking and elimination of duplicates, and verifies results through peer review of verifiable documentation.	ITA's collection of data to measure a number of clients that successfully export for the first time to a new market as a result of ITA assistance is wholly dependent on a client's willingness to provide such information.	ITA reports data recorded in the Client Management System. Targets and actual data are stored in PBViews. As a result of PART review, ITA built on the "Number of exporters entering a new market" by expanding the planning targets into FY 2007. This long-term measure focuses on outcomes and meaningfully reflects the purpose of the TP/USFCS program.
Measure 2d: Number of U.S. firms Exporting for the First Time (Long-Term Measure)	U.S. exporters	Annually	Data from the Client Management System is stored in the PBViews database.	ITA data on client contacts, activities, including U.S. firms exporting for the first time, are collected quarterly using internal procedures. ITA performs quality control, including error checking and elimination of duplicates and, through peer review, verifies documentation.	ITA's collection of data to measure the numbers of clients that successfully export for the first time as a result of ITA assistance is wholly dependent on a client's willingness to provide such information.	ITA reports data recorded in the Client Management System. Targets and actual data are stored in PBViews. As a result of PART review, ITA built on the "Number of U.S. firms exporting for the first time" by expanding the planning targets into FY 2007. This long-term measure focuses on outcomes and meaningfully reflects the purpose of the TP/USFCS program.
Measure 2e: Number of Export Transactions Made as a Result of ITA Involvement (Long-Term Measure)	U.S. exporters	Annually	Data from the Client Management System is stored in the PBViews database.	ITA will perform client survey verification and periodic auditing of survey data and results.	Responses to the survey depend on U.S. business cooperation and willingness to provide data and on sample size and response rate of periodic surveys of product users.	ITA reports data recorded in the Client Management System. Targets and actual data are stored in PBViews. As a result of PART review, ITA built on the "Number of export transactions made as a result of ITA involvement" by expanding the planning targets into FY 2007. This long-term measure focuses on outcomes and meaningfully reflects the purpose of the TP/USFCS program.

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 2f: Percentage of TP/USFCS' Programs Funded by Fees (Long-Term Measure)	ITA accounting system	Annually	Data from the Document Direct, ITA accounting system	Quarterly audits performed by DOC and reported to OMB	Financial coding errors.	ITA is currently revamping its financial coding system to reduce errors and capture better financial data that would inform ITA managers about program finances.
Measure 3a: Percentage of AD/CVD Cases Completed On Time	Import Administration (IA) cases completed in accordance with the statutory deadline	Timeliness is measured as a percentage of all completed cases and will be reported annually. Computation is "total number of cases completed by statutory deadline/total number of cases."	Data from the AD/CVD Case Management System is stored in the PBViews database.	Each case is supported by final determinations, including Federal Register notices. Lotus Notes software is employed to operate the IA-wide AD/CVD case tracking and management system. ITA's case management system is updated daily and duration statistics are available at a moment's notice. Performance data are monitored and certified internally.	Number of AD/CVD cases processed on time depends on the accurate tracking of case assignment and case completion.	ITA reports data recorded in the AD/CVD Case Management System. Targets and actual data are stored in PBViews.
Measure 3b: Number of Market Access and Compliance Cases Initiated	Petitions from U.S. firms encountering trade barriers and compliance by foreign governments with U.S. negotiated international trade agreements	Annually	Data from the ITA compliance activity database maintained by the Trade Compliance Center (TCC) is stored in the PBViews database.	ITA data on market access and compliance cases are reported in the case database. ITA ensures system integrity (data are entered where they should be) and performs quality control, including error checking, elimination of duplicate cases reported, and, through peer review, verification of documentation.	Caseload is largely driven by outreach efforts seeking private sector complaints and through U.S. government monitoring efforts. A number of factors, including U.S. business cooperation, global trade trends, political developments, and the extent to which foreign governments create barriers or act inconsistently with trade obligations (an exogenous factor) will impact the actual numbers.	ITA reports data recorded in the Market Access and Compliance Database Management System. Targets and actual data are stored in PBViews.

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 3c: Number of Market Access and Compliance Cases Concluded	ITA Compliance and Market Access Management System database, which contains data on U.S. firms encountering foreign trade barriers	Annually	Data from the ITA Compliance and Market Access Case Management System is stored in the PBViews database.	Records support each case and many of the cases have been highlighted in the Commerce Secretary's Monthly Compliance Case Report. Lotus Notes software is employed to operate the ITA-wide Compliance and Market Access Case Management System. The Compliance and Market Access Case Management System is updated daily and duration statistics are available at a moment's notice. Performance data is monitored and certified internally.	Number of cases "concluded" depends on the accurate tracking of case assignment and case disposal.	ITA reports data recorded in the Market Access and Compliance Database Management System. Targets and actual performance data are stored in PBViews.
Measure 4a: Customer Satisfaction with the Quality of ITA's Products and Services	ITA customers (U.S. exporters)	Broad survey conducted every two years	Client Management System and PBViews	ITA analyzes and certifies data internally through periodic audits of reported data in the system.	The level of response to ITA's survey limits the data. ITA will strive for satisfaction levels of 70%	ITA's long-term organization-wide survey strategy is currently under development. ITA plans to conduct a bi-annual customer satisfaction survey and consequently to populate ITA's customer value performance measures every other year.
Measure 4b: Customer Perception of Ease of Access to Export and Trade Information and Data	ITA customers (U.S. exporters)	Broad survey conducted every two years	PBViews database	ITA staff will perform analysis to verify statistical results of survey data.	Limitations exist in the level of response to survey.	ITA's long-term organization-wide survey strategy is currently under development. ITA plans to conduct a bi-annual customer satisfaction survey and consequently to populate ITA's customer value performance measures every other year.

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 4c: Customer Value: Level of Awareness of ITA Products and Services	ITA Customers (U.S. exporters and potential exporters)	Broad survey conducted every two years	Client Managements System and PBViews	ITA staff will perform analysis to verify statistical results of survey data.	Level of response to survey	ITA's long-term organization-wide survey strategy is currently under development. ITA plans to conduct a bi-annual customer satisfaction survey and consequently to populate ITA's customer value performance measures every other year.
Measure 4d: Number of U.S. Exporter Activities Undertaken per Customer Surveyed	Customer survey	Annually	Client Management System and PBViews	ITA will perform client verification survey	Responses to the survey depend on U.S. business cooperation and willingness to provide data and on sample size. Once initial data are collected, targets can be refined. ITA has not completed the initial compilation of data.	ITA's long-term organization-wide survey strategy is currently under development. ITA plans to conduct a bi-annual customer satisfaction survey and consequently to populate ITA's customer value performance measures every other year.
Measure 5a: Number of New Subscribers Using BuyUSA.com E-services	U.S. subscribers using the BuyUSA.com web site	Annual	Data from the Web trends (Internet-based software tracking system) is stored in the PBViews database.	Clients visiting the web site or domain during a specific period of time. The U.S. and Foreign Commercial Service (TP) collects, reviews, verifies, and signs the reports.	None. A subscriber is identified by a registered user name.	ITA refined the BuyUSA.com database in order to improve data collection. Targets were updated.
Measure 5b: Customer Perception of (Export.gov) Portal Ease of Use	ITA customer portal survey	Annual	Data to be logged and stored on a database such as Microsoft Access and/or Excel spreadsheet for input into the PBViews database.	ITA employees will harvest the data from ITA's Export.gov portal.	Level of response to the survey; sample size and customer misinterpretation of survey questions	ITA has developed a portal survey that is posted online.

<b>Performance Measure</b>	<b>Data Source</b>	<b>Frequency</b>	<b>Data Storage</b>	<b>Verification</b>	<b>Data Limitations</b>	<b>Actions to be taken</b>
Measure 5c: Percentage of ITA's Significant Products and Services Provided Electronically to External Customers	ITA customer portal or web based survey	Biannually	Data compiled in Microsoft Excel or Microsoft Access database will be stored in the PBViews database.	ITA's program staff will verify the survey data through periodic assessments of representativeness of respondents.	Records maintained on the number of products and services available electronically. Level of response to the survey and employees misinterpretation of survey questions.	ITA has finalized the type of business process, the accuracy of current targets and definitions in the measure. ITA began collecting actuals in the second quarter of FY 2003.

Department of Commerce  
 Departmental Management  
 SUMMARY OF TARGETS AND RESOURCE REQUIREMENTS

<b>Departmental Management: Total Funding</b>								
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/Decrease</b>	<b>FY 2005 Request</b>
Executive Direction	13.6	17.6	19.9	19.0	17.7	14.1	0.0	14.1
Departmental Staff Services	19.4	23.1	29.3	31.5	33.3	35.0	6.9	41.9
Advances & Reimbursements	2.0	5.0	5.0	2.2	6.0	6.0	0.0	6.0
<b>Total Funding</b>	<b>35.0</b>	<b>45.7</b>	<b>54.2</b>	<b>52.7</b>	<b>57.0</b>	<b>55.1</b>	<b>6.9</b>	<b>62.0</b>
Direct	33.0	40.7	49.2	50.5	46.8	49.1	6.9	56.0
Reimbursable <sup>1</sup>	2.0	5.0	5.0	2.2	6.0	6.0	0.0	6.0
IT Funding <sup>2</sup>	2.0	7.0	7.0	7.9	8.1	8.5	1.9	10.4
FTE	185	171	183	186	223	223	1	224

<sup>1</sup> Reimbursable funding reflects external sources only.

<sup>2</sup> IT funding included in total funding

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to bureaus, and they do not appear in these DM totals.

<b>Performance Goal 1: Ensure effective resource stewardship in support of the Department's programs</b>								
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/Decrease</b>	<b>FY 2005 Request</b>
Executive Direction	13.6	17.6	19.9	19.0	17.7	14.1	0.0	14.1
Departmental Staff Services	15.4	13.1	18.3	19.5	20.9	22.0	5.0	27.0
Advances & Reimbursements	2.0	5.0	5.0	2.2	6.0	6.0	0.0	6.0
<b>Total Funding</b>	<b>31.0</b>	<b>35.7</b>	<b>43.2</b>	<b>40.7</b>	<b>44.6</b>	<b>42.1</b>	<b>5.0</b>	<b>47.1</b>
IT Funding <sup>1</sup>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	149	129	139	144	171	171	1	172

<sup>1</sup> IT funding included in total funding.

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to the bureaus, and they do not appear in the DM totals.

<b>Performance Goal 1: Ensure effective resource stewardship in support of the Department's programs</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
a. Clean audit opinion on Department consolidated financial statements	100%	100%	100%	100%	Yes	Yes	Yes	Yes	Yes	Yes
b. Consolidate Commerce-wide integrated financial management system platforms	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Reduce platforms from 5 to 3	Complete business case for feasibility of further reductions
c. Implement competitive sourcing	Complete commercial inventory by 6/30/00	Inventory submitted on 6/30/00	Complete commercial inventory by 6/30/01	Inventory submitted on 6/29/01	Convert or complete competitions on 5% of commercial FTE positions	1% completed and management plan in place to accomplish cumulative goal for FY 2002/ FY 2003	Convert or complete competitions on 10% of commercial FTE positions	Combined target for FY 2002/2003 was 1203 FTEs. Com-peted 534 FTEs or 6.6% of new target of 800 FTEs	Multi-year plan under develop-ment	TBD
d. Funds obligated through performance-based contracting	N/A	N/A	10% of eligible service contracting dollars	25% of eligible service contracting dollars	25% of eligible service contracting dollars	31% of \$795M	30% of eligible service contracting dollars	24% of \$605M	40% of eligible service contracting dollars	50% of eligible service contracting dollars
d. Small purchases made using credit cards	75% of actions below \$25,000	88% of actions below \$25,000	75% of actions below \$25,000	92% of actions below \$25,000	90% of actions below \$25,000	95% actions below \$25,000	90% of actions below \$25,000	97% of actions below \$25,000	90% of actions below \$25,000	90% of actions below \$25,000
f. Increase percentage of total obligations awarded as contracts to small businesses	Small business 40%	Small business 34%	Small business 40%	Small business 50%	Small business 35%	Small business 52% <sup>1</sup>	Small business 40%	Small business 45% as of October 2003; final results not available from Federal Procurement Data System until second quarter FY 2004.	Small business 42%	Small business 42%
g. Ensure a secure workplace for all Commerce employees	Conduct 10 studies to verify proper maintenance of safes for classified materials	Conducted 10 studies to verify proper maintenance of safes for classified materials	Conduct 10 studies of classified computer systems	Conducted 32 studies of classified computer systems	Establish department-wide continuity of operations plan & conduct 10 compliance reviews of security	DOC COOP established; 47 risk assessments completed	Conduct 30 compliance reviews of security programs & classified systems, & complete	Reviewed COOPs for 16 Commerce components including the Office of the Secretary, the Office of the	Conduct 40 compliance reviews of security programs and classified systems, develop	Conduct 40 risk assessment surveys and compliance reviews of security programs, oversee testing

<b>Performance Goal 1: Ensure effective resource stewardship in support of the Department's programs</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
					programs & classified systems		testing and evaluation of Bureau COOPs	Inspector General, and U.S. Patent and Trademark Office. Conducted compliance reviews of over 450 security containers and 550 sensitive documents. Conducted 40 risk assessment surveys.	comprehensive COOP compliance and oversight program, and identify Commerce-specific security concerns	and evaluation of the Departmental and Bureau-level COOPs, and identify Commerce-specific security concerns



<b>Performance Goal 1: Ensure effective resource stewardship in support of the Department's programs</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
h. Ensure a safe workplace for all Commerce employees	N/A	N/A	N/A	N/A	Safety infrastructure accountability systems, & supervisory training programs are in place	Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new designated agency safety and health official to spearhead safety efforts, established performance element for Senior Executives, and developed a web-based safety awareness training program	Employee education & awareness programs are in place	Employee education and awareness training activities were implement-ed, including safety awareness training at the SES and supervisory levels and evacu-chair training. Implement-ed safety Web site, published safety reports, and distributed safety brochures.	Implement a facility safety assessment program Conduct 10 facility safety assessments and 2 industrial hygiene surveys at DOC facilities, & provide safety training for 100 DOC employees	Implement a facility safety and assessment program. Conduct 10 facility safety assessments and 2 industrial hygiene surveys at DOC facilities and provide safety training for 100 DOC employees.

<sup>1</sup> Preliminary data available at the time the FY 2002 Performance and Accountability Report was issued indicated that Commerce had awarded 51% of its FY 2002 procurement funds to small businesses. The finalized data maintained in GSA's Federal Procurement Data System indicates that Commerce did slightly better than anticipated – 51.56% or, when rounded for this purpose, 52%.

Corresponding Strategic Goal

Management Integration Goal: Achieve Organizational and Management Excellence

Rationale for Performance Goal

The Department of Commerce must have the capacity to do business as successfully as possible with the public and its partner agencies, both as a \$5 billion, worldwide enterprise and as an integrated set of individual programs. This requires that we identify, adopt, and maintain the business practices needed to successfully operate any such organization; use our resources wisely; and effectively implement the laws that affect us. Because this performance goal inherently encompasses a wide range of administrative and operational tasks, the measures used to assess our progress are by necessity highly diverse.

Program Increases that Apply to this Performance Goal

	<b>Personnel</b>	<b>Amount (in thousands)</b>
<i>Salaries and Expenses Account</i>		
Counter-Espionage Management Application (p. DM-)	0	\$ 500
Continuity of Government Operations Space and Emergency Coordinator to Increase Emergency Preparedness (p. DM-)	1	500
Blast Mitigation in the Herbert C. Hoover Building (p. DM-)	0	4000
<i>Working Capital Fund</i>		
Restoration of Base for Office of Assistant General Counsel (p. DM- )	0	459
Maintenance of the Consolidated Reporting System (p. DM-)	1	260
Hyperion Financial Management (p. DM-)	0	443
Environmental Management Program (p. DM-)	0	115
A-76/FAIR Act Program (p. DM-)	2	418
<b>Total</b>	<b>4</b>	<b>6,695</b>

**Measure 1a: Clean Audit Opinion Obtained on Commerce Consolidated Financial Statements**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	100%	100%	Yes	Yes	Yes	Yes
Actual	100%	100%	Yes	Yes		
Met/Not Met	Met	Met	Met	Met		

**Explanation of Measure**

The Department continues to prioritize the improvement of financial management by strengthening the integrity of financial operations and ensuring the accuracy of our financial records. Key laws such as the Chief Financial Officers Act, Government Management Reform Act, Federal Financial Management Improvement Act, and Government Performance and Results Act (GPRA) establish the standards for federal agency financial operations. Timely and reliable financial information is necessary to provide stakeholders and decision-makers with confidence in the way Commerce manages its resources, and it is key to ensuring full accountability to the American taxpayer for the expenditure of federal funds.

The method used to measure DM's success in this effort has been modified slightly but its objective remains the same. Prior to FY 2002, DM measured its progress in this area as a percentage of funding covered by a clean audit. DM is now assessing its ability to manage its financial resources based on whether the Department as a whole receives a clean audit opinion on its consolidated financial statements. This all-or-none approach emphasizes the importance of achieving overall success.

**FY 2004 Target**

In FY 2004, DM plans to maintain an unqualified opinion on the Department's consolidated financial statements.

**FY 2005 Target**

In FY 2005, DM plans to maintain an unqualified opinion on the Department's consolidated financial statements.

**Measure 1b:**

**Consolidate Commerce-wide Integrated Financial Management System Computer Platforms**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Reduce platforms from 5 to 3	Complete business case for feasibility of further reductions
Actual	N/A	N/A	N/A	N/A		
Met/Not Met	N/A	N/A	N/A	N/A		

**Explanation of Measure**

The Commerce Administrative Management System (CAMS) was fully implemented in October 2003 as the financial system of record for 13 bureaus. CAMS is running on five different computer platforms.

**FY 2004 Target**

With the goals of reducing operational redundancy, and increasing overall efficiency, Commerce will reduce the number of computer platforms running CAMS from 5 to 3 in FY 2004.

**FY 2005 Target**

In FY 2005, a business case study to determine the operational feasibility and to identify the potential for further gains in efficiency by a further reduction to CAMS computer platforms will be completed.

**Measure 1c: Implement Competitive Sourcing**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	Complete inventory of commercial FTE positions due by 6/30/00	Complete inventory of commercial FTE positions due by 6/30/01	Convert or complete competitions on 5% of commercial FTE positions	Convert or complete competitions on 10% of commercial FTE positions	Multi-year plan under development	TBD
Actual	Inventory submitted on 6/30/00	Inventory submitted on 6/29/01	1% completed and management plan in place to accomplish cumulative goal for FY 2002/2003	Combined target for FY 2002/2003 was 1203 FTEs. Completed 534 FTEs, or 6.6% of new target of 800 FTEs.		
Met/Not Met	Met	Met	Met	Not Met		

\* FTE - Full-time equivalent

**Explanation of Measure**

The FAIR Act requires all federal agencies to provide the OMB with a timely inventory of the activities performed by government employees that could be carried out by commercial sources. The Department has developed an annual reporting process that meets this requirement. In FY 2001 and FY2002, goals were established by OMB for conducting competitions of these commercial activities between government’s most efficient organizations and private sector providers in order to best use the taxpayers’ dollars. In June 2003, OMB worked with Commerce to establish new and more realistic goals based on support of the missions of the Department. In the OMB-led “Where We Would Be Proud to Be” projects of June 2003, Commerce adopted a goal of completing or initiating competitions for 10 percent of the commercial activities on the FY 2000 FAIR Act Inventory. This goal is somewhat lower than the previous (15 percent) goal; the adjustment was made in response to the experience of the bureaus in pursuing the competitive sourcing goals established in FY 2002-2003.

**FY 2004-2005 Targets**

The DOC draft multi-year plan is under review as a result of the revisions to Circular A-76.

**Measure 1d: Funds Obligated through Performance-based Contracting**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	10% of eligible service contracting dollars	25% of eligible service contracting dollars	30% of eligible service contracting dollars	40% of eligible service contracting dollars	50% of eligible service contracting dollars
Actual	N/A	25% of eligible service contracting dollars	31% of \$795M	24% of \$605M		
Met/Not Met	N/A	Met	Met	Not met		

#### Explanation of Measure

Performance-based contracting is a method of procurement in which the Federal Government defines the results it is seeking, rather than the process by which those results are to be attained. The government also defines the standards against which contractor performance will be measured and incentives that may be used. The Procurement Executives Council had established an ultimate government-wide goal for federal agencies to award 50 percent of eligible service contracts as performance-based contracts (in 10 percent increments) by FY 2005. The interim government-wide goals were 20, 30, 40, and 50 percent for FY 2002, FY 2003, FY 2004, and FY 2005, respectively.

In April 2002, OMB's Office of Federal Procurement Policy (OFPP) convened an Interagency Task Force on Performance Based Service Acquisitions (PBSA) to study PBSA by agencies. The study was completed in July 2003. As a result of its findings, the task force is recommending to OFPP that agencies be allowed to set their own interim goals, while still being required to reach 50 percent of eligible service contracting dollars by FY 2005

#### FY 2004-2005 Targets

Pending a detailed review of the task force report, the Department will retain its 10 percent incremental target.

#### Measure 1e: Small Purchases Made Using Credit Cards

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	75% of actions below \$25,000	75% of actions below \$25,000	90% of actions below \$25,000	90% of actions below \$25,000	90% of actions below \$25,000	90% of actions below \$25,000
Actual	88% of actions below \$25,000	92% of actions below \$25,000	95% actions below \$25,000	97% of actions below \$25,000		
Met/Not Met	Met	Met	Met	Met		

#### Explanation of Measure

In FY 2000, the Procurement Executives Council adopted a new government-wide acquisition performance measurement program, which included establishing a target for using government-issued credit cards for transactions below the small purchase threshold. The government-wide target is 75 percent of all transactions under \$25,000. This measure was pilot tested in FY 2000. The first year of full implementation was FY 2001.

During the last two years, beginning in FY 2002, the government's use of purchase cards for small purchases has been subjected to significant scrutiny from Congress and OMB. Recognizing the heightened congressional and public concerns, the Department has implemented more guidelines, controls and conditions for their use.

**FY 2004-2005 Targets**

Notwithstanding these increased controls, we retained the FY 2003, 2004, and 2005 goals of 90 percent of transactions below \$25,000.

**Measure 1f: Percentage of Total Obligations Awarded as Contracts to Small Businesses**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	40%	40%	35%	40%	42%	42%
Actual	34%	50%	51%	45% as of October 2003; final results not available from the Federal Procurement Data System until second quarter FY		
<b>Met / Not Met</b>	Not Met	Met	Met	Met		

**Explanation of Measure**

This measure monitors the Department's ability to increase opportunities for small businesses to participate in Commerce acquisitions. Historically, this has included small, small disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These are HUBZone, veteran-owned, and service-disabled veteran-owned small businesses (a subset of veteran owned small businesses). Every two years, the Small Business Administration (SBA) negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Through FY 2001, DM reported under GPRA on the percent of awards made in three categories: (1) small businesses, (2) women-owned businesses, and (3) minority-owned businesses, which included small disadvantaged and 8(a) businesses. To avoid making this measure overly cumbersome by adding additional categories, beginning with FY 2002, Commerce simplified the method used to track its GPRA progress. It now reports on the percentage of procurement funds awarded to the umbrella group described as small businesses.

**FY 2004-2005 Targets**

We have increased our targets from 40% to 42% for FY 2004 and FY 2005.

**Measure 1g: Ensure a Secure Workplace for All Commerce Employees**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	Inspect all safes and other security containers at 10 field facilities	Conduct inspections of 10 classified computer systems	Establish Department-wide Continuity of Operations Plan (COOP); conduct 10 compliance reviews of security programs and classified systems	Conduct 30 compliance reviews of security programs and classified systems	Conduct 40 compliance reviews of security programs and classified systems, develop comprehensive COOP compliance and oversight program, and identify Commerce-specific security concerns	Conduct 40 risk assessment surveys and compliance reviews of security programs, oversee testing and evaluation of the Departmental and Bureau-level COOPs, and identify Commerce-specific security concerns
Actual	All security containers at 10 field facilities inspected	Conducted 32 inspections of classified computer systems	Commerce COOP established; 47 risk assessments completed	Reviewed COOP plans reviewed for 16 Commerce components, including the Office of the Secretary (OS), Inspector General (OIG), and U.S. Patent and Trademark Office (USPTO). Also, conducted compliance reviews of more than 450 security containers and 550 sensitive documents. Conducted 40 risk assessment surveys.		
Met/Not Met	Met	Met	<b>Met</b>	Met		

**Explanation of Measure**

The Department of Commerce (DOC) ensures security for headquarters and field staff, visitors, facilities, resources, and information. The Department’s aim is not only reducing risks, but also simultaneously increasing overall performance effectiveness and customer satisfaction.

To provide the best overall services possible, the Department recently initiated a comprehensive internal review of its security element. Based upon this review, the Department has been aggressively enhancing nationwide programmatic security services. One such enhancement has been the implementation of a revised organizational structure for the security element. The new organizational structure fosters closer relationships with and information sharing between headquarters and field personnel. It also allows for more efficient and effective policy and program services, which ultimately aid in the Department’s overall ability to identify and respond to threats to nationwide Departmental personnel, assets and operations. Another such enhancement was the creation of five major security-related programs, which together serve to mitigate the threat to DOC employees and assets by reducing the terrorism and espionage threats and increasing emergency management effectiveness.

Additionally, the Department has identified and continues to work on several strategies to improve our performance. Some of these strategies include:

- Identifying and implementing countermeasures aimed at reducing the vulnerability to high-threat facilities;
- Conducting awareness and prevention briefings to increase customer knowledge of general threats; and
- Enhancing liaison relationships with other Federal, State and local government entities involved in emergency management capacities.

Over time, these and other Departmental efforts will be measured through a GPRA-compliant, outcome-based performance measure focused on documenting the nationwide reduction of the threat to DOC employees and assets. By the end of fiscal year 2003, the Department is committed to establishing a performance baseline. It is from this baseline which future programmatic efforts will be measured as to their ultimate effectiveness in reducing the overall threat risk to the Department.

**FY 2004-2005 Targets**

Originally, it was anticipated that this measure would be revised to show a new baseline and out-year targets beginning with the FY 2005 Annual Performance Plan. However, this information will now be presented in the FY 2006 Annual Performance Plan to allow additional time for the collection and validation of data used in the development of the performance baseline. In the interim, the Department will continue to collect data and report on previously identified measures. The Department will maintain its compliance reviews of security programs and perform security risk assessment surveys, completing a minimum of 40 such assessments during the reporting period. Additionally, we will continue to strengthen our continuity of operations (COOP) planning and emergency preparedness efforts; specifically reporting on progress made in overseeing the testing and evaluation of the Departmental and Bureau-level COOP plans.

During these times of change, the Department will continue to remain attentive to key issues that will help us effectively fulfill our mission and focus our key management personnel on the service offerings necessary to make the Department of Commerce a safer work environment for all.



**Measure 1h: Ensure a Safe Workplace for All Commerce Employees**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	N/A	N/A	Safety infrastructure, accountability systems, and supervisory training programs are in place	Employee education and awareness programs are in place	Implement a facility safety assessment program. Conduct 10 facility safety assessments and 2 industrial hygiene surveys at DOC facilities, and provide safety training for 100 DOC employees.	Implement a facility safety assessment program. Conduct 10 facility safety assessments and 2 industrial hygiene surveys at DOC facilities, and provide safety training for 100 DOC employees.
Actual	N/A	N/A	Developed safety action plan,, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new designated agency safety and health official to spearhead safety efforts, established performance element for Senior Executives, and developed Web-based safety awareness training program.	Employee education and awareness training activities were implemented, including safety awareness training at the Senior Executive Service (SES) and supervisory levels and evacuchair training. Implemented safety Web site, published safety reports, and distributed safety brochures.		
Met/Not Met	N/A	N/A	Met	Met		

**Explanation of Measure**

The Department is using this measure to highlight its effort to reinvigorate its safety program to ensure that employees have a safe environment in which to carry out their responsibilities.

The FY 2004 initiative will establish a formal facility safety inspection and assessment oversight program for the Department of Commerce. Federal regulations require that agencies conduct annual inspections of all areas and operations at each workplace, including offices. The Department’s Occupational Safety and Health Program is taking a leadership role in ensuring that the inspections are conducted and documented. A safety assessment system will be used to standardize the inspection and documentation process. Tools include standardized checklists for managers and safety personnel, and a relational database to track findings and manage corrective actions. The program ensures effective identification of workplace hazards, development of corrective actions, and improvement of workplace safety. Safety awareness and training are key to reducing workplace accidents and injuries, so our efforts also focus on several important safety training programs. They include behavior-based safety, ergonomics, personal protective equipment, electrical safety, and first aid. This revised program has begun to show significant results. According to Department of Labor statistics, the injury rate for Commerce decreased 17 percent from FY 1997 to FY 2002.

**FY 2004 Target**

In FY 2004, the Department will begin implementation of a facility safety assessment program by conducting 10 facility safety assessments and 2 industrial hygiene surveys, and by providing safety training for 100 employees.

### **FY 2005 Target**

The Department will continue implementation of the facility safety assessment program with goals comparable to those set for FY 2004.

#### Cross-Cutting Activities

- **Intra-Department of Commerce**  
Under the Departmental Management function, the Office of the Secretary regularly works with all bureaus across the full range of policy development and program management topics.
- **Other Government Agencies**  
Under the Departmental Management function, the Office of the Secretary regularly works with virtually all other federal agencies across the full range of policy development and program management topics.
- **Government/Private Sector**  
Under the Departmental Management function, the Office of the Secretary regularly works with all segments of the private sector across the full range of policy development and program management topics.

#### Program Evaluations Related to this Goal

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, Office of Management and Budget (OMB), General Accounting Office, other Congressional organizations, government-wide task forces, and other objective sources to evaluate performance goal 1 activities. For example, we work closely with OMB on implementing the five government-wide management initiatives established in the President's Management Agenda and are rated quarterly on our success in implementing them. In addition, many of the laws pertaining to these activities have separate reporting requirements, which highlight both strengths and weaknesses of Commerce's administrative functions. The Department uses the results of these efforts as needed to assess achievement of performance targets.

#### External Factors and Mitigating Circumstances

- Customers of the Department are diverse and often have a broad array of needs and expectations that cannot be adequately addressed by a universal approach.
- Commerce programs face continually increasing demands for greater productivity and increased services against a backdrop of limited federal funds. Program operations are adjusted as needed to meet these evolving needs.
- Commerce programs must be managed from within aging physical facilities (including our headquarters building and other facilities across the nation), which require modernization in order to meet technical and scientific needs and to ensure the safety of staff, information, and customers. The Department is working with the General Services Administration to upgrade and modernize facilities that are most in need of renovation.

Discontinued Measures

**Deploy Commerce-wide integrated financial management system.** Reporting on this measure has been discontinued because deployment of the system (Commerce Administrative Management System) was completed in October 2003.

**Use of online procurement to publish synopses and solicitations for proposals to contract with the Department.** As of FY 2002, online procurement was the only option available for publicizing procurement opportunities. As a result, there is no further need to track this measure.

**Reduce energy consumption per square foot for 1985 baseline.** The Department achieved the long-term, government-wide goal for this measure in FY 2002 and has been recognized by the President for leadership in energy management. Because the reduction of energy consumption has been fully institutionalized and the Department has been able to consistently meet this goal, this measure has been discontinued.

<b>Performance Goal 2: Strategic Management of Human Capital</b>								
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/Decrease</b>	<b>FY 2005 Request</b>
<b>Executive Direction</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Departmental Staff Services</b>	2.0	3.0	4.0	4.1	4.3	4.5	0.0	4.5
<b>Total Funding</b>	2.0	3.0	4.0	4.1	4.3	4.5	0.0	4.5
<b>IT Funding<sup>1</sup></b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FTE</b>	17	24	23	23	25	25	0	25

<sup>1</sup> IT funding included in total funding.

Note: Beginning in FY 2002, the summary reflects a consistent distribution of overhead costs among performance goals. Funds for the Working Capital Fund and the Franchise Fund are appropriated to the bureaus, and they do not appear in the DM totals.

<b>Performance Goal 2: Strategic Management of Human Capital</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
a. Strategic competencies--ensure competency in leadership and in mission critical occupations	Develop workforce analysis plan, research automated tools	Plan developed & tools identified	Automated tools used by 3 pilot test offices	Automated tools used by 3 pilot test offices	Develop comprehensive Departmentwide workforce restructuring plan that addresses competency gaps	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate Development Program (CDP) implementation plan developed, which provides for the identification of gaps	Develop succession plans & staffing or retention targets for mission critical occupations; announce SES CDP.	Implemented succession planning strategies, identified staffing and retention targets for twenty mission-critical occupations, announced SES CDP and received 204 applications.	Enrollment of new SES CDP participants	New CDP participants begin developmental assignments outside their positions of record

<b>Performance Goal 2: Strategic Management of Human Capital</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
b. Strategic competencies--ensure comprehensive training and development strategies	N/A	N/A	N/A	N/A	Analyze & update training & development policies to enhance competencies	General and supervisory training policies implemented	Institute annual training needs assessment program	The Department completed needs assessments for targeted employee groups. Successfully implemented over 1,200 e-learning courses in the Learning Management System (LMS).	Implement learning management on-line system in the Office of the Secretary	Implement distance learning and knowledge management program for the Department
c. Strategic competencies--ensure diverse candidate recruitment	Finalize MOUs with 5 Hispanic Serving Institutions, market student resumes	Finalized memoranda of understanding with 9 Hispanic Serving Institutions & marketed 121 resumes with Department managers	<b>Develop and Implement resume database, sponsor 9 recruitment activities, &amp; market 140 resumes</b>	Resume database developed & implemented, sponsored 19 recruitment activities and marketed more than 352 resumes with Department managers	Refine resume database, sponsor 20 recruitment activities, market 350 resumes, and implement a marketing or awareness campaign for Department managers	Completed refining resume database, participated in 25 recruitment activities, implemented awareness campaign with Department managers	Assess effectiveness of recruitment activities and determine hiring baseline	Completed a survey of effectiveness and utilization of recruitment activities. Determined Department's hiring baseline, including analysis by race and national origin and occupation.	Assess efficacy of recruitment approaches	Develop and implement new ways to significantly increase Hispanic representation on a par with other agencies
d. Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	Create COOL Phase II, identify average fill time	COOL Phase II created & fill time identified at 44 Days	Create COOL Phase III & reduce fill time to 34 days	COOL Phase III created & fill time of 38 days	Create COOL Phase IV & reduce fill time to 32 days	Incomplete data	Reduce fill time to 29 days and assess quality of candidates processed by the system	Reduce fill time to 21 days. Completed an online assessment of the 304 managers who used COOL.	Maintain fill time standard of 30 days and assess applicants' and bureaus' satisfaction with COOL	Implement system improvements based on satisfaction data

<b>Performance Goal 2: Strategic Management of Human Capital</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
e. Increase the alignment of performance management with mission accomplishment	Develop Web-based combined performance management and awards handbook	Combined performance management and awards handbook completed	Design tracking system for aligning ratings with mission accomplishment and overall recognition	Tracking system for aligning ratings with mission accomplishment and overall recognition designed	Implement a New SES performance management system that explicitly links Senior Executive Service performance plans with strategic goals and annual performance plan measures	All SES were placed on new performance management system in June. The system links management of PMA, individual and organizational performance and results	For each bureau General Schedule or equivalent performance system, ensure each system explicitly links employee performance plans with strategic goals & annual performance plan measures	Commerce GS and equivalent performance management systems are linked through the use of performance metrics tied to the APP.	Cascade new performance elements to 60% of the supervisory ranks.	Implement the ComPAS System Department-wide.

Corresponding Strategic Goal

Management Integration Goal: Achieve Organizational and Management Excellence

Rationale for Performance Goal

By 2007, some 71 percent of the Department's Senior Executive Service and equivalents, and 39 percent of the senior staff (in grades 13 through 15) will become eligible for retirement. Separation projections are high among economists, fish biologists, mathematical statisticians, statisticians, patent examiners, and electrical engineers. Should these projections materialize, there would be a critical drain on our institutional memory, on our capacity to provide mature leadership to the next generation of employees, and, thus, on our ability to serve the public. Strategic management of the Department's human resources will enable us to address these anticipated challenges.

**Program Increases that Apply to this Performance Goal**

	<b>Personnel</b>	<b>Amount (in thousands)</b>
Working Capital Fund		
Strategic Human Recruitment Program (p. DM-)	0	\$100
Office of the Secretary Training Center (p. DM-)	0	345
Department of Commerce Learning Management System (p. DM-)	0	260
Outsourcing Equal Employment Opportunity Alternative Dispute Resolution (p. DM-)	0	250
<b>Total</b>	0	<b>955</b>

**Measure 2a: Strategic Competencies—Ensure Competency in Leadership and in Mission-Critical Occupations**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	Develop workforce analysis plan and research and automate tools	Automated tools used by three pilot test offices	Complete comprehensive Department-wide workforce restructuring plan that addresses competency gaps	Develop succession plans and staffing or retention targets for mission critical occupations; announce SES CDP	Enrollment of new SES CDP participants	New CDP participants begin developmental assignments outside their positions of record.
Actual	Plan developed and tools identified	Automated tools used by three pilot test offices	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate Development Program (CDP) implementation plan developed which provides for the identification of gaps	Implemented succession planning strategies, identified staffing and retention targets for twenty mission-critical occupations, announced CDP and received 204 applications.		
Met/Not Met	Met	Met	Met	Met		

**Explanation of Measure**

Previous downsizing efforts, hiring freezes, and curtailed investment in human capital have resulted in a workforce that is not “appropriately constituted to meet the current and emerging needs of government and the nation’s citizens,” according to a government-wide General Accounting Office report published in January 2001, entitled High-Risk Series: An Update. President Bush identified the issue of “delaying management levels to streamline organizations” as one of his five key government-wide management reforms. Ensuring that employees are available, at the proper time and with the correct competencies, is essential to achieving mission objectives. This measure ensures that the Department of Commerce conducts a strategic review of workforce needs, identifies appropriate competencies, and implements plans to provide a sufficient number of employees with these competencies.

**FY 2004-2005 Targets**

Compounding the seriousness of the impending SES departures is the fact that our new SES members will need the competencies that will enable them to succeed in the increasingly interrelated analytical, economic, and scientific missions of the individual bureaus. Historically, our SES leaders have gained their technical, managerial, and leadership expertise within a single bureau. However, our future leaders will need a broader understanding of the Department’s programs and missions. Greater proficiency in networking, planning, and collaborating with counterpart bureaus, external organizations, and the public also will be needed. Likewise, those SES members who do not depart the workforce will require the opportunity to gain competencies broader than those they may have acquired in their historic career paths. The FY 2004 and FY 2005 targets to conduct an SES Candidate Development Program will ensure that DM meets these challenges.

**Measure 2b: Strategic Competencies—Ensure Comprehensive Training and Development Strategies**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	New	New	Analyze and update training and development policies to enhance competencies.	Institute annual training needs assessment program.	Implement on-line learning management system in the Office of the Secretary	Implement distance learning and knowledge management program for the Department
Actual	New	New	General and supervisory training policies implemented	The Department completed needs assessments for targeted employee groups. Successfully implemented over 1,200 e-learning courses in the Learning Management System (LMS).		
Met/Not Met	N/A	N/A	Met	Met		



**Explanation of Measure**

This measure reflects the urgency of the need for skilled, knowledgeable, and high-performing employees to meet the current and emerging requirements of the Federal government and the American people. The Department of Commerce will support continual learning and improvement in an organizational culture that promotes knowledge sharing and fosters a climate of openness.

**FY 2004-2005 Targets**

Among our plans in FY 2004 is the implementation of a Learning Management System (LMS) and Online Training product that will reduce or eliminate redundancies in training and provide cost-effective economies of scale for the delivery of e-training services. It will promote continuous learning and improvement by enhancing the skill development of employees while providing access to a learning management system and online training that are on demand and just in time. The training and development tracking system will be accomplished in FY 2004 as part of LMS. The LMS will reduce paperwork and automate registration, tracking and scheduling, as well as automatically track the cost of training. When it is fully implemented throughout the Department LMS technology will implement a distance learning capability that will reach a widely dispersed workforce. Through monitoring and validation of efforts, the Department expects to make great strides in closing gaps in general, technical and leadership competencies. For FY 2005 the Department will continue expansion of the LMS.

**Measure 2c: Strategic Competencies—Ensure Diverse Candidate Recruitment**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	Finalize memoranda of understanding with 5 Hispanic-serving institutions, and market student resumes	Develop and implement resume database, sponsor 9 recruitment activities, and market 140 resumes	Refine resume database, sponsor 20 recruitment activities, market 350 resumes, and implement a marketing and awareness campaign for Department managers	Assess effectiveness of recruitment activities and determine hiring baseline	Assess efficacy of recruitment approaches	Develop and implement new ways to significantly increase Hispanic representation on a par with other agencies
Actual	Finalized memoranda of understanding with 9 Hispanic-serving institutions and marketed 121 resumes with Department managers	Resume database developed and implemented, 19 recruitment activities sponsored, and more than 352 resumes marketed	Completed refining resume data base, participated in 25 recruitment activities, implemented awareness campaign with Department managers	Completed a survey of effectiveness and utilization of recruitment activities. Determined Department’s hiring baseline, including analysis by race/national origin and occupation.		
Met/Not Met	Met	Met	Met	Met		

**Explanation of Measure**

Only 3 percent of the Commerce workforce is of Hispanic origin, which is low compared with their representation ( 11 percent) in the civilian labor force. Considering the impending retirements of many of the Department’s workers and our goal to become an employer of first choice, DM needs to develop a steady supply of high-quality, minority candidates to ensure appropriate recruitment pools. DM has entered into formal memoranda of understanding with nine colleges and universities--Hispanic Serving Institutions--that call for information sharing about education, training, employment, and research opportunities at the Department of Commerce and university activities that meet the requirements of Department of Commerce-mission-related careers.

**FY 2004 Target**

The objective of the FY 2004 target is to determine whether our employment outreach efforts have advanced the goal of enhancing diversity in employment.

**FY 2005 Target**

In FY 2005, we will look for ways to improve Hispanic representation based on what we learned from our assessment of recruitment during FY 2004 and from our observations of recruitment strategies employed successfully by other agencies.

**Measure 2d: Efficiency and Effectiveness of Hiring Systems Using the Commerce Opportunities Online (COOL) System**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	Create COOL Phase II and identify average fill time	Create COOL Phase III and reduce fill time to 34 days	Create COOL Phase IV and reduce fill time to 32 days	Reduce fill time to 29 days and assess quality of candidates produced by the system	Maintain fill time standard of 30 days and assess applicants’ and bureaus’ satisfaction with COOL.	Implement system improvements based on satisfaction data
Actual	COOL Phase II created and fill time identified at 44 days	COOL Phase III created and fill time of 38 days	Incomplete data	Reduced fill time to 21 days. Completed an online assessment of the 304 managers who used COOL.		
Met/Not Met	Met	Not Met	Not Met	Met		

**Explanation of Measure**

To ensure that employees with the proper competencies are in place as quickly as possible, the Department has developed and implemented an automated hiring solution to improve the timeliness of hiring. In the past, Commerce managers expressed displeasure with the lengthy hiring process, as well as the number and quality of candidates referred for consideration. In 1999, the Department designed and pilot-tested a web-based recruitment and referral system, COOL Phase I. In April 2000, Commerce replaced the Phase I pilot with an enhanced version (COOL Phase II) and deployed it within a number of Department of Commerce bureaus. In October 2000, the Department deployed COOL Phase III, which is useful for filling vacancies with nonstatus, external candidates. In FY 2002, Commerce deployed COOL Phase IV, with the objective of reducing the vacancy fill time to 32 days.

**FY 2004 Target**

We will focus our efforts in FY 2004 on maintaining the fill time standard and assessing the perception of candidates who use COOL.

**FY 2005 Target**

While the fill time targets are the same in FY 2004 and FY 2005, the measurement methodology is being refined to focus on the specific points in the hiring process at which opportunities exist for human resources staff and managers to make improvements. For example, COOL enhancements are underway to further automate residual manual processes and make other improvements for FY 2005.

**Measure 2e: Increase the Alignment of Performance Management with Mission Accomplishment**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	Develop Web-based combined performance management and awards handbook	Design tracking system for aligning ratings with mission accomplishment and overall recognition	Implement a new SES performance management system that explicitly links SES performance with strategic goals and annual performance plan (APP) measures	For each bureau general schedule or equivalent performance system, ensure each system explicitly links employee performance plans with strategic goals and APP measures	Cascade new performance elements to 60% of supervisors.	Implement the ComPAS system Departmentwide
Actual	Combined performance management and awards handbook completed	Tracking system for aligning ratings with mission accomplishment and overall recognition designed	All SES were placed on new performance management system in June. The system links management of the President's Management Agenda (PMA), individual, and organizational performance and results.	Commerce GS and equivalent performance management systems are linked through the use of performance metrics tied to the APP.		
Met/Not Met	Met	Met	Met	Met		

**Explanation of Measure**

A key aspect of ensuring that human capital is strategically aligned to organizational accomplishment is to ensure that alignment exists between an organization's strategic and operating plans and individual performance plans for employees. GAO's "High-Risk Series, An Update," published in January 2001, stated that agencies should foster an organizational climate that promotes high performance and accountability, and that the alignment of individual performance standards with organizational performance measures is a critical aspect of sound human capital management. President Bush has reaffirmed this concept, stating his commitment to improving the linkages between individual performance and organizational mission accomplishment. In FY 2002, Commerce implemented new SES performance management regulations. An SES performance management system was designed to comply with these regulations. The system ensured that a definitive linkage was created, tested, documented, and tracked so that performance management becomes integral to mission accomplishment.

**FY 2004 Target**

In FY 2004 the Department will cascade this system, which links management of human capital, performance results, and organizational objectives, to the individual performance of 60 percent of the supervisors.

Based on an assessment of our performance management system, the Department will implement a web-based system to allow broad access to information across the Department. This system will enhance the performance management experience for both the manager and the employee, providing up-to-date information on both performance and awards and ensuring a consistent distribution of information. The Commerce Performance and Awards System (ComPAS), currently in phase 1, is being piloted with approximately 125 employees in the Office of Human Resources Management and two other organizations. In FY 2004, ComPAS development will continue with the addition of enhancements in the performance module and development of the awards module. The system will be implemented incrementally to bureaus during the year. Commerce will track all aspects of performance management from the creation of the elements and standards to the summary rating, and the distribution of ratings and awards.

#### **FY 2005 Target**

This system should be implemented Department-wide by the end of FY 2005.

#### Cross-Cutting Activities

- **Intra-Departmental**  
Under the Departmental Management function, OHRM provides the full range of human resource policy and program development leadership to all Commerce bureaus.
  
- **Other Government Agencies**  
OHRM represents the Department of Commerce on the full range of human resource issues to other agencies.
  
- **Government/Private Sector**  
OHRM represents the Department of Commerce on the full range of human resource issues to the private sector and state and local governmental entities, covering human resource policy and program development oversight.

#### Program Evaluations Related to this Goal

The Department of Commerce uses reviews and reports of OIG, OMB, OPM, GAO, other Congressional organizations, government-wide task force studies that produce (or rely on) objective review criteria, and other sources in conducting evaluations of the activities listed under performance goal 2. In addition, many of the laws cited in this section have specific reporting requirements. During FY2003, Commerce worked closely with OPM and OMB on improving human capital management, assessments, training and knowledge management, and accountability programs. As of the end of FY 2003, Commerce had maintained a “green” progress rating in human capital, signifying that DM continues to make significant forward progress in changing its human resources management practices and positioning itself to achieve meaningful results that will allow DM to improve its status rating.

#### External Factors and Mitigating Circumstances

- The large portion of the workforce approaching retirement age, as well as high separation rates in mission-critical occupations will require an aggressive strategy for workforce replenishment.
  
- The growing technological orientation of our work means we are increasing our engagement in a highly competitive marketplace for individuals with skills in science, technology, and related fields.
  
- The increasing diversity in the American workforce requires us to recruit, train, and retain workers in new ways.

- Given the poor perception of employment with the Federal government, we need to implement stronger, innovative recruitment and retention strategies to attract and retain workers in public service.

Many of the activities described in this section are intended to assist us in dealing with these factors by (1) establishing a pipeline to encourage students in Commerce-related fields to seek employment in the Department, (2) identifying options for developing and retaining managers with leadership skills, and (3) training our existing workforce.

Discontinued Measures

**Implement a telecommuting program.** This measure does not show the efficiency and effectiveness of the Department’s performance, nor is it an indicator of mission accomplishment. Although it measures aspects of a particular program, the measure does not demonstrate the extent to which that program helps the Department to meet its overall goals. Therefore the measure has been discontinued.

<b>Performance Goal 3: Acquire and manage the technology resources to support program goals</b>								
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Request</b>
Executive Direction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	7.0	7.0	7.9	8.1	8.5	1.9	10.4
Total Funding	2.0	7.0	7.0	7.9	8.1	8.5	1.9	10.4
IT Funding <sup>1</sup>	2.0	7.0	7.0	7.9	8.1	8.5	1.9	10.4
FTE	19	18	21	19	27	27	0	27

<b>Performance Goal 3: Acquire and manage the technology resources to support program goals</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
a. Transactions converted to electronic format	15 (12% of 123 total)	16 (13% of 123 total)	25 (20% of 123 total)	28 (23% of 123 total)	43 (35% of 123 total)	67 (54% of 123 total)	90 (42% of 214 <sup>1</sup> total)	107 (50% of 214 total)	149 (70% of 214 total)	169 (79% of 214 total)
b. IT planning and investment review program maturity (on a scale of 0-5) <sup>2</sup>	N/A	1	2	2	50% at 3 or above	41% at 3 or higher	55% at 3 or higher; 20% at 4 or higher	73% at 3 or higher; 5% at 4 or higher	60% at 3 or higher; 10% at 4 or higher	65% at 3 or higher; 15% at 4 or higher
c. IT architecture program maturity	N/A	1	2	1.5	75% at 2 or higher 50% at 3 or higher	82% at 2 or higher 59% at 3 or higher	90% at 2 or higher 66% at 3 or higher	91% at 2 or higher; 77% at 3 or higher	60% at 3 or higher 10% at 4 or higher	65% at 3 or higher 15% at 4 or higher
d. IT security program maturity (on a scale of 0-5) <sup>2</sup>	N/A	>1	50% at 1 or higher	100% at 1 or higher; 60% at 2 or higher	80% at 2 or higher	70% at 2 or higher; 48% at 3 or higher; 26% at 4 or higher	90% at 2 or higher; 70% at 3 or higher	100% at 2 or higher; 79% at 3 or higher; 7% at 4 or higher	85% at 3 or higher; 33% at 4 or higher	88% at 3 or higher; 40% at 4 or higher
e. Percentage of IT system security	N/A	21%	N/A	61%	100%	98%	100%	100%	100%	100%

<b>Performance Goal 3: Acquire and manage the technology resources to support program goals</b>										
<b>Measure</b>	<b>FY 2000 Target</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Target</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Target</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
plans completed										
f. Percentage of IT systems certified and accredited	N/A	N/A	N/A	N/A	N/A	N/A	new	N/A	85%	90%
g. Percentage of unsuccessful intrusion attempts	N/A	N/A	N/A	86% (1,380 of 1,620 intrusion attempts)	85% (2,150 of 2,530 projected intrusion attempts)	87% (1,441 of 1,655 intrusion attempts)	85% (2,678 of 3,160 projected intrusion attempts)	85% (560 of 661 intrusion attempts)	85%	85%

<sup>1</sup> The number of total transactions to be converted was changed from 123 to 214 transactions in accordance with revised OMB guidance.

<sup>2</sup> These measures utilize industry-accepted maturity models described in the explanation of measure 3.6. below.

Corresponding Strategic Goal

Management Integration Goal: Strengthen Management at All Levels

Rationale for Performance Goal

As American 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, private sector, other levels of government, and other Federal agencies. This requires that we develop and implement new approaches to electronic communication and that our existing systems are able to perform at the highest levels.

Program Increases that Apply to this Performance Goal

	<b>Personnel</b>	<b>Amount (in thousands)</b>
<i>Salaries and Expenses Account</i>		
E-Government Projects (p. DM- )	0	\$ 1,912
<i>Working Capital Fund</i>		
Office of the Secretary's Information Technology Support (p. DM-)	0	965
<i>Total</i>	0	2,877

**Measure 3a: Transactions Converted to Electronic Format**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	15 (12% of 123 transactions)	25 (20% of 123 transactions)	43 (35% of 123 transactions)	90 (42% of 214 <sup>1</sup> transactions)	149 (70% of 214 transactions)	169 (79% of 214 transactions)
Actual	16 (13% of 123 transactions)	28 (23% of 123 transactions)	67 (54% of 123 transactions)	107 (50% of 214 transactions)		
Met/Not Met	Met	Met	Met	Met		

<sup>1</sup> The number of total transactions was changed from 123 to 214 in accordance with revised OMB guidance.

**Explanation of Measure**

The Government Paperwork Elimination Act (GPEA) determined the framework upon which e-Government must be built. Under the GPEA, agencies must provide for the optional use and acceptance of electronic documents and signatures and electronic record keeping, when practicable. At present, the Department of Commerce provides information to customers, stakeholders, and partners using paper-based as well as electronic mechanisms. The first GPEA plan was submitted to the Office of Management and Budget in October 2000. At that time, the Department identified 235 transactions that were carried out between Department of Commerce offices and operating units, and the public. Of those, 123 were appropriate for conversion to an electronic option; this number served as our baseline through 2002. As of 2003, the new baseline became 214 transactions due to revised instructions from OMB to include a broader set of electronic transactions and to focus and include transactions related to the Administration’s 24 e-government initiatives. Though the formal GPEA deadline was October 2003, some transactions will be made electronic after 2003 as a particular transaction comes due, e.g, a survey that is processed only once every five years.

As the Department strives to achieve its e-government goals, it is working to make processes, not just forms, electronic. Making processes electronic typically involves business process reengineering and is inherently more complex than simply making it possible to fill out a form electronically. **The Department CIO** is closely monitoring the operating units’ GPEA transaction completions in 2003 and beyond through a monthly reporting process and a mid-year review of progress.

**FY 2004-2005 Targets**

Since DM continues to make good progress with the GPEA efforts, it has increased the goals for FY 2004 and FY 2005.



**Measure 3b: IT Planning and Investment Review Program Maturity**

(Scale of 0-5)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	2	50% at 3 or higher	55% at 3 or higher 20% at 4 or higher	60% at 3 or higher; 10% at 4 or higher	65% at 3 or higher; 15% at 4 or higher
Actual	1	2	41% at 3 or higher	73% at 3 or higher 5% at 4 or higher		
Met/Not Met		Met	Not Met	Not Met		

**Explanation of Measure**

IT Maturity Models

The Commerce IT planning process requires that each operating unit develop strategic and operational IT plans. The purpose of the strategic IT plan is to focus attention on the high-level, strategic application of IT to Departmental missions. Operating units then develop operational IT plans to show the detailed actions and resources necessary to achieve strategic plan goals. Business cases, along with these plans, form the foundation for analysis of specific IT investments.

To assist operating unit CIOs to continually improve their IT processes and to achieve a level of comparability across operating units, the Office of the CIO has provided maturity models, an approach accepted industry-wide to objectively assess the progress of IT and related initiatives in achieving program goals. The Software Engineering Institute at Carnegie Mellon University developed the concept of maturity models. A maturity model places proven practices into a structure that helps an organization assess its organizational maturity and process capability, establish priorities for improvement, and guide the implementation of these improvements. The Software Engineering Institute’s software maturity model has become the de facto standard in the IT industry for assessing and improving software processes. An organization’s processes are deemed to be at a specific level when all established criteria for that level have been met. There are no partial or incremental steps between the levels.

Commerce uses maturity models to measure progress in three areas critical to managing IT resources: IT planning and investment review, IT architecture, and IT security. Definitions of each level (0-5) of the models are as follows:

Level	IT Planning and Investment Review	IT Architecture	IT Security
0	No IT Planning Program	No IT Architecture	No IT Security Program
1	Initial: Informal IT Planning Program	Initial: Informal IT Architecture Process Underway	Documented Policy
2	IT Planning Program in Development	IT Architecture Process in Development	Documented Procedures

Level	IT Planning and Investment Review	IT Architecture	IT Security
3	Defined IT Planning Program	Defined IT Architecture Including Detailed Written Procedures and Technical Reference Model	Implemented Procedures and Controls
4	Managed IT Planning Program	Managed and Measured IT Architecture Process	Tested and Reviewed Procedures and Controls
5	Optimizing: Continual Improvement of the IT Planning Program	Optimizing: Continual Improvement of the IT Architecture Process	Fully Integrated Procedures and Controls

The Commerce CIO continues to work with the operating units to improve the management of IT.

**FY 2004-2005 Targets**

The targets established in the FY 2004 APP for IT planning and investment review were to have 65% of the operating units at level 3 and 30% at level 4.

The FY 2004 targets have been adjusted downward slightly to reflect levels consistent with the projected FY 2003 results while still providing challenging goals. Reaching level 4 has been a particularly difficult achievement. The FY 2004 and 2005 targets are still challenging “stretch” goals set at levels to encourage continued improvement throughout the Department in IT planning and investment review and control.

**Measure 3c: Information Technology (IT) Architecture Program Maturity (Scale of 0-5)**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	2	75% at 2 or higher 50% at 3 or higher	90% at 2 or higher 66% at 3 or higher	60% at 3 or higher 10% at 4 or higher	65% at 3 or higher 15% at 4 or higher
Actual	1	1.5	82% at 2 or higher 59% at 3 or higher	91% at 2 or higher 77% at 3 or higher		
Met/Not Met	N/A	Not Met	Met	Met		

**Explanation of Measure**

The IT architecture serves as the blueprint that guides how IT resources work together as a cohesive whole to support the Department’s mission. This mechanism helps the Department in making efficient use of its IT funding by recognizing the potential usefulness of IT systems to similar business practices across operating units and thereby eliminating duplication, improving information-sharing abilities, enhancing our ability to respond to changing business needs, and reducing costs because of economies of scale.

An IT Architecture Advisory Group, composed of members from across the Department, has established IT architecture guidelines, evaluation criteria, and a maturity scale. A high-level enterprise architecture serves as the overarching driver for Commerce's architecture efforts. Each Commerce operating unit has developed its own IT architecture, in line with the Departmental architecture, and is following the guidelines and criteria prepared by the IT Architecture Advisory Group. Together, these plans form Commerce's Federated Enterprise IT Architecture, which includes linkages to OMB's Federal Enterprise Architecture. The maturity model for IT architecture described under 3.b. is used to measure success in this area.

**FY 2004 Target**

The target established in the FY 2004 APP for IT architecture maturity was to have 95% of operating units at level 2 or higher and 20% operating at 4 or higher. The FY 2004 targets have been adjusted to focus attention on achieving a solid level 3 across the Department (60% or higher) with selected operating units achieving level 4 (10% or higher). These targets are set at levels to encourage continued improvement throughout the Department in the area of IT Architecture.

**FY 2005 Target**

The FY 2005 target is ambitious but realistic, requiring 65 percent of the operating units at level 3 and 15 percent at level 4, to achieve a managed and measured set of architecture processes, ready to move into a mode of continuous improvement and optimization.

**Measure 3d: Information Technology (IT) Security Program Maturity (Scale of 0-5)**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	N/A	50% at 1 or higher	80% at 2 or higher	95% at 2 or higher 70% at 3 or higher	85% at 3 or higher 33% at 4 or higher	88% at 3 or higher 40% at 4 or higher
Actual	More than 1	100% at 1 or higher 60% at 2 or higher	70% at 2 or higher 48% at 3 or higher 26% at 4 or higher	100% at 2 or higher 79% at 3 or higher 7% at 4 or higher		
Met/Not Met		Met	Not Met	Met		

**Explanation of Measure**

The IT security program implements policies, standards, and procedures to ensure an adequate level of protection for IT systems, whether maintained in-house or commercially. Commerce's IT security program includes the preparation of risk assessments, security plans, contingency plans, and the certification and accreditation of IT systems to ensure the confidentiality, availability, and integrity of the Department's IT resources. The maturity model for IT security described under measure 3.b. is used to measure success in this area.

In FY 2002, the IT Security Program Manager required that operating units utilize the results of the system self-assessments to develop corrective action plans to address all critical elements that had not achieved a level 3 maturity. These corrective action plans provide those operating units currently at a level 2 or below a roadmap to achieving level 3 maturity.

**FY 2004-2005 Targets**

The targets established for FY 2004 and beyond show the emphasis on getting 100% of the operating units to level 3, with implemented procedures and controls. In a parallel to that, some of the operating units will move to a level 4, with the expectation that 60% of them will reach level 4 by FY 2009. The targets are set at levels to encourage continued improvement throughout the Department in the area of IT security.

**Measure 3e: Percentage of Information Technology (IT) System Security Plans Completed**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	N/A	N/A	100%	100%	100%	100%
Actual	21%	61%	98%	100%		
Met/Not Met			Not Met	Met		

**Explanation of Measure**

IT security plans are the foundation for the security measures that are required to ensure the confidentiality, availability, and integrity of IT systems. As such, they are key to management’s understanding of the risks to the information and the IT systems and the measures taken to mitigate these risks.

**FY 2004-2005 Targets**

Since IT system security plans should be updated every three years or when significant changes are made to the systems, the objective is to remain at the 100% level for the long term. This measure will be discontinued once the 100% level has been achieved, since its objectives will be reflected in measure 3.f., below.

**Measure 3f: Percentage of IT Systems Certified and Accredited**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	N/A	N/A	N/A	new	85%	90%
Actual	N/A	N/A	N/A	N/A		
Met/Not Met	N/A	N/A	N/A	N/A		

**Explanation of Measure**

This new measure has been added to complement the IT System Security Plans measure. Certification represents the complete testing of all management, operational, and technical controls that protect a system. These controls are documented in the security plan and by approving the plan, the system owner warrants that the controls provide adequate protection for the system. Certification verifies the adequacy of these controls and also validates that the controls are implemented and functioning effectively. Accreditation is the senior program official's acknowledgment of the risk of operating the system and provides official approval to run the system in the operational environment. Recertification and reaccreditation follow updates of risk assessments and security plans every 3 years or upon major system modification.

**FY 2004-2005 Targets**

Goals for 2004 and 2005 ( 85 percent and 90 percent, respectively)are set fairly high because of the importance of ensuring adequate protection for the Department's IT systems.

**Measure 3g: Percentage of Unsuccessful Intrusion Attempts**

	<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	N/A	New	85% (2,150 of 2,530 intrusion attempts)	85% (2,678 of 3,160 projected intrusion attempts)	85%	85%
Actual	N/A	86% (1,380 of 1,620 intrusion attempts)	87% (1,441 of 1,655 intrusion attempts)	85% (560 of 661 intrusion attempts)		
Met/Not Met			Met	Met		

### **Explanation of Measure**

Intrusion detection software operated to protect one of NOAA's many campuses and facilities shows that continual probes from outside systems are looking for vulnerabilities that can be exploited to gain access to NOAA systems. Statistics NOAA has kept over the last few years show that the threat is increasing every year. Successful compromises put the Department at serious risk, affecting the confidentiality, availability, and integrity of information technology systems. While all intrusion attempts cannot be thwarted, those that are successful must be minimized; that is, the number of unsuccessful attempts must be increased as the overall number of attempted intrusions increases. Success on this measure is a direct result of NOAA's intrusion detection equipment, security management commitment to training, education and awareness and the certification and accreditation process being conducted throughout NOAA.

### **FY 2004-2005 Targets**

Targets have been revised to reflect an ongoing achievement of thwarting 85% of the intrusion attempts, but the estimated number of such attempts is not shown, since this is difficult to forecast with accuracy. Efforts will continue to develop modifications to this measure to reflect protection of the systems throughout the Department.

### Cross-Cutting Activities

- **Intra-Department of Commerce**  
Under the Departmental Management function, the Office of the Secretary regularly works with all bureaus across the full range of IT policy development and program management topics.
- **Other Government Agencies**  
Under the Departmental Management function, the Office of the Secretary regularly works with virtually all interagency organizations and numerous Federal agencies across the full range of IT policy development and program management topics.
- **Government/Private Sector**  
Under the Departmental Management function, the Office of the Secretary regularly works with all segments of the private sector across the full range of IT policy development and program management topics.

### Program Evaluations Related to this Goal

The Department uses reviews and reports generated by OIG, OMB, GAO, other Congressional organizations, government-wide task force studies, and other objective sources to evaluate performance goal 3 activities. In addition, many of the laws pertaining to IT management have separate reporting requirements, which highlight both strengths and weaknesses

of Commerce's IT programs. The Department uses the results of these efforts as needed to assess achievement of performance targets. Although the operating units assess and report their progress on each of the measures, the Department's Office of the CIO is requiring that operating units develop corrective action plans to achieve performance targets, to provide regular reports on their progress, and to undergo independent reviews to verify accuracy of reporting. With CIOs established and in place at all the operating units, the structure will be in place to strengthen the management of IT at all levels.

#### External Factors and Mitigating Circumstances

The rapidly changing IT environment, including changes in hardware, software, applications, Internet use, and the user community, all impact our IT function. The activities that are described above will assist the Department in responding to these challenges by deliberately planning how we will invest IT funds, ensuring that we have a cohesive and well constructed IT architecture, and safeguarding the integrity and availability of our IT systems.

#### **Unit Cost Measures**

On preliminary examination, DM program activities do not appear to readily lend themselves to unit cost measures. They will, however, be reviewed for this purpose during the coming year and adjustments will be made wherever possible.

#### **Performance Assessment Rating Tool (PART)**

No DM programs have been evaluated in the PART process.

## DM Data Validation and Verification

To a great extent, DM measures depend on input provided by many sources – typically, Commerce’s bureaus – and a number of techniques are used to validate and verify the data received. For example, financial performance at all levels is subject to review by Department auditors. Data input by the bureaus relating to acquisition activities, e.g., performance-based contracts and small business awards, are screened at the Department level during the reporting cycle.

Several of the measures relating to information technology management under Performance Goal 3 involve the use of maturity models to evaluate the adequacy of the programs in place to manage IT planning, architecture, and security. These models represent an industry-wide accepted approach for objectively assessing the IT functions. The Office of the CIO works closely with bureaus to ensure that the criteria for each level are met as bureaus progress through the five-step models.

As DM moves forward to other, less concrete objectives, e.g., developing competencies in leadership and mission critical occupations and improving the effectiveness and efficiency of our hiring systems, it is continuing to refine the reporting structure.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
1.a. Clean audit opinion on department consolidated financial statements	Consolidated financial statements and Office of Inspector General (OIG) audits	Annual	Bureau or Departmental financial systems	OIG audits	None	Continue to maintain clean audits
1.b. Consolidate commerce-wide integrated financial management system platforms	Bureau Reports	Ongoing monitoring and quarterly reporting	N/A	OIG audits	N/A	Continue aggressive implementation schedule
1.c. Implement competitive sourcing	Federal Activities Inventory Reform (FAIR) Act Inventory and Competitive Sourcing Management Plan	Annual	DM chronology files	Executive Secretariat	None	Request updates quarterly
1.d. Funds obligated through performance-based contracting	Commerce procurement data system	Annual	Commerce procurement data system	Supervisory audit	N/A	None
1.e. Small purchases made using credit cards	Commerce bankcard center	Annual	Commerce bankcard center	Procurement Executive Council process	None	Continue to gather and review data



1.f. Increase percentage of total obligations awarded as contracts to small businesses	Small Business Administration (SBA), the Department of Commerce's Office of Small and Disadvantaged Business Utilization (OSDBU), General Services Administration	Annual	OSDBU and GSA's Federal Procurement Data System (FPDS)	OSDBU and GSA's FPDS	None	Continue outreach efforts
1.g. Ensure a secure workplace for all commerce employees	Site visits	Annual	Computer systems	Compliance reviews	Technology decentralizes data	Continue to monitor and evaluate
1.h. Ensure a safe workplace for all commerce employees	Office of Human Resources Management (OHRM)	Annual	OHRM	Reporting to senior managers	N/A	Continue to monitor and evaluate
2.a. Strategic competencies--ensure competency in leadership and in mission critical occupations	National Finance Center/Department of Commerce's Human Resources Data System (HRDS), bureaus' workforce restructuring plans, recruitment and retention plans that focus on mission critical competencies, and leadership succession plans (recruitment, retention, and development)	Semi-annual in some cases, annual in others	OHRM payroll and personnel system and succession plans	Availability of plans, data accuracy as documented by the National Finance Center, leadership recruitment and retention rates, turnover data, availability and quality of succession plans, and review of bureau progress on succession plans	HRDS does not provide historical data	Measure trends over time and ensure that plans are in place and implemented
2.b. Strategic competencies--ensure comprehensive training and development strategies	Department plan for strategic employee training and development	Annual	OHRM and bureaus	Review of manual records and availability of updated policies that support mission-critical employee competency development	Manual review required	Refine system and continue to monitor.
2.c. Strategic competencies--ensure diverse candidate recruitment	Inventory transmittal letters	Annual	Office chronology files	Executive Secretariat	None	Measure trends over time
2.d. Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	Staffing timeliness measurement system	Semi-annual	Staffing timeliness measurement system	Staffing timeliness studies	Some manual sorting required	Refine system, provide training, and oversee issuance of certificates to managers
2.e. Increase the alignment of performance management with mission accomplishment	HRDS, Department of Commerce strategic plan, bureau operating plans, and performance management plans for employees	Annual	HRDS database, performance management system	Performance management completion rate and performance against goals and targets	Some manual record-keeping	Implement new performance management policy and complete analyses
3.a. Transactions converted to electronic format	Bureau Information technology (IT) offices	Annual	Bureau files and DM Chief Information Officer (CIO) consolidated database	Departmental and outside reviews	None	Review transactions to assess need for transition to electronic process and provide for electronic signature

<b>3.b. IT planning and investment review program maturity (scale of 0 - 5)</b>	<b>Bureau IT offices</b>	<b>Annual</b>	<b>Bureau IT offices</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review bureau processes to assess need for corrective action</b>
<b>3.c. IT architecture program maturity (Scale of 0 - 5)</b>	<b>Bureau IT offices</b>	<b>Annual</b>	<b>Bureau IT offices</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review bureau processes to assess need for corrective action</b>
<b>3.d. IT security program maturity (scale of 0 - 5)</b>	<b>Bureau IT offices</b>	<b>Annual</b>	<b>Bureau IT offices</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review bureau processes to assess need for corrective action</b>
<b>3.e. Percentage of IT system security plans completed</b>	<b>Bureau IT offices</b>	<b>Annual</b>	<b>Bureau files and DM CIO files</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review plans for completeness and conformance to NIST SP 800-18</b>
<b>3.f. Percentage of IT systems certified and accredited</b>	<b>Bureau IT offices</b>	<b>Annual</b>	<b>Bureau files and DM CIO files</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review plans for completeness and conformance to NIST SP 800-18</b>
<b>3.g. Percentage of unsuccessful intrusion attempts</b>	<b>NOAA</b>	<b>Annual</b>	<b>NOAA files</b>	<b>Departmental and outside reviews</b>	<b>None</b>	<b>Review statistics for completeness and accuracy</b>





<b>Percent Increase in Client Gross receipts</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>10%</b>
<b>Percent increase in American Customer Satisfaction Index (ACSI)</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>New</b>	<b>5%</b>
<b>Number of National and Regional Strategic Partnerships</b>	<b>New</b>	<b>New</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>150</b>	<b>175</b>

**Resource Requirements Summary By Performance Goals**

	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Request</b>	<b>FY 2005 Request</b>
Total Funding	29.8	27.9	28.3	29.0	29.2	35.5
Direct	29.5	27.6	28.2	28.9	28.6	34.5
Reimbursable	0.3	0.3	0.1	0.1	0.6	0.5
IT Funding	1.5	1.7	2.0	2.0	2.0	2.0
FTE	101	90	92	92	120	121

### **Corresponding Department Strategic Goal and Objective:**

**Strategic Goal: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers and Consumers**

**Objective: Partner with Private Sector and Non-Government Organizations to Develop Infrastructures to Encourage the Participation of All Americans in Economic Growth**

### **Rationale of Performance Goal**

MBDA has fully embraced the President's Management Agenda to meet its goal and performance measures proposed for Fiscal Year 2005. In 2003, MBDA engaged in a strategic planning process to develop a system that focuses resources and staff on results for customers. This strategic planning process is designed to organize services and the budget to maximize performance results. MBDA's recent reorganization created four new enterprise units:

- Office of the Associate Director for Management
- Office of Business Development
- Office of Legislative, Education, and Intergovernmental Affairs
- Office of Information Technology, Research and Innovation

MBDA has created measures for various programs and new initiatives within each of these units. The enterprise units are structured and engaged in utilizing the following set of criteria:

- citizen-centered,
- results-oriented,
- market-based,
- team orientation,
- flexible use of personnel, and
- empowering employees to be decision makers for citizens

MBDA through its entrepreneur transition has positioned itself to be more effective organizationally in identifying the needs of its customers; efficient in its delivery of services, and responsive to competitive business trends.

MBDA will remain entrepreneurially-focused and provide business development services to the minority business community through its internet Portal, e-commerce and a combination of different funded projects that offer an array of business services. These services include obtaining procurement contracts and financial opportunities that are measured, tracked and verified by staff. These are the major components of MBDA's economic development programs that are captured in its Performance database systems.

### **Program Assessment Rating Tool**

MBDA participated in the Program Assessment Rating Tool (PART) process in FY 2002 and provided updated information in FY 2003. The agency's mission and performance goals were reviewed. Based on the evaluation, MBDA needed to address concerns on program performance. Based on this, MBDA revised its Minority Business Opportunity Committee (MBOC) program in FY 2003. For FY 2003, the MBOC program has clear guidelines for achieving specific performance indicators. These performance indicators include contract awards and financial transactions for minority business enterprises.

### **Management Challenges**

There are environmental factors that are impacting the overall economy, but particularly affect minority businesses. These include the following:

- **The increasing globalization of the marketplace**
- **The move towards off shore production of products to minimize costs**
- **The downsizing of the corporate supply chain and the bundling of government contracts requiring that businesses be larger to compete.**

The Business Participation Rate (BPR) is a measure of businesses in a specific population group for every 1,000 persons in that group. The national BPR for non-minority groups is 91 firms for every 1,000 people in the United States. For minorities, the BPR is 42 firms for every 1,000 minorities.

While businesses of all size categories are important, the nationwide minority business community needs to focus on developing "growth firms" that can create new jobs and compete in an era of contract bundling and strategic partnering. Entrepreneurial initiatives, electronic commerce and a willingness to engage in strategic alliances and joint ventures will continue to be promoted by MBDA in the minority business community.

America's entrepreneurs play a significant role in the prosperity of the U.S. economy. Entrepreneurs develop and commercialize innovative products and services; generate new industries and firms to replace those that have run their course; and, create employment opportunities and wealth that is reinvested in new economic enterprises and in communities. Critical to entrepreneurial success is access to the marketplace and financing necessary to grow and expand these businesses.

### **Changes in Business Practices**

Corporate purchasing practices are undergoing radical changes that are delaying minority supplier responses to the market. Business to business e-commerce technology is mandatory in order to partner with other larger firms. Federal contracting programs are now designed to be more cost effective by bundling small contracts into larger procurement opportunities. MBDA must address this with adequate management and technical assistance resources.

MBDA also will leverage research conducted by the Economics and Statistics Administration (ESA) on the "Keys to Entrepreneurial Success" by Dr. Patricia Buckley. Additional research indicates that only larger firms are able to compete for bundled prime contracts offered by federal and other public organizations, rather than as suppliers or subcontractors. MBEs are often locked out. Corporate purchasing practices are undergoing radical changes that are delaying minority supplier responses to the market. Business to business e-commerce technology is mandatory in order to partner with other larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA is mitigating these factors into its market-focused information technology programs and internet portal that will offer solutions and



assistance electronically. Achieving entrepreneurial parity between minority population and its equal percentage share of business measures such as total firms, gross receipts and employment is MBDA's future objective.

### **Explanation of Each Performance Measure**

MBDA benchmarks its success by utilizing the entrepreneurial parity methodology. Parity is defined as reaching proportionality between minority population and the percentage share of business development measures such as number of firms, gross receipts, and employment. This methodology records the progress made by minority business enterprises in achieving parity. Practical measures of business success include the number and value of contracts and financial transactions awarded to minority business enterprises as a result of MBDA activities. These practical performance measures are indicators of a minority business enterprise's ability to grow, create more jobs, and increase gross receipts, thereby achieving entrepreneurial parity. Therefore, MBDCs and NABDCs provide direct management and technical assistance that result in awarded contracts and financial transactions; MBOCs facilitate new contract awards; and the national and regional enterprise centers assist MBEs within their respective communities to obtain opportunities.

### ***Total Number of all Clients served***

For reporting purposes, MBDA proposes to consolidate all clients served by its staff, funded network (MBDCs, NABDCs, MBOCs) and its on-line Portal (business) tools including the Phoenix Opportunity contract matching system.

### **FY 2004 & FY 2005 Targets**

The targets in FY 2004 and FY 2005 are significantly higher than FY 2003 actual performance because, for the first time, MBDA has included clients served by the MBOC program, MBDA staff, and on-line tools. FY 2005 reflects a 20% increase over FY 2004.

### ***Number of contract awards obtained***

This measure indicates the number of contract awards obtained by minority business enterprises as a result of MBDA activities conducted by staff, funded network, and on-line business tools.

#### FY 2004 & FY 2005 Targets

FY 2004 and FY 2005 targets for this measure are based on FY 2003 actuals and an anticipated increase in operational efficiencies. FY 2005 reflects a 3% increase in its target for this measure over FY 2004.

#### ***Dollar Value of contracts awards obtained***

The dollar value of contracts awarded to minority business enterprises is an indicator that will measure MBDA's impact on the nation's economy. This measure represents the cumulative dollar value of approved and verified contract awards obtained for clients served by MBDA funded projects, agency staff, and on-line tools.

#### FY 2004 & FY 2005 Targets

MBDA's FY 2004 target is based on FY 2003 actuals and the projected increase due to the implementation of the agency's Strategic Growth Policy. This policy focuses MBDA's resources on firms with growth potential that has the greatest impact on the nation's economy. The FY 2005 target anticipates a projected increase when the Strategic Growth Policy is in full effect and the complete contingency of MBDCs and NABDCs are operational. FY 2005 reflects a 25% increase over FY 2004.

#### ***Number of financial awards obtained***

This measure indicates the cumulative number of approved and verified financial awards obtained for clients served by MBDA funded projects and agency staff during the fiscal year.

#### FY 2004 & FY 2005 Targets

MBDA will encourage a strategy of mergers and acquisitions through strategic partnerships and alliances that will foster an increased number of financial awards obtained. The targets for FY 2004 have been adjusted based on actual performance of FY 2003. The increase in FY 2005 reflects a 10% increase over FY 2004 target.

#### ***Dollar value of financial awards obtained***

This represents the cumulative dollar value of approved and verified financial packages for clients served by MBDA funded projects and Agency staff that have an award date during the fiscal year.

#### FY 2004 & FY 2005 Targets

During FY 2004, MBDA will be awarding grants to operate a reengineered BDC entrepreneurial program. This effort includes curriculum training from the Amos Tuck School of Business at Dartmouth College. Some grant awards will not occur until the second quarter in several geographic locations. Therefore, MBDA has maintained its FY 2003 actual of \$0.4 B as an FY 2004 target. In FY 2005, the program will be fully operational; MBDA expects a 13% increase in dollar value of financial transactions.

#### ***Number of Employee Training Hours***

MBDA believes that training leads to greater operational efficiency and enhanced business development services. MBDA is committed to enhancing the skill level of its staff. The number of employee training hours indicates the agency's continued commitment to enhance human capital. To effectively implement the agency's mission, MBDA will continue to train and re-train its employees.

#### FY 2004 & FY 2005 Targets

MBDA has maintained the same targets in FY 2004 and FY 2005 which is a 10% increase over the target for FY 2003.

#### ***Number of new job opportunities created***

The number of employees by MBEs is one of the entrepreneurial parity components that will benchmark MBDA's long-term success. In FY 2004, MBDA in consultation with independent experts will develop a baseline to benchmark the number of jobs created in minority business enterprises as a result of services provided by its funded projects and staff.

#### FY 2004 & FY 2005 Targets

The FY 2005 target for number of new job opportunities created is based on historical data concerning the business development centers' ability to generate new job opportunities. The FY 2004 benchmark, which will be based on actual performance, will provide a target for FY 2005.

### ***Percent increase in Client Gross receipts***

MBDA measures increases in gross receipts to determine the extent to which entrepreneurial parity is being reached. The FY 2005 projected increase in gross receipts was derived in consideration of the increases of contracts and financial awards obtained for clients. MBDA's Strategic Growth Policy is an indicator that will measure the growth of entrepreneurial parity relative to gross receipts.

#### FY 2004 & FY 2005 Targets

MBDA anticipates a 10% increase in FY 2005, based on FY 2004 actual performance that will be established. This measure may be adjusted as a target for FY 2005.

### ***Percent Increase in American Customer Satisfaction Index (ACSI)***

MBDA will continue to work with the Federal Consulting group and the University of Michigan to establish a baseline for the American Customer Satisfaction Index using an established model to survey the MBDC program, Information management, the Phoenix /Opportunity Bid-matching system and customer relations. We expect to improve this index and complete another survey in 2005.

#### FY 2004 & FY 2005 Targets

Based on MBDA's benchmark in FY 2004, this measure will be provided as a target for FY 2005. FY 2005 reflects a 5% increase from this benchmark.

### ***Number of National and regional strategic partnerships***

Strategic partnerships play an important role in the leveraging of resources. MBDA will monitor the number, growth, wealth, and empowerment enhanced through national, regional, and local partnerships established by the agency and funded network that will impact.

#### FY 2004 & FY 2005 Targets

In FY 2004, MBDA will include both regional and local partnerships in addition to national partnerships established. Regional and local partnership estimates will be reported by the National Enterprise Centers and funded network in FY 2004. FY 2005 reflects a 17% increase over FY 2004.

### **Program Evaluations**

To meet Business Development Program Goals and Objectives, MBDA has three primary sources of program measures (contracts and financial transactions):

- The Minority and Native American Business Development Center Program
- The Minority Business Opportunity Committee Program and
- MBDA Staff Direct Service Activities

Additional program measures are generated from activities such as the Strategic Growth policy and the White House Initiative on Asian Americans and Pacific Islanders.

MBDA will continue to review each measure reflected under its performance goal. These evaluations will assess the success of all of its program initiatives and internal operations. MBDA will use these benchmarks to evaluate performance and develop a comprehensive, ongoing evaluation process to improve the effectiveness of Agency programs.

MBDA will address several areas of our operations to decrease the unit costs for business development services, as in program monitoring, grant packaging, staff brokering services, reporting systems, training, advocacy and marketing.

MBDA's Office of Performance and Program Evaluation is now reviewing program performance and evaluating the tactical measures used for internal operations and external funded projects. A Source Verification process has been developed and now implemented to review documentation reported by staff and funded projects. A strategic management planning conference has established revised measures to enhance MBDA's ability to better serve the minority community.

## **Cross-Cutting Activities**

### **Intra-Department of Commerce:**

MBDA continues to maintain and cooperate with several departmental organizations. MBDA will utilize the resources offered by the Department of Commerce to maintain effective operations. MBDA will do the following:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology (NIST).
- Develop an automated procurement and contracting system with the National Oceanic and Atmospheric Administration (NOAA).
- Ensure effective human capital initiatives through the International Trade Administration (ITA), which serves as the human resource office for MBDA.
- Continue our alliance with the International Trade Administration to identify qualified minority vendor firms that can participate in trade missions to obtain global opportunities and receive the necessary information and technical assistance from ITA export assistance centers.
- Include minority business enterprise in new and emerging technology and innovation programs offered by NOAA and NIST ventures such as manufacturing extension centers and aquaculture business.
- Work with the Census Bureau to maintain up-to-date data and demographic information that can be used for marketing research and expand the survey of minority business to an annual collection.
- Service minority communities in areas of high unemployment that are identified by Economic Development Agency (EDA) to support infrastructure projects with business assistance and open opportunities for new business starts.

### **Other Government Agencies:**

MBDA will reach out to other federal government agencies, such as:

- The Office of Personnel Management to stay current with the latest and most effective programs for enhancing human capital.

- The U.S. Department of Agriculture and the U.S. Department of Treasury to provide information regarding the latest and best training programs for budget, debt management, and finance.
- Export-Import Bank to include minority business in trade initiatives that provide access to export financing and global markets.
- Offices of Small and Disadvantaged Business Utilization to work closely with agency representatives to identify contracts and government programs that can service minority business.
- United States Agency for International Development (USAID) to educate the minority business and the African business communities on two-way trade between MBEs and sub-Saharan African businesses.
- MBDA has always had a working relationship with the Small Business Administration (SBA) to share resources and support the needs of local communities in promoting business ownership. MBDA and SBA work together to cosponsor the Annual Minority Enterprise Development (MED) Week celebration.
- The Office of Small and Disadvantaged Business Utilization (OSDBU) to always respond to MBDA's call to participate in trade fairs and procurement conferences.

### **State and Local Government/ Private Sector Partnerships**

Private sector corporations contribute sponsorships to finance local and national conferences to benefit minority businesses such as the annual Minority Business Development Week (MED Week). Likewise, other local governments and communities assist MBDA events to promote procurement opportunities, social capital/networking and establish alliances. These stakeholders also:

- Participate in local workshops and training seminars on issues of importance to the minority business community.
- Distribute information about business opportunities.
- Sponsor booths to exhibit products and services at trade fairs.
- Receive congressional and presidential recognition for significant achievements.
- MBDA may utilize the service of private sector companies and strategic partners to obtain state-of-the-art information technology and other administrative tools.

## **External Factors and Mitigation Strategies**

The Census Bureau produces a Survey of Minority-Owned Business Enterprise (SMOBE) every five years resulting in a lack of current minority business data. Most business growth indicators that are tracked annually or even quarterly however, MBDA does not have access to the data to measure the national growth and development of its constituents. An annual SMOBE would provide more timely information to build a foundation for research and add value to minority business communities.

By FY 2004, 45 percent of MBDA's workforce will be eligible for retirement. This could create a significant exodus of skills. MBDA will mitigate this factor by continuing to engage in an extensive training and recruitment program focusing in the areas of needed expertise.

The use of strategic partnerships with public and private sector organizations will help to maximize the impact of limited resources. The Office of Performance and Program Evaluation will evaluate the unit cost of providing business development services and the rate of return of these services to address on-going efficiency and effectiveness concerns.

Business to business e-commerce technology is mandatory in order to partner with other larger firms. There are other practices that often deny minority firms access to the marketplace. MBDA will continue to review the number of awards and the size to make recommendations to public officials and executive management to recognize the impact that contract bundling has on small and minority firms. MBDA will be taking new initiatives to identify opportunities and follow-up on matches that result in awards. MBDA is mitigating these factors into its market-focused information technology programs and internet portal that will offer solutions and assistance electronically.



### Validation and Verification Table

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Total Number of all clients receiving services	Internet link to performance report system	Collect and report real-time Measure quarterly	Performance database system on Oracle platform	Client verification sample	Clients reported in BDC Performance, matches from Phoenix-Opportunity, and clients assisted by Agency Staff through Staff Performance Reporting System	Follow-up calls and notices to reach clients
Number of contracts Awards Obtained	Internet link to performance report system	Collect and report real-time-Measure quarterly	Performance database system on Oracle platform	Verification sample	Receipt of award document from source	Telephonic calls to any non-responsive client
Dollar Value of Contracts Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	100% Verification	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Number of Financial Packages Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	Verification sample	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Dollar Value of Financial Awards Obtained	Internet link from MBDA headquarters to client delivery sites	Collect real-time and report quarterly	The performance database management system running on an Oracle platform	100% Verification	Responsiveness to client verification survey	Follow up notices to non-responsive clients
Number of Employees Training Hours	Training Requests	Collect real-time and report quarterly	Automated Spreadsheet and database running on an Oracle platform	A 100% verification survey	Responsiveness to personnel to verification survey	Follow up notices to non-responsive personnel
Number of New Job Opportunities created	Performance Reporting updates	Semi-Annual	Performance Database system updates	Client survey updates	Responsiveness to survey	Follow-up data calls to clients
Percent increase in client Gross receipts	Performance Reporting updates	Semi-Annual	Performance Reporting updates	Client survey updates	Responsiveness to Survey	Follow-up data calls
Percent increase in American Customer Satisfaction Index	Follow-up Survey	Fall 2005	ACSI data file	Client calls and survey	Responsiveness by clients	Federal Consulting Group and Univ. of Michigan Survey

Number of National and Regional Strategic Partnerships	Memorandum of Understanding and Agreements	Collect real-time and report quarterly	Automated Spreadsheet and database running on an Oracle platform.	100% verification	Responsiveness to verification survey	Follow up notices to non-responsive clients
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**NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION**  
**FY 2005 ANNUAL PERFORMANCE PLAN**

The National Oceanic and Atmospheric Administration (NOAA) is a future-minded environmental science agency whose mission is to understand and predict changes in the Earth's environment and conserve and manage coastal and marine resources to meet the Nation's economic, social, and environmental needs.

Understanding the ocean and atmosphere is essential to sustaining the United States' environmental and economic health. As an agency, NOAA provides products that form a critical part of the daily decisions made across the United States. From satellite imagery to tornado warning, navigational charts to fishery stock assessments, hurricane tracking to El Nino and harmful algal bloom predictions, severe weather forecasts to coastal zone management - every day NOAA's science, service and stewardship are essential to the lives of millions of people in the United States. For example, lives, safety and businesses depend on reliable weather and climate forecasts to minimize disruption in economic activity and everyday life. Accurate predictions of severe weather safeguard both lives and economic structure of communities. A deeper understanding of long-term climate and environmental trends can impact daily activities from the strategic planting of crops to better management of water and energy resources. Coastal communities, representing over thirty percent of the U.S. gross domestic product, depend heavily on sustaining healthy marine habitats and a robust ocean ecosystem. With effective partnerships among governments, universities, non-governmental organizations, and communities, NOAA helps to manage the critical issues along the U.S. coasts and the Great Lakes. A healthy coastal environment is intrinsic to the United States' economic prosperity.

The 21<sup>st</sup> century poses complex challenges for NOAA. Every aspect of NOAA's mission - ranging from managing coastal and marine resources to predicting changes in the Earth's environment - faces a new urgency, given intensifying national needs related to the economy, the environment, and public safety. As the new century unfolds, new priorities for NOAA action are emerging in the areas of climate change, freshwater supply, ecosystem management, and homeland security.

In FY 2003, NOAA developed a new Strategic Plan that responds to all of these challenges. It forges a path for meeting the needs of the Nation today and addressing the critical issues of tomorrow. It responds to the President's Management Agenda for a citizen-centered, performance-driven organization that serves every American every day. And it provides a blueprint for ensuring value and corporate accountability in NOAA's daily operations, and for improving NOAA's services - and the benefits from our services - to all Americans.

The new Strategic Plan resulted from consultations with more than a thousand stakeholders and NOAA employees across the Nation to identify present and future environmental, economic, and public safety issues. Based on their input, the Plan sets an agenda for wise investment of finite resources through four mission goals for achieving NOAA's mission:

**Goal:**

- 1. Protect, restore, and manage the use of coastal and ocean resources through ecosystem-based management.**
- 2. Understand climate variability and change to enhance society's ability to plan and respond.**
- 3. Serve society's needs for weather and water information.**
- 4. Support the Nation's commerce with information for safe, efficient , and environmentally sound transportation.**

This Plan's elevation of ecosystem management and climate science to high-priority goals is especially noteworthy to meet the challenges of the 21<sup>st</sup> century. In recent years, extreme drought and flooding conditions in large regions of the Nation combine to make improved water resources prediction an urgent requirement for NOAA's future weather and climate mission. Human health linkages with weather, climate, and ecosystem goals are also priorities. The Plan's emphasis on the Nation's needs for expanded commerce and economic development directly relates to the Administration's focus on a healthy and growing economy.

The new Strategic Plan will guide all NOAA's management decisions and will provide a consistent framework for Line Office (LO) and cross-organizational plans, initiatives, and performance measures to be implemented. Through this plan, NOAA employees and contractors will also better understand their role in meeting NOAA's strategic priorities and goals.

## **NOAA's CROSS-CUTTING PRIORITIES**

When NOAA held discussions with stakeholders and employees to identify strategic directions for the next decade, both groups emphasized that NOAA needs to increase its priority on improving the core capabilities that support the Agency's four mission goals. As a result, NOAA has selected five essential areas of growth for the future. These cross-cutting priorities describe the programmatic and managerial underpinnings that facilitate NOAA's delivery of services and enable effective operations.

## **INTEGRATED GLOBAL ENVIRONMENTAL OBSERVATION AND DATA MANAGEMENT SYSTEM**

NOAA will work with its local, state, regional, national, and international partners to develop global-to-local environmental observations and data management for comprehensive, continuous monitoring of coupled ocean/atmosphere/land systems. This network will enhance NOAA's ability to protect lives and property, expand economic opportunities, understand climate variability, and promote healthy ecosystems. As part of building this capability, NOAA has begun to inventory its observing and data management capabilities, and has designed an architectural process for evaluating the efficiency of its data observation and management system and increasing the multiple use of observation platforms and availability of real time data.

## **ENVIRONMENTAL LITERACY, OUTREACH, AND EDUCATION**

NOAA will apply its broad spectrum of environmental and social science expertise to establish an environmental literacy program for educating present and future generations about the changing Earth and its processes. NOAA hopes to inspire our nation's youth to pursue scientific careers, thereby advancing the future talent of NOAA and its mission partners. This program will improve the public's understanding and response to natural hazards, will assist state and local natural resource managers, and will ensure that decision makers have access to the information they need to appropriately reduce significant human impact on the environment and to respond to storm warning and environmental change. Due to the high priority of enhancing NOAA's capabilities for Environmental Literacy, Outreach and Education, NOAA produced a strategic plan on the subject during FY2003.

## **INTERNATIONAL COOPERATION AND COLLABORATION**

A rapidly shifting political, cultural, and economic world requires Federal agencies involved in world affairs to cultivate fresh approaches and new services to maintain U.S. leadership in these fields. NOAA will support and promote national policies and interests in ecosystem management, climate change, Earth observation, and weather forecasting and will seek to maximize the mutual benefits of international exchange with its global partners. World-wide benefits of NOAA's El Niño forecasts are at least \$450 million annually. Better ship routing from U.S. satellites is worth nearly \$100 million a year, \$20 million of which is realized by U.S. consumers. Such international collaboration in scientific understanding will significantly benefit the American public economically and socially.

## **HOMELAND SECURITY**

NOAA's core missions of environmental prediction and management are manifested in more than eighty capabilities that support America's efforts to prepare for and, if necessary, respond to terrorist attacks. Best known are NOAA's hazardous materials spill response, atmospheric and waterborne dispersion forecasting, vessel monitoring systems, and support for communities and first responders, including training, decision-making tools, rapid on-site weather forecasts to support emergency operations, and civil emergency alert relay through NOAA Weather Radio. NOAA is also ready to quickly provide its other assets—ships, aircraft, global observation systems, and professional law enforcement officers—to serve the Nation when the need arises. The commercial and academic sectors are critical partners in these efforts—developing and applying new technologies to get the warning message out quickly, deploying important observing systems available in time of need, and advancing science and technology applicable to our common security.

## **ORGANIZATIONAL EXCELLENCE:**

### **Leadership, Human Capital, Facilities, Information Technology and Administrative Products and Services**

This priority provides a framework for raising the bar of performance for NOAA. Improvements in these areas will increase the satisfaction of the customers of NOAA's administrative processes, both inside and outside the Agency; increase employee satisfaction; and improve organizational performance and productivity. They will also address the reforms necessary to comply with the President's Management Agenda.

**Resource Requirement Summary**  
(Dollars in Millions. Funding amounts reflect total obligations.)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
	Actual	Actual	Actual	Actual	Enacted	Estimate
Grand Total						
Operations, Research, and Facilities						
National Ocean Service	272.8	390.2	406.4	426.2	505.0	378.8
National Marine Fisheries Service	416.6	634.1	586.8	713.7	622.3	623.2
NOAA Research	297.5	327.3	347.3	372.4	392.9	350.3
National Weather Service	601.4	629.4	675.2	694.5	722.0	749.2
NESDIS	108.1	125.0	142.5	149.7	151.8	149.0
Program Planning and Integration	----	-----	-----	-----	2.0	2.0
Program Support	90.5	104.1	177.8	179.0	303.5	220.4
Procurement, Acquisition, and Construction	600.1	----	-----	-----	-----	
National Ocean Service	----	53.9	61.7	69.3	100.3	14.5
National Marine Fisheries Service	----	62.5	14.8	13.5	22.5	2.0
NOAA Research	----	23.0	13.6	10.3	21.3	10.5
National Weather Service	----	63.4	71.9	60.3	102.9	87.6
NESDIS	0.0	515.0	517.1	634.6	675.4	748.9
Program Support	0.0	39.6	37.7	85.0	40.2	37.0
Other Accounts	68.4	----	-----	-----	-----	
Discretionary						
National Ocean Service	----	152.9	142.7	(6.9)	0.0	0.0
National Marine Fisheries Service	----	112.2	161.0	129.5	89.0	101.4
Mandatory						
National Ocean Service	----	0.0	15.1	0.0	1.0	1.0
National Marine Fisheries Service	----	6.9	10.4	0.0	26.4	8.6
Program Support	0.0	15.3	16.1	15.7	18.0	17.8
Total Funding	2,455.4	3,254.8	3,398.1	3,546.8	3,796.5	3,502.2
Direct	2,455.4	3,254.8	3,398.1	3,546.8	3,796.5	3,502.2
Reimbursable	290.6	204.0	204.4	194.6	235.2	235.2
IT Funding	367.7	359.7	288.3	318.0	379.9	

FTE	10,329	11,473	11,596	11,799	12,088	12,165
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IT funding included in total funding. For FY 2002-2004, the total IT dollars include the figures for four additional categories (infrastructure, architecture and planning, grants management, and financial management) that were not included in the total IT dollars for each of the performance goals.

Notes:

NOAA changed its methodology for allocating support costs by Performance Goal to more accurately reflect the distribution of the budget across performance goals.

Other Accounts/Mandatory Program Support is a breakout of the CSRS funds.

PAC/Program Support includes the distribution of CAMS.



## Targets and Performance Summary

### General Goal/Objective 3.1: Advance understanding and predict changes in the Earth's Environment to Meet America's Economic, Social and Environmental Needs

Resource Requirements (Dollars in Thousands)					
Performance Goal 1: Improve accuracy and timeliness of weather and water information	FY 2004 Enacted	FY 2005 Base	FY 2005 Program Change	FY 2005 Request	Increase/ Decrease
Operations, Research, and Facilities					
National Ocean Service	2.7	2.7	0.3	3.0	0.3
National Marine Fisheries Service	---	---	---	---	---
NOAA Research	58.7	46.0	0.0	46.0	0.0
National Weather Service	673.1	685.0	13.0	698.0	13.0
NESDIS	61.0	60.2	7.6	67.8	7.6
Policy, Program, and Integration	.5	.5	---	.5	---
Program Support	---	---	---	---	---
Procurement, Acquisition, and Construction	619.2	608.6	25.6	634.2	25.6
Business Management Fund	---	---	---	---	---
Other-Discretionary and Mandatory	---	---	---	---	---
Total	1,415.2	1403.0	46.5	1,449.5	46.5
IT Funding					
FTE	4,960	4,966	0	4,966	0

Note: This performance goal is based on the new NOAA Strategic Plan and includes portions of various performance goals as reported in previous years Annual Performance Plans. Information regarding resource requirements by performance goals as reported in previous years is included in the back of this section.

**Performance Goal 1: Improve accuracy and timeliness of weather and water information**

Measure		FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Lead Time (Minutes), Accuracy (%), and False Alarm Rate (FAR, %) for Severe Weather Warnings Tornadoes	Lead Time	10	10	12	12	13	12	13
	Accuracy	63%	67%	76%	72%	79%	72%	73%
	FAR	76%	72%	73%	72%	76%	70%	69%
Lead Time (Min) and Accuracy (%) for Severe Weather Warnings for Flash Floods	Lead Time	43	46	52	47	41	50	53
	Accuracy	86%	86%	89%	87%	89%	88%	89%
Hurricane Forecast Track Error (48 Hour)	Nautical Miles	New	New	122	130	107*	129	128
Accuracy (%) (Threat Score) of Day 1 Precipitation Forecasts		New	New	30	25	27	25	27
Lead Time (Hours) and Accuracy (%) for Winter Storm Warnings	Lead Time	9	13	13	13	14	14	15
	Accuracy	85%	90%	89%	88%	90	89%	90%
Cumulative Percentage of U.S. Shoreline and Inland Areas that Have Improved Ability to Reduce Coastal Hazard Impacts		6%	8%	8%	17%	17%	17%	28%

\*Preliminary actual; will be finalized in 2<sup>nd</sup> quarter of FY 2004.

Note: Some of the actual figures may not reflect the numbers reported in the Performance and Accountability Report which were based on information from the third quarter and estimates for the year.

On average, hurricanes, tornadoes, tsunamis, and other severe weather events cause \$11 billion in damages per year. Weather, including space weather, is directly linked to public safety and about one-third of the U.S. economy (about \$3 trillion) is weather sensitive. With so much at stake, NOAA's role in observing, forecasting, and warning of environmental events is expanding, while economic sectors and its public are becoming increasingly sophisticated at using NOAA's weather, air quality, and water information to improve their operational efficiencies and their management of environmental resources, and quality of life.

NOAA is strategically positioned to conduct sound science and provide integrated observations, predictions, and advice for decision makers to manage many aspects of environmental resources—from fresh water to coastal ecosystems and air quality. Bridging weather and climate time scales, NOAA will continue to collect environmental data and issue forecasts and warnings that help protect life and property and enhance the U.S. economy.

NOAA is committed to excellent customer service. NOAA depends on partners in the private sector, academia, and government to help disseminate critical environmental information. NOAA will work even closer with existing partners and will develop new partnerships to achieve greater public and industry satisfaction with weather, air quality and water information. NOAA will expand services to support evolving national needs, including space weather, freshwater and coastal ecosystems, and air quality predictions throughout the Nation.

**Measure 1a: Lead Time (Minutes), Accuracy (%), and False Alarm Rate (FAR, %) of Severe Weather Warnings for Tornadoes**

		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Lead Time (Minutes)	Target	12	13	11	12	12	13
	Actual	10	10	12	13		
	Met / Not Met	Not Met	Not Met	Met	Met		
Accuracy (%)	Target	70%	68%	69%	72%	72%	73%
	Actual	63%	67%	76%	79%		
	Met / Not Met	Not Met	Not Met	Met	Met		
FAR (%)	Target	65%	73%	71%	72%	70%	69%
	Actual	76%	72%	73%	76%		
	Met / Not Met	Not Met	Met	Not Met	Not Met		

**Explanation of Measure**

The lead time for a tornado warning is the difference between the time the warning was issued and the time the tornado affected the area for which the warning was issued. The lead times for all tornado occurrences within the continental U.S. are averaged to get this statistic for a given fiscal year. This average includes all warned events with zero lead times and all unwarned events. Accuracy is the percentage of time a tornado actually occurred in an area that was covered by a warning. The difference between the accuracy percentage figure and 100% represents the

percentage of events without a warning. The false alarm rate is the percentage of times a tornado warning was issued but no tornado occurrence was verified. The false alarm rate was added as a reportable measure in FY 2000, although it had been collected and used internally previously. NOAA is exploring how best to represent events where the public is not provided warning in time to take action.

### FY 2004 and 2005 Targets

NWS lead time target for FY 2004 will remain at 12 minutes and will gradually increase to 13 minutes by FY 2005 after completion of retrofits of the NEXRAD systems, implementation of new training techniques such as a weather event simulator, and realization of the operational benefits of Advanced Weather Interactive Processing System's five software enhancements.

### Measure 1b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods

		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Lead Time (Minutes)	Target	55	45	45	47	50	53
	Actual	43	46	52	41		
	Met / Not Met	Not Met	Met	Met	Not Met		
Accuracy (%)	Target	86%	86%	86%	87%	88%	89%
	Actual	86%	86%	89%	89%		
	Met / Not Met	Met	Met	Met	Met		

### Explanation of Measure

The lead time for a flash flood warning is the difference between the time the warning was issued and the time the flash flood affected the area for which the warning was issued. The lead times for all flash flood occurrences within the continental United States are averaged to get this statistic for a given fiscal year. This average includes all warned events with zero lead times and all unwarned events. Accuracy is measured by the percentage of times a flash flood actually occurred in an area that was covered by a warning. The difference between the accuracy percentage figure and 100% represents the percentage of events without a warning.

### FY 2004 and 2005 Targets

NWS expects to improve both flash flood lead-time and accuracy over the next several years through the implementation of new Advanced Hydrologic Prediction Service (AHPS) flash flood decision assistance tools. In addition, the implementation of NEXRAD ORDA in FY 2005 will provide precipitation estimates on a much smaller grid, which will give forecasters many more points to average for the basin rainfall. The larger

number of points for averaging the rainfall will deliver more precise precipitation input for forecasting flash floods. NOAA is exploring how best to represent events where the public is not provided warning in time to take action.

### Measure 1c: Hurricane Forecast Track Error (48 Hours)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	142	130	129	128
Actual	New	New	New	122	107*		
Met/Not Met	New	New	New	Met			

*\*Preliminary actual; will be finalized in 2<sup>nd</sup> quarter of FY 2004.*

### Explanation of Measure

The public, emergency managers, government institutions at all levels in this country and abroad, and the private sector use NOAA hurricane and tropical storm track forecasts to make decisions on life and property. This goal measures the difference between the projected location of the center of these storms and the actual location in nautical miles (nm). The goal is computed by averaging the differences (errors) for all the 48-hour forecasts occurring during the calendar year. This measure can show significant annual volatility. Projecting the long-term (thirty-year) trend, and basing outyear goals on that trend, is preferred over making large upward or downward changes to the goals each year. The average track error is projected to decrease due to improvements in hurricane forecast models, aircraft upgrades, supporting data and computer infrastructure, and by conducting research within the U.S. Weather Research Program (USWRP) that will be transferred to NOAA forecast operations.

### Measure 1d: Accuracy (%) (Threat Score) of Day 1 Precipitation Forecasts

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	New	New	25%	25%	27%
Actual	New	New	New	30	27%		
Met/Not Met	New	New	New	Met	Met		

### Explanation of Measure

This measure was originally, “Accuracy of 3-day Forecast of Precipitation.” The measure has been revised to reflect a more representative and accurate means of measuring the performance for this strategic goal. The measure reflects the ability to forecast accuracy of precipitation events one day in advance. Through this measure, the Hydrometeorological Prediction Center (HPC) focuses on relatively heavy amounts of

precipitation, usually a half inch or more in a 24-hour period (short-term flash flood warnings), because of the major safety and economic impacts such heavy precipitation can have in producing flooding, alleviating drought, and affecting river navigation.

The HPC of the NOAA National Weather Service began providing quantitative precipitation forecasts (QPFs) in 1961. These forecasts indicate how much precipitation is expected across the U.S., not just whether it will rain or snow. The HPC began making QPFs through two days into the future in 1965 and through three days in 2000.

The HPC has tracked the accuracy of these forecasts very carefully over the years using a metric with the statistical name of “threat score” or equivalently “critical success indicator”. This accuracy metric ranges from 0%, indicating no skill, to 100% for a perfect forecast. In verifying the accuracy of a 1 inch or more of precipitation for day 1 (the next 24 hours), for example, the HPC first determines everywhere in the U.S. where an inch or more actually fell and was observed by rain gauges. On a given day this occurs only over a very small percentage of the country (although a 1 inch or more precipitation event is significant for the inhabitants of that particular area). The HPC then compares these observed areas of at least 1 inch of precipitation with the forecasted areas of at least 1 inch, counting only those points in the U.S. where HPC forecasted and observed at least an inch as being an accurate forecast. (These points are called, “hits”.) Thus, if HPC forecasts 1 inch to fall at the point representing Washington, DC, and it observed only 3/4" actually had fallen in that specific area, the forecast is then rated as a “miss”, even if an inch of rain was observed to have fallen at the points nearby representing the area of Fairfax City, Virginia, or the area of Upper Marlboro, Maryland. The overall accuracy score for the country for that particular day 1 forecast is then determined by dividing the total number of correctly forecast points (hits) by the total number of points where HPC had either forecast it would rain at least an inch or it had actually rained an inch. Thus this measure takes into consideration those areas where 1 inch or more of precipitation was correctly forecast, where it was forecasted but did not occur, and where it occurred but had not been forecasted. In summary, to earn a high accuracy score, HPC has to forecast the time, place, and amount of precipitation very well.

Several important points should be noted. First, although the accuracy scores are low with respect to perfection, the accuracy is clearly high enough to be of major utility to America’s decision makers. As indicated by the numerous requests for HPC’s precipitation products, especially in times of hardship, the Federal Emergency Management Agency, Army Corps of Engineers, the media, and farmers among others all rely heavily on NOAA forecasts to decide how to proceed.

Secondly, the scores are continuing to improve in accuracy. The metrics from the last 40 years indicate the day 2 forecasts of at least one inch of precipitation in 2002 had more skill than the day 1 forecasts in 1994, and HPC’s day 3 forecasts in 2002 were more accurate than the day 2 forecasts in 1997.

**Measure 1e: Lead Time (Hours) and Accuracy (%) of Winter Storm Warnings**

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Lead Time	Target	New	12	13	13	13	14	15
	Actual	11	9	13	13	14		

(Hours)	Met / Not Met	New	Not Met	Met	Met	Met		
Accuracy (%)	Target	New	85%	86%	86%	88%	89%	90%
	Actual	85%	85%	90%	89%	90%		
	Met / Not Met	New	Met	Met	Met	Met		

### Explanation of Measure

A winter storm warning provides NOAA customers and partners advanced notice of a hazardous winter weather event that endangers life or property, or provides an impediment to commerce. Winter storm warnings are issued for winter weather phenomena like blizzards, ice storms, heavy sleet, and heavy snow. This performance indicator measures the accuracy and advance warning lead time of winter storm events. Improving the accuracy and advance warnings of winter storms enables the public to take the necessary steps to prepare for disruptive winter weather conditions.

### Measure 1f: Cumulative Percentage of U.S. Shoreline and Inland Areas that Have Improved Ability to Reduce Coastal Hazard Impacts

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	14%	6%	17%**	17%	17%	28%
Actual	6%	8%*	8%	17%		
Met/Not Met	Not Met	Met	Not Met	Met		

*\*This figure was reported as 6% in the FY 2003 APP. However, based on the DOC Office of the Inspector General study (FY 2002), NOAA understated the results for FY 2000 and FY 2001 and should have reported 8% (instead of 6%) of shoreline as having improved ability to reduce impacts from coastal hazards.*

*\*\*The change also resulted in an increase of the target for FY 2002 from 15% to 17%.*

### Explanation of Measure

This measure tracks improvements in NOAA's ability to assist coastal areas with estimating the risks of natural hazards in U.S. coastal regions. Activities are underway to develop a coastal risk atlas that will enable communities to evaluate the risk, extent, and severity of natural hazards in coastal areas. The risk atlas will help coastal communities make more effective hazard mitigation decisions to reduce the impacts of hazards to life and property. Currently, many coastal communities make major decisions on land use, infrastructure development, and hazard responses without adequate information about the risks and possible extent of natural hazards in their area. Through the coastal risk atlas, NOS, with other federal



and state agencies, will provide a mechanism for coastal communities to evaluate their risks and vulnerabilities to natural hazards for specific U.S. coastal regions and improve their hazard mitigation planning capabilities.

### **FY 2004 and 2005 Targets**

NOAA began working to expand phase II of the Coastal Risk Atlas to other areas within FEMA Region IV (North Carolina, South Carolina, Georgia, Florida, Alabama, and Mississippi) during FY 2003. This expansion will not result in an increase to the target for FY 2005, but results in an increase in FY 2005. The completion of the expansion in FY 2005 will increase the cumulative total to 26,778 miles of the total shoreline, 97,128, or 28%. This increase will consist of 2,344 mile of shoreline for Georgia and 7,721 miles of shoreline for Louisiana. An evaluation at the end of the phase II expansion will determine the feasibility of continued expansion of the Coastal Risk Atlas beyond FY 2005.

### **Unit Cost Measures**

The NOAA performance measures for this performance goal relate to the scientific work conducted within the agency. Overall, because of the technical and complex nature of NOAA activities and the impact of biological and other natural conditions, unit cost measures are not used. However, NOAA is reviewing its current performance measures and developing (if needed) new measures for FY 2006.

### **Office of Management and Budget (OMB) - Program Assessment Rating Tool (PART)**

For this performance goal, the programs under NOAA's National Weather Service (NWS) were reviewed using the Office of Management and Budget's PART. The NWS provides the public with weather, water, and climate warnings and forecasts. The information is critical for public safety, protecting lives and property. The data is also critical for business planning and decisions. The NWS is the only national provider of daily warnings and forecasts, storm and severe warning tracking, and flood forecasting. The NWS is also the only entity with an established national infrastructure for collecting weather observations and disseminating information. Using PART, NOAA's NWS received a total score of 89% out of 100%.

### **Program Evaluation**

NOAA's vision for FY 2005 is to provide significantly improved short-term warning and forecast products and services that enhance public safety and the economic productivity of the Nation. While it is difficult to see the improvements on an annual basis because of the scientific nature and seasonal variations of weather events, historical trends have shown that NOAA continues to improve the accuracy and advance warning lead time of severe weather hazards.

Program evaluations at NWS Field Offices are conducted annually. Quality control procedures are followed to ensure the highest reliability of gathered data and weather products. The National Academy of Sciences is also involved in program analysis and evaluation processes on a national level.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

NOAA works closely with the National Institute of Standards and Technology and the Economic Development Administration on the Federal Natural Disaster Reduction initiative, which focuses on reducing the costs of natural disasters, saving lives through improved warnings and forecasts, and providing information to improve resiliency to disaster.

### **Other Government Agencies**

NOAA also works closely with other agencies such as the Federal Emergency Management Agency, the Corps of Engineers, the Bureau of Reclamation, the Department of Defense, as well as state and local governments to complement their meteorological services in the interest of national security. NOAA works closely with the U.S. Coast Guard to disseminate marine weather warnings and forecasts and works directly with the Federal Aviation Administration on aviation forecasts and with the National Aeronautics and Space Administration on launch forecasts and solar forecast effects.

### **Government/Private Sector**

Weather and climate services are provided to the public and industry through a unique partnership between NOAA and the private meteorological sector. NOAA provides forecasts and warnings for public safety, and the private sector promotes dissemination of forecasts and tailors basic information for business uses.

## **External Factors and Mitigation Strategies**

A number of factors unique to the atmospheric sciences must be considered when reviewing the performance measures for this goal. The primary factor to consider is the natural variation of this goal related to annual fluctuations in meteorological conditions. Another factor concerns the damage to critical equipment (for example, supercomputer fire and satellite outages) that can affect daily operations for extended periods, even though numerous safety measures and backup procedures are in place.

Although the performance measures for this goal may improve, the impact on society may not be obvious because of factors beyond our control. For example, hurricane warnings may become more accurate, but because of the increase in population along the coastlines, the deaths, injuries, and/or damage estimates may increase.

Improving our understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology such as supercomputers and environmental satellites.

NOAA relies on its partners in the media, private sector, and the state and local emergency management community to disseminate weather warnings.

<b>Resource Requirements (Dollars in Thousands)</b>					
<b>Performance Goal 2: Increase understanding of climate variability and change</b>	<b>FY 2004 Enacted</b>	<b>FY 2005 Base</b>	<b>FY 2005 Program Change</b>	<b>FY 2005 Request</b>	<b>Increase/ Decrease</b>
Operations, Research, and Facilities					
National Ocean Service	---	---	---	---	---
National Marine Fisheries Service	1.5	1.5	0.5	2.0	0.5
NOAA Research	178.4	181.6	13.3	194.9	13.3
National Weather Service	17.1	17.8	0.3	18.1	0.3
NESDIS	71.5	52.7	5.3	58.0	5.3
Program, Policy and Integration	.5	.5	---	.5	---
Program Support	---	---	---	---	---
Procurement, Acquisition, and Construction	114.4	103.7	7.6	111.3	7.6
Business Management Fund	---	---	---	---	---
Other-Discretionary and Mandatory	---	---	---	---	---
Total	383.4	357.8	27.0	384.8	27.0
IT Funding					
FTE	862	847	(13)	834	(13)

Note: This performance goal is based on the new NOAA Strategic Plan and includes portions of various performance goals as reported in previous years Annual Performance Plans. Information regarding resource requirements by performance goals as reported in previous years is included in the back of this section.

**Performance Goal 2: Increase understanding of climate variability and change**

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
U.S. Temperature Forecasts (Cumulative Skill Score Computed Over the Regions Where Predictions are Made)	27	20	18	20	17	21	22
New Climate Observations Introduced	New	132*	192	275	182	275	355
Assess and Model Carbon Sources and Sinks throughout the United States	New	New	Identified Five Pilot Carbon Profiling Sites and four New Oceanic Carbon Tracks	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.8 Gt. Carbon per Year	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.6 Gt. Carbon per Year	Improve Model-data Fusion Techniques and Reduce Uncertainty of Atmospheric Measurement Estimates of U.S. Carbon Source/Sink to +/- Gt. 0.7 Carbon per Year	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.5 Gt. Carbon per Year
Assess and Model Carbon Sources and Sinks Globally	New	New	Establish Three New Global Background Sites as Part of the Global Flask Network	Complete a Working Prototype of a Coupled Carbon-climate Model	Completed a Working Prototype of a Coupled Carbon-climate Model	Develop Carbon-Climate Scenarios for Input to Assessment	Improve Measurements of North Atlantic and North Pacific ocean Basin Carbon Dioxide Fluxes to Within +/- 0.1 Petagrams Carbon/year
Determine Actual Long-term Changes in Temperature and Precipitation throughout the United States	New	New	Capture More than 85% of True Contiguous U.S. Temperature Trend and Capture More than 35% of True Contiguous U.S. Precipitation	Capture More than 70% of True Contiguous U.S. Temperature Trend and Capture More than 40% of True Contiguous U.S. Precipitation	Captured 95% of True Contiguous U.S. National Annual Temperature Trend and Captured 84% of True Contiguous U.S. National	Capture More than 80% of True Contiguous U.S. Temperature Trend and Capture More than 55% of True Contiguous U.S. Precipitation Trend	Capture More than 90% of True Contiguous U.S. Temperature Trend and Capture More than 70% of True Contiguous U.S. Precipitation

Trend                      Trend                      Annual  
Precipitation  
Trend

*\*This number reflects the total number of climate observations (buoys) budgeted for the year as opposed to the numbers actually deployed. In FY 2001, twenty buoys were deployed.*

*Note: Some of the actual figures may not reflect the numbers reported in the Performance and Accountability Report which were based on estimates for the year.*

Society exists in a highly variable climate system, with conditions changing over the span of seasons, years, decades, and longer. Weather- and climate-sensitive industries, both directly and indirectly, account for about one-third of the Nation’s gross domestic product, or \$3.0 trillion. Seasonal and interannual variations in climate, like El Niño, led to economic impacts on the order of \$25 billion for 1997-98, with property losses of over \$2.5 billion and crop losses approaching \$2.0 billion. Given such stresses as population growth, drought, and increasing demand for fresh water, and emerging infectious diseases, it is essential for NOAA to provide reliable observations, forecasts, and assessments of climate, water, and ecosystems to enhance decision makers’ ability to minimize climate risks. This information will support decisions regarding community planning, public policy, business management, homeland security, natural resource and water planning, and public health preparedness. In the U.S. agricultural sector alone, better forecasts can be worth over \$300 million in avoided losses annually.

To enable society to better respond to changing climate conditions, NOAA, working with national and international partners, will employ an end-to-end system comprised of integrated observations of key atmospheric, oceanic, and terrestrial variables; a scientific understanding of past climate variations and present atmospheric, oceanic, and land-surface processes that influence climate; application of this improved understanding to create more reliable climate predictions on all time scales; and service delivery methods that continuously assess and respond to user needs with the most reliable information possible.

These activities will accelerate the development of a structure and process for improving the relevance of climate science to assist decision-makers in their development of national, regional and sectoral adaptation responses (actions to reduce vulnerability, seize opportunities, and enhance resilience) to variability and long-term changes in the climate, particularly for industry, natural resource and water managers, community planners, and public health professionals.

**Measure 2a: U.S. Temperature Forecasts (Cumulative Skill Score Computed Over the Regions Where Predictions are Made)**

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	20	20	20	20	20	21	22
Actual	23	27	20	18	17		
Met/Not Met	Met	Met	Met	Not Met	Not Met		

## Explanation of Measure

The Heidke Skill Score (HSS) is one of several accepted standards of forecasting in the scientific community. It is calculated as follows:

Heidke skill score:  $S = ((c-e)/(t-e)) \times 100$

where  $c$  = number of stations correct

and  $e$  = number of stations correct by chance =  $(1/3) \times$  total number of stations in a 3 equal class system

and  $t$  = number of stations, total

$S$  is approximately equal to one-half of the correlation between forecast and observations.

Accurate measures of temperature are critical to many sectors of the national economy, including agriculture and energy utilities. This measure compares actual observed temperatures with forecasted temperatures from areas around the country. For those areas of the United States where a temperature forecast (warmer than usual, cooler than normal, near-normal) is made, this score measures how much better the prediction is than the random chance of being correct. Areas where no forecast for surface temperature is made (i.e., areas designated as "equal chance" on the CPC seasonal forecast maps) are not included in the computation of HSS.

The HSS is a function of both whether or not a forecast verifies and whether or not a prediction is made, but does not reward when the forecast verifies by chance. Skill score is based on a scale of -50 to +100. If forecasters match a random prediction, the skill score is zero. Anything above zero shows positive skill in forecasting. Given the difficulty of making advance temperature and precipitation forecasts for specific locations, a skill score of 20 is considered quite good and means the forecast was correct in almost 50% of the locations forecasted. Forecasts will likely be better in El Niño years than in non-El Niño years. Reported skill score is a cumulative average over past 48 consecutive 3-month seasons. For example, skill score of 18 reported at the end of FY 2002, is the HSS averaged over 48 surface temperature forecasts from October 1998 to September 2002. Prior to FY 2001, the Heidke skill score reported by NOAA was averaged only over the past 36 seasons. A decision to change to an average over 48 seasons was based on following considerations: (1) A longer average reduces the influence of natural unpredictable variability on the skill score, and (2) a cumulative average over 4 years tends to better capture transitions from El Niño to neutral, and then to La Niña conditions. After the definition for the reported scores was changed in FY2001, NOAA recomputed the skill scores for FY 1999 and FY 2000, and these numbers, based on 48 season cumulative average, appear in the Table above. Temperatures across the United States will be measured using NOAA's cooperative network maintained by volunteers across the nation. Temperature data will be collected and analyzed by NOAA.

## FY 2004 and 2005 Targets

The National Weather Service is working with the research and modeling communities to help improve its skill and consistency, but it may take several years to show improvement. NWS is also working with the same communities to develop and propose a new/improved GPRA skill measure for seasonal outlooks.

## Measure 2b: New Climate Observations Introduced

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	120	174	275	275	355
Actual	New	132*	192	182		
Met/Not Met	New	Met	Met	Not Met		

*\*This number reflects the total number of climate observations (buoys) budgeted for the year as opposed to the number actually deployed. In FY 2001, twenty buoys were deployed.*

### Explanation of Measure

NOAA is undertaking new efforts to better describe the atmosphere–ocean–land system to improve its climate monitoring and prediction capability. As a part of this effort, the Office of Oceanic and Atmospheric Research and NESDIS will expand their existing observation systems, that is, data buoys and new satellites, which will lead to better forecasts.

The oceans provide the largest source of potential predictability for the climate system as well as the potential to produce large climatic surprises, and yet they are currently critically under-observed for certain variables and in many regions. This measure will continue NOAA’s long-term and sustained effort to improve ocean observational capabilities and to increase the usefulness of observations for this critical part of the Earth’s climate system. NOAA will complete an annual report detailing how these new climate observations increased data density and coverage and how they will be used in climate analysis and prediction.

NOAA’s actions include, as resources permit, expanding its ocean observing systems, focusing on the highest priority variables for climate monitoring and prediction, and addressing critical oceanic data voids. NOAA will also place high priority on improving the assimilation and optimal use of ocean observations in climate models that are used for climate analyses and forecasts. NOAA will also estimate the reduction in analysis error that accompanies increases in data quality, density, and coverage.



## Measure 2c: Assess and Model Carbon Sources and Sinks Throughout the United States

	FY 2002	FY 2003*	FY 2004	FY 2005*
Target	Establish Five New Pilot Atmospheric Profiling Sites and Four New Oceanic Carbon Tracks	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.8 Gt. Carbon per Year	Improved Model-data Fusion Techniques and Reduce the Uncertainty of Atmospheric Measurement Estimates of US Carbon Source/Sink to +/- 0.7 Gt. Carbon per Year	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.5 Gt. Carbon per Year
Actual	Identified Five Pilot Carbon Profiling Sites and Four New Oceanic Carbon Tracks	Reduce Uncertainty of Atmospheric Estimates of U.S. Carbon Source/Sink to +/- 0.6 Gt. Carbon per Year		
Met/Not Met	Not Met	Met		

*\*The value was previously expressed in terms of percentages.*

### Explanation of Measure

Carbon dioxide is the most important of the greenhouse gases that are undergoing change due to human activity. On average, about one half of all the carbon dioxide emitted by human activity is taken up by the oceans and the terrestrial biosphere (trees, plants, and soils). These reservoirs of carbon are known as carbon "sinks." However, the variation in the uptake from year to year is very large and not understood. A large portion of the variability is believed to be related to the terrestrial biosphere in the Northern Hemisphere, and quite likely North America itself. NOAA needs to understand the source of this variability if it is to provide scientific guidance to policymakers who are concerned with managing emissions and sequestration of carbon dioxide. This can only be done by making regional-scale measurements of the vertical profile of carbon dioxide across the U.S. which, combined with improved transport models, can be used to determine carbon dioxide sources and sinks on a

regional (about 600 mile) scale. This will provide a powerful tool to gauge the effectiveness of carbon management and enhanced sequestration efforts.

This performance measure will reduce the uncertainties in climate projections and depends on major advances in understanding and modeling radiative forcings (atmospheric concentrations and radiative roles of greenhouse gases and aerosols) and climate feedback mechanisms. In addition, these data will provide the advanced climate-modeling community with the capability to project future climate under a range of potential scenarios.

This measure also ensures a long-term climate observing system that provides an observational foundation to evaluate climate variability and change, and provides the mechanism to support policy and management decisions related to climate variability and change at national and regional scales.

Reducing the uncertainty of atmospheric estimates of the U.S. carbon balance to +/- 50 percent is a long-term target and not expected to be achieved until after the full network of 36 stations has been established and monitored. The current goal for achieving this target is FY 2007.

Establishment of the five pilot atmospheric profiling sites, planned for FY 2002, was delayed until FY 2003 due to receipt of funds late in the fiscal year. These five sites are not yet operational. One oceanic carbon track is in operation from Los Angeles to New Zealand. Two others have been identified: (1) from New Zealand to South America, and (2) from New York to Cape Town.

### Measure 2d: Assess and Model Carbon Sources and Sinks Globally

	FY 2002	FY 2003	FY 2004	FY 2005
Target	Establish Three New Global Background Sites as Part of the Global Flask Network <sup>1</sup>	Complete a Working Prototype of a Coupled Carbon-climate Model	Develop Carbon Climate Scenarios for Input to Assessment	Improve Measurements of North Atlantic and North Pacific Ocean Basin Carbon Dioxide Fluxes to Within +/-0.1 Petagrams Carbon/year
Actual	Established Three New Global Background Sites as Part of the Global Flask Network <sup>1</sup>	Completed a Working Prototype of a Coupled Carbon-climate Model		

Met/Not Met	Met	Met
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<sup>1</sup> The Global Flask Network is an observational network of monitoring stations with headquarters in Boulder, Colorado.

## Explanation of Measure

By FY 2008 NOAA will provide publicly available, routine inventory of carbon, heat, and salinity in the ocean basins and provide near -real-time, global carbon source and sink maps.

The research community is moving toward monthly mean maps, but it is hampered by data that is not at the appropriate temporal resolution. In addition, carbon models are only partially coupled to computer models that account for a changing ocean, atmosphere, and land.

Preliminary work suggests that feedbacks between the land and ocean and the atmospheric carbon dioxide concentration can be strong and result in release of carbon to the atmosphere from the stored pools on land and in the ocean.

Activities planned to assess and model carbon sources and sinks in both the North American and global programs are similar but vary in scale with the North American network having a finer spatial scale. These activities consist of increasing the observing network by establishing new sampling sites, and completing or improving computer models to simulate atmospheric transport of carbon. Both cases will result in more accurate estimates of the atmospheric carbon balance.

The carbon atmospheric observing system over North America has been designed to develop regional (about 600 mile) scale estimates of carbon dioxide sources and sinks, especially within the U.S. It requires vertical profiling over terrestrial ecosystems using aircraft and tall towers.

The global atmospheric observing system is designed to determine carbon dioxide sources and sinks for global continental-scale regions and involves additional surface measurements at background (clean air) sites such as coastal regions. The current lack of data results in large variations in carbon source-sink estimates at this scale.

## Measure 2e: Determine the Actual Long-term Changes in Temperature and Precipitation Over the United States

	FY 2002	FY 2003	FY 2004	FY 2005
Target	Capture More than 60% of True Contiguous U.S. Temperature trend and Capture More than 25% of True Contiguous U.S. Precipitation Trend	Capture More than 70% of True Contiguous US Temperature Trend and Capture More than 40% of True Contiguous U.S. Precipitation Trend	Capture More than 80% of True Contiguous U.S. Temperature Trend and Capture More than 55% of True Contiguous U.S. Precipitation Trend	Capture More than 90% of True Contiguous U.S. Temperature Trend and Capture More than 70% of True Contiguous U.S. Precipitation Trend

Actual	Captured More than 85% of True Contiguous U.S. Temperature trend and Captured More than 55% of True Contiguous U.S. Precipitation Trend	Captured 95% of True Contiguous U.S. National Annual Temperature Trend and Captured 84% of True Contiguous U.S. National Annual Precipitation Trend
Met/Not Met	Met	Met

### Explanation of Measure

This measure is designed to address the significant shortcomings in past and present observing systems by capturing more than 95% of the true contiguous U.S. national temperature trend and 80% of the true contiguous U.S. national precipitation trend by FY 2006.

Inadequacies in the present observing system increase the level of uncertainty when government and business decision-makers consider long-range strategic policies and plans. The U.S. Climate Reference Network, a benchmark climate-observing network, will provide the nation with long-term (50 to 100 years) high quality climate observations and records with minimal time-dependent biases affecting the interpretation of decadal to centennial climate variability and change. The fully deployed network will ensure that NOAA can measure more than 90% of the variance in monthly trends of temperature and precipitation at the national level. NOAA will deploy instrument suites in a combination of single and nearby paired sites.

Deployment of the U.S. Climate Reference Network is continuing, with stations added over the next several years. However, due to funding limitations, the full implementation has been scaled back to ensure funds are allocated to maintain the operational performance of the network and ensure the quality of the data are the highest possible, given the current state of technologies. While national trends will still be captured, as noted in the performance measure, the smaller sized network will not be able to achieve the level of monitoring and evaluation of climate variations and trends at the regional scale.

## Discontinued Measures

### Determine the Accuracy of the Correlation between Forecasts of the Southern Oscillation Index (SOI) and El Niño/La Niña Events

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	0.85	0.85	0.85	0.85	0.86	.86
Actual	0.84	0.85	0.85			
Met/Not Met	Not Met	Met	Met			

This measure has been discontinued due to its complexity. The National Weather Service acknowledges that this measure is too technical and is working with the broader NOAA climate community to develop more meaningful measures.

### Number of New Monitoring or Forecast Products that Become Operational per Year (cumulative)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	4	8	12	16	
Actual	New	4	8			
Met/Not Met	New	Met	Met			

This performance measure has been discontinued. NOAA will consider the development of new procedures to verify new climate products and develop a definition of a “new climate product”. When this action is completed the performance measure will be reevaluated.

### Results of 90% of NOAA Climate Research Activities Cited in the 2001 Intergovernmental Panel on Climate Change’s Third Assessment of Climate Change

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A <sup>1</sup>	N/A <sup>1</sup>	90% cited	N/A <sup>1</sup>	N/A <sup>1</sup>	N/A	
Actual	N/A <sup>1</sup>	N/A <sup>1</sup>	100% cited	N/A <sup>1</sup>			
Met/Not Met	N/A <sup>1</sup>	N/A <sup>1</sup>	Met				

This measure has been discontinued since the Intergovernmental Panel on Climate Change assessments are only published every five years. In off years there are no results to report thus not making it an appropriate APP/GPRA measure that can be tracked on an annual basis.

## **Unit Cost Measures**

The NOAA performance measures for this performance goal relate to the scientific work conducted within the agency. Overall, because of the technical and complex nature of NOAA activities and the impact of biological and other natural conditions, unit cost measures are not used. However, NOAA is reviewing its current performance measures and developing (if needed) new measures for FY 2006.

## **Program Evaluation**

A number of NOAA line offices participate in the activities that support climate research. The Office of Oceanic and Atmospheric Research (OAR) conducts periodic reviews of the activities of its Environmental Research Laboratories. NESDIS holds management performance reviews several times a year. NWS conducts reviews of the National Centers for Environmental Prediction (NCEP). In addition, programs are evaluated by the National Science Foundation and the National Research Council. NOAA holds annual constituent workshops at which NOAA's seasonal climate forecast efforts are discussed with the community of seasonal-to-interannual climate forecast users, and input is solicited to shape future efforts. In addition, the NOAA Science Advisory Board, made up completely of private sector, university, and other Federal agency scientists, provides input on climate and air quality research. NOAA's Office of Global Programs, funded in OAR's Climate and Global Change research line item, receives review from international science agencies, universities, and private sector scientists. The NOAA Research Laboratories are reviewed on a regular basis. The Sea Grant Colleges are visited at least every 2 years by a review panel.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

In partnership with the Technology Administration and the International Trade Administration within the Department of Commerce, other federal agencies, the private sector, and academia, NOAA is providing the foundation the United States will depend upon to lead new emerging global industries in economically and environmentally sustainable ways.

### **Other Government Agencies**

NOAA works with a wide variety of partners in the area of climate forecasts, including other federal agencies (for example, the Federal Emergency Management Agency and the U.S. Agency for International Development), state and local agencies (for instance, state departments of environmental protection and emergency preparedness managers), academia, foreign government agencies, and international organizations. In preparing for the 1997-98 El Niño, NOAA worked closely with the Federal Emergency Management Agency and state and local officials, greatly improving public preparedness for the severe weather resulting from El Niño.

## **Government/Private Sector**

NOAA depends strongly on universities to help accomplish its science objectives through a network of joint and cooperative institutes and universities. NOAA also funds academic researchers through competitive, peer-reviewed programs, including the Global Climate Change Program.

## **External Factors and Mitigation Strategies**

A major failure of Earth observing and computing infrastructure would impair NOAA's ability to produce climate forecasts. NOAA has been looking for backup outside the organization. For example, the Department of the Navy provides backup to the National Centers for Environmental Prediction mainframe computer.

An unanticipated major increase of the customer base for climate-related products may strain NOAA resources. In such an event, NOAA would prioritize its activities to meet the immediate increase in demand while it looks for alternative ways to meet the needs of all its customers.

Improving our understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology, such as supercomputers and environmental satellites.

The science of climate change crosses generations and has progressed as a result of evolving technology. Our ability to measure performance is contingent upon many external factors, including the advancement of climate change itself. While the time frame of these processes spans decades and even centuries, the reporting periods extend over years.

Improving our understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology, such as supercomputers and environmental satellites.

**General Goal/Objective: Enhance the Conservation and Management of Coastal and Marine Resources to Meet America's Economic, Social and Environmental Needs**

<b>Resource Requirements (Dollars in Thousands)</b>					
<b>Performance Goal 3: Improve protection, restoration, and management of coastal and ocean resources through ecosystem-based management</b>	<b>FY 2004 Enacted</b>	<b>FY 2005 Base</b>	<b>FY 2005 Program Change</b>	<b>FY 2005 Request</b>	<b>Increase/Decrease</b>
Operations, Research, and Facilities					
National Ocean Service	353.3	258.2	(14.1)	244.1	(14.1)
National Marine Fisheries Service	620.8	520.3	100.9	621.2	100.9
NOAA Research	155.8	111.4	(2.1)	109.3	(2.1)
National Weather Service	---	---	---	---	---
NESDIS	10.3	11.6	1.0	12.6	1.0
Program, Policy and Integration	.5	.5	---	.5	---
Program Support	303.0	294.3	(73.9)	220.4	(73.9)
Procurement, Acquisition, and Construction	157.9	29.1	45.4	74.5	45.4
Business Management Fund		---	---	---	---
Other-Discretionary and Mandatory	134.4	135.2	(6.4)	128.8	(6.4)
Total	1,736	1,360.6	50.8	1,411.4	50.8
IT Funding					
FTE	5,448	5,453	84	5,537	84

Note: This performance goal is based on the new NOAA Strategic Plan and includes portions of various performance goals as reported in previous years Annual Performance Plans. Information regarding resource requirements by performance goals as reported in previous years is included in the back of this section.



**Performance Goal 3: Improve protection, restoration, and management of coastal and ocean resources through ecosystem-based management**

Measure	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Target	FY 2003 Actual	FY 2004 Target	FY 2005 Target
Number of Overfished Major Stocks of Fish	56	46*	45	43**	43***	43	42
Number of Major Stocks with an "Unknown" Stock Status	120	120	88	88	88****	84	77
Percentage of Plans to Rebuild Overfished Major Stocks to Sustainable Levels	93%	93%	90%	96%	90%***	96%	98%
Increase in Number of Threatened Species with Lowered Risk of Extinction	New	2	7	5	Available May 31, 2004	5	6
Number of Commercial Fisheries that Have Insignificant Marine Mammal Mortality	New	2	3	6	Available May 31, 2004	8	8
Increase in Number of Endangered Species with Lowered Risk of Extinction	New	3	5	6	Available May 31, 2004	6	7
Number of Habitat Acres Restored (Annual/Cumulative)	New	1,520	4,300/5,820	2,829/8,649	5,200/11,020	3,760/14,780	4,500/19,280

\*The original baseline was fifty-six of which ten were later reclassified as not being subject to overfishing requirements as defined in the associated Fisheries Management Plans.

\*\*This target number was originally reported as 55 in the FY 2003 Annual Performance Plan (APP). However, due to the reclassification of 10 major stocks as not being subject to overfishing requirements as defined in the Fisheries Management Plan, the targets for FY 2003 and beyond have been adjusted accordingly.

\*\*\*Preliminary estimates, actuals available May 31, 2004.

\*\*\*\*The original figure reported in the FY 2003 and 2004 APP was 118, but has been modified to reflect changes in the fisheries.

Note: Protected species are defined as all marine mammal stocks and those domestic non-marine mammal species listed as threatened or endangered under the Endangered Species Act that are under the jurisdiction of the National Marine Fisheries Service.

Coastal areas are among the most developed in the Nation, with over half of our population residing within less than one-fifth of the land area in the contiguous United States. Coastal counties are growing three times faster than counties elsewhere, adding more than 3,600 people a day to their populations. Coastal and marine waters support over 28 million jobs, generate over \$54 billion in goods and services a year, and provide a tourism destination for 180 million Americans a year. The value added to the national economy by the commercial fishing industry is over \$28 billion annually, and about 18 million Americans engage in marine recreational fishing every year. Within this context, 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 OBJECTIVES**

NOAA has identified three strategic objectives to further delineate what it does under this mission goal:

- A. Protect and restore ocean, coastal, and Great Lakes resources;
- B. Recover protected species; and
- C. Rebuild and maintain sustainable fisheries.

NOAA recognizes that these three objectives are scientifically, socially and economically interdependent and is moving toward managing living marine and other ocean and coastal resources using a truly integrated ecosystem management approach. Until ecosystem approaches are fully adopted, NOAA will continue to manage on a more narrowly focused species- and site-specific basis. However, NOAA will be improving the science, management, and regulatory processes to implement a more comprehensive ecosystem approach that will allow better management decisions for the Nation's ocean, coastal, and Great Lakes resources.

In the short term, NOAA will apply this new focus by giving increased priority to: habitat protection and restoration for all species; interactions of target species management decisions with nontarget species and ecosystem effects; and partnerships with international organizations, foreign governments, Federal agencies, state and local governments, academia, and nongovernmental organizations in applying ecosystem approaches to coastal, ocean, and Great Lakes resource management.

In the longer term, NOAA will strive to manage multiple aspects of sustainable ecosystems, including fisheries resources, threatened and endangered species, marine mammals, biodiversity, important habitats that support those resources, and the impacts of ecosystem-based management decisions on the economy and communities. Ecosystem management will also require improved understanding of the pressures--both natural and human-induced--that change ecosystems.

### Measure 3a: Number of Overfished Major Stocks of Fish

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	45	43**	43	42
Actual	56	46*	45	43***		
Met/Not Met			Met	Met		

\*The original baseline was fifty-six of which ten were later reclassified as not meeting the criteria for an “overfished” designation.

\*\*This number was originally reported as 55 in the FY 2003 Annual Performance Plan (APP). However, due to the reclassification of 10 major stocks as not being subject to overfishing requirements as defined in the associated Fisheries Management Plans, the targets for FY 2003 and beyond have been adjusted accordingly.

\*\*\*Preliminary estimate, actual number available May 31, 2004.

### Explanation of Measure

The purpose of this measure is to focus on the number of overfished major stocks. A major stock is defined as a stock that yields annual catches of more than 200 thousand pounds (90.7 metric tons). An overfished designation means that the biomass of a given fishery’s stock is below a prescribed threshold as defined in the Fishery Management Plan.

The 2001 Annual Report to Congress identified 295 major stocks, only 167 of which have a known status with respect to an “overfished” or “not overfished” designation.

The goal for this measure is to decrease the number of overfished major stocks from a FY 2000 baseline of forty six to thirty-two by 2009. The original baseline was fifty-six of which ten were later reclassified as not meeting the criteria for an “overfished” designation.

The National Marine Fisheries Service (NMFS) is providing some financial assistance, such as disaster relief programs, to alleviate some of the hardship encountered by fishermen during the course of rebuilding fisheries stocks.

### Measure 3b: Number of Major Stocks with an “Unknown” Stock Status

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	120	88*	84	77
Actual	120	120	88	88**		
Met/Not Met			Met	Met		

\*The original figure reported in the FY 2003 and 2004 APP was 118, but has been modified to reflect changes in the fisheries.

\*\*Preliminary estimate; actual number available May 31, 2004.

## Explanation of Measure

The purpose of this measure is to track progress in improving knowledge about the population status of major stocks as defined in the Annual Report to Congress. In many cases the current status of stocks under NMFS authority remains unknown. The goal for this measure is to reduce the number of major stocks with an unknown status to no more than 69 by FY 2009.

Not all unknown stocks are of equal importance; parameters such as the value and quantity of catches or known role in the ecosystem as key predators or prey determine a stock's level of importance. This measure takes into account the outcome of investments in staff and data acquisition, such as charter and research vessel days-at-sea and stock assessment methodological research.

Of the 905 stocks mentioned in the 2001 Annual Report to Congress, the status of more than 600 was either unknown or was classified as undefined. The vast majority of these unknown or undefined stocks are classified as minor stocks. Minor stocks, in fact, accounted for 83% of the stocks whose status were either unknown or undefined, while only 17% of the unknown and undefined stocks were categorized as major.

### Measure 3c: Percentage of Plans to Rebuild Overfished Major Stocks to Sustainable Levels

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	94%	96%	96%	98%
Actual	93%	90%	90%	90%*		
Met/Not Met			Not Met	Not Met		

*Note: All baseline rebuilding plans will be in place by 2005 except for Scup in the Northeast. The Scup rebuilding plan was disapproved but the stock has been rebuilding and a determination will be made when a rebuilding plan will be developed. Future targets will be modified as appropriate.*

*\*Preliminary estimate, actual number available May 31, 2004.*

## Explanation of Measure

This measure relates directly to the statutory requirements of the Magnuson-Stevens Fishery Conservation and Management Act that require regional councils to develop rebuilding plans for stocks of fish that have been identified as overfished. By maintaining this measure as a percentage, NOAA and the councils can measure their performance in putting together an approved rebuilding plan within the 18 month expected timeframe. This measure is also best represented as a percentage because to do otherwise would show an inaccurate negative trend where one does not exist. For example, the target for FY 2002 was to have 94% of rebuilding plans in place for 45 overfished major stocks ( $45 \times 0.94 = 42$ ). In actuality, only 41 overfished major stocks were required to have rebuilding plans and 4 plans were delinquent ( $37/41 = 90\%$ ). The target is to have 98 percent of the rebuilding plans in place by FY 2005 based on a total of 45 overfished major stocks, and a determination on the need for a rebuilding plan for Scup before FY2005.

The Magnuson-Stevens Act outlines specific parameters and timeframes for rebuilding. At this time, major and minor stocks have been differentiated to highlight the relative priorities and complexities of producing a rebuilding plan and the consequent impact on performance measurement. Measurement of this metric will occur in the annual Status of Stocks Report to Congress.

### Measure 3d: Increase in Number of Threatened Species with Lowered Risk of Extinction

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	2	2	5	5	6
Actual	New	2	7	Available May 31, 2004		
Met/Not Met		Met	Met			

### Explanation of Measure

The measure addresses 10 of the 27 threatened species that have been identified as the “threatened” species most in danger of extinct. The authority to list species at “threatened” or “endangered” is shared by the National Marine Fisheries Service, which is responsible for listing most marine species, and the Fish and Wildlife Service of the Department of the Interior, which administers the listing of all other plants and animals. There are two classifications under which a species may be listed:

- Species determined to be in imminent danger of extinction throughout all or a significant portion of their range are listed as “endangered”
- Species determined likely to become endangered in the foreseeable future are listed as “threatened.”

The threatened species considered in this measure are the Atlantic salmon, Johnson’s seagrass, the loggerhead turtle, the green turtle, the olive ridley turtle, Stellar sea lions, and four species of Pacific salmonids.

Strategies to accomplish this performance measure include enforcing existing conservation measures; conducting priority research as identified in species recovery plans; developing partnerships with states and others to implement conservation programs; and building the tools and technology to improve the effectiveness of conservation actions.

Because this measure reflects only general trends in status of threatened species, it does not capture the impact of work that NOAA undertakes on an annual basis to improve the understanding of protected species, build partnerships to address the conservation needs of those listed species, or the development of new tools and technology to address conservation needs. This performance measure is being reviewed and will be modified to more accurately address NOAA-controlled activities.

## FY 2004 and 2005 Targets

Investments in FY 2005 will address improved stock assessment capabilities for assessing the status and trends of targeted protected species through genetic profiling, improved telemetry techniques (e.g., satellite tagging) and new assessment technologies such as towed passive acoustic arrays and high frequency sonar. Additional investment in recovery plan development and implementation will allow for delivery of improved on-the-ground recovery projects and support for recovery plans that identify the threats to species and the actions necessary to eliminate or neutralize them and bring the species back from their threatened or endangered status.

### Measure 3e: Number of Commercial Fisheries that Have Insignificant Marine Mammal Mortality

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	2	6	6	8	8
Actual	New	2	3	Available May 31, 2004		
Met/Not Met		Met	Not Met			

### Explanation of Measure

This measure tracks the number of commercial fisheries where marine mammal deaths are substantial and where these deaths will be reduced to insignificant levels by 2007. Insignificant levels mean that total mortality or rate of death is no more than 10% of the maximum number of marine mammals that could die from human-caused mortality. For this measure, 15 out of 32 fisheries have been targeted.

One of the most significant impacts on marine mammal stocks is death from entanglement and drowning in fishing gear. Certain marine mammal species are particularly vulnerable to interactions with fisheries because of location and type of fishing gear used. The 15 fisheries and marine mammal stocks targeted in this measure are the following: for the Western North Atlantic stock of coastal bottlenose dolphins, the fisheries are the Mid Atlantic coastal gillnet, North Carolina inshore gillnet, Southeast Atlantic gillnet, Southeast Atlantic shark gillnet, Atlantic blue crab trap or pot, Mid Atlantic haul or beach seine, North Carolina long haul seine, North Carolina roe mullet stop net, and Virginia pound net. For the Gulf of Maine/Bay of Fund stock of harbor porpoise, the fishery is the Northeast sink gillnet. For the Atlantic large whale, the fisheries are the Northeast and Mid Atlantic American lobster trap or pot, Northeast sink gillnet, Mid Atlantic coastal gillnet, and Southeast Atlantic shark gillnet. Finally, for the Pacific, new fishing technologies to reduce gear impacts need to be developed. Strategies to reduce offshore cetacean interactions between fishing gear and marine mammals need to be devised. NOAA also needs to educate fishermen about how they can avoid marine mammals while still being able to catch fish.

A successful program to reduce mortality of marine mammal stocks will require research on marine mammal behavior, assessment of marine mammal populations, reduction of interactions in problem fisheries, and monitoring and analysis via the observer program.

## FY 2004 and 2005 Targets

The 2-year period identified for each performance target reflects the multi-year process required for the cycle of identifying, implementing, and monitoring the strategies identified to accomplish these goals.

### Measure 3f: Increase in Number of Endangered Species with Lowered Risk of Extinction

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	3	6	6	6	7
Actual	New	3	5	Available May 31, 2004		
Met/Not Met		Met	Not Met			

### Explanation of Measure

The term "endangered species" is defined in the Endangered Species Act as any species that is in danger of extinction. Of the list of 29 endangered species, 11 have been identified as the most critically in danger of extinction. These eleven species include the Pacific leatherback turtle, kemp's ridley turtle, hawksbill turtle, Hawaiian monk seal, Western Stellar sea lion, shortnose sturgeon, and five species of Pacific salmonids. Efforts to prevent extinction will focus on identifying the factors that contribute to extinction and developing and implementing recovery plans to address these factors. Reducing the probability of extinction requires a reduction in human activities that are detrimental to the survival of protected species, that is, reducing incidental and direct catch (takes), increasing species habitat, decreasing negative interactions, and mitigating natural phenomena.

Because this measure reflects only general trends in status of endangered species, it does not capture the impact of work that NOAA undertakes on an annual basis to improve the understanding of protected species, build partnerships to address the conservation needs of those listed species, or the development of new tools and technology to address conservation needs. This performance measure is being reviewed and will be modified to more accurately address NOAA-controlled activities.

## FY 2004 and 2005 Targets

While it may not be possible to “recover or de-list” a species in a one or two year time frame, progress can be made to reduce the likelihood of these species becoming extinct – for some it is trying to stop a steep decline (right whales, stellar sea lions); for others it is trying to increase their numbers/abundance (ridley turtles).

### Measure 3g: Number of habitat Acres Restored (Annual/Cumulative)

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	New	New	2,829/8,649	3,760/14,780	4,500/19,280
Actual	1520	4,300/5,820	5,200/11,020		
Met/Not Met			Met		

This performance measure replaces the previous measure, “Number of Acres of Coastal Habitat Benefited.” The previous performance measure was changed to reflect a more precise measure of the actual and direct consequences of restoration actions with the recognition that indirect beneficial impacts may occur that cannot be precisely measured at present. With the replacement measure, a new baseline for tracking progress has been established.

NOAA restores habitat areas lost or degraded as a result of development and other human activities, as well as specific pollution incidents and sources. Activities are geared toward NOAA trust resources found across the marine environment and supportive of anadromous fish species. The intent of this measure is to summarize or project the geographic area over which ecosystem function has been or will be improved as the direct result of habitat restoration efforts.

## Discontinued Measures

### Reducing the Impacts of Invasive Species within Six Regions in the United States

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	1	1	2	2	2		
Actual	0	1	2	2			
Met/Not Met	Not Met	Met	Met	Met			
Met							



Based on the DOC Office of the Inspector General Audit Report, “No. FSF-14998/November 2002, “ this measure will be replaced but will not be reported as an APP/GPRA measure. The future measure will be more specific in terms of scope and regional areas covered by the work.

### Number of Acres of Coastal Habitat Benefited (Cumulative)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	108,531	117,884	
Actual	New	83,002	108,531		
Met/Not Met			Met		

This performance measure has been revised to show “Number of Habitat Acres **Restored.**” The performance measure has been changed to reflect a more precise measure of the actual and direct consequences of restoration actions with the recognition that indirect beneficial impacts may occur that cannot be precisely measured at present. With the revised performance measure, a new baseline for tracking progress has been established.

Basically, this discontinued measure reflects the number of acres that benefit from projects sponsored by NMFS and funded under the Coastal Wetlands Planning, Protection, and Restoration Act (CWPPRA). The count includes acres adjacent to those restored that benefit from the restoration as well. For example, one project in 2001 will create seventy acres of marsh and protect up to thirty acres of the main habitat; it also will create about seventy-three acres of wetlands by trapping sediment.

In FY 2002, the DOC Office of the Inspector General undertook a study on how NOAA reports on its performance measures. Based on the findings of the IG study, the targets and actuals for FY 2001 and FY 2002 have been revised to more accurately document this performance measure. As a result, the actual for FY 2001 is 83,002 acres and the target for FY 2002 should have been 108,531 acres (as opposed to the original target of 122,000), which is also the actual for FY 2002. Therefore, based on the revision, NOAA has met the target for FY 2002.

The original FY 2001 performance results incorrectly included one project scheduled for completion in FY 2002, two scheduled for completion in FY 2003, and two for which the number of benefited acres was overstated by 50 percent. Taken together, these five projects inflated NOAA’s FY 2001 count by approximately 33,000 acres (39 percent). The supported number of acres that should have been reported as benefited was approximately 83,002, not the 116,000 contained in the FY 2001 APP/FY 2003 APP.

### Unit Cost Measures

The NOAA performance measures for this goal relate to the scientific work conducted within the agency. Because of the technical and complex nature of NOAA activities and the impact of biological and other natural conditions, unit cost measures are not used. However, NOAA is reviewing its current performance measures and developing (if needed) new measures for FY 2006.

## **Office of Management and Budget (OMB) - Program Assessment Rating Tool (PART)**

For this performance goal, three programs were reviewed using PART, namely, the NOAA Fisheries' Regulatory Program, Pacific Coastal Salmon Recovery Program, and the Coastal Zone Management Program under the Coastal Zone Management Act (CZMA).

Within the Federally controlled U.S. Exclusive Economic Zone, the NOAA National Marine Fisheries Service (NMFS) is responsible for the management and conservation of the Nation's living marine resources and their habitats. The regulatory programs under NMFS promote sustainable use of living marine resources and the recovery of threatened and endangered species. The PART review of the NMFS Regulatory Program instructed NMFS to continue work implementing proposed management and organizational changes. NMFS is continuing efforts to improve the quality and frequency of stock assessments and to improve the ability to provide timely and high quality analyses for fisheries management decisions, at the same time working to more efficiently process regulatory actions.

The Pacific Coastal Salmon Recovery Fund is authorized for salmon habitat restoration, salmon enhancement, salmon research, and salmon supplementation activities. The program provides grants to States and Tribes to assist state, local, and tribal salmon conservation and recovery efforts. Using PART, this program received a total score of 80% out of 100%. The PART review of the Pacific Coastal Salmon Recovery Fund directed the program to "complete the development of program-wide long-term performance measures by June, 2003". In May 2003, the program published its Performance Goals and Reporting Metrics. Within the overarching goal of conservation, restoration and sustainability of Pacific salmon and their habitat, the program identified five program objectives that represent the categories of projects funded with PCSRF funds. These objectives are: 1) salmon habitat protection and restoration, 2) watershed and sub-basin planning and assessments, 3) salmon enhancement, 4) salmon research, monitoring and evaluation, and 5) public outreach and education. Investments in each of these will be measured against the performance goals identified for each category. The full report is available at:

[http://www.nwr.noaa.gov/pcsrp/PCSRF\\_Performance\\_Measures.pdf](http://www.nwr.noaa.gov/pcsrp/PCSRF_Performance_Measures.pdf)

The CZMA of 1972, as amended, creates federal-state partnerships to support effective management, beneficial use, protection, and development of the coastal zone. The NOAA National Ocean Service (NOS) Coastal Zone Management Program addresses competing demands for economic development and environmental protection through an integrated approach to protecting, restoring, and developing the natural, cultural, and economic resources of the coastal zone. As a result of NOAA's efforts on the PART for the CZMA Program, NOAA will continue to develop meaningful long-term outcome measures.

### **Program Evaluation**

Virtually every aspect of National Marine Fisheries Service's fisheries science program is peer reviewed, either internally within NMFS or outside the agency by, for example, the National Academy of Sciences or the National Science Foundation. NMFS also relies on extensive informal networks of university partnerships and laboratories throughout the Nation. Moreover, reviews often occur by opposing parties' scientists in the court system when fisheries management decisions are litigated.

Evaluation efforts include peer reviews of proposals, internal and external reviews of programs, and quarterly reviews of NMFS' overall performance in protected species recovery. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

NOAA's goal to sustain healthy coasts is the product of more than 25 years of experience helping to understand and manage coastal resources so that their ecological and economic productivity can be fully realized and sustained. Evaluation efforts exist at a variety of levels, from peer reviews of proposals and evaluations of individual projects, to internal and external reviews of entire programs and quarterly reviews of NOAA's overall performance in coastal stewardship areas. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

### **Cross-cutting Activities**

#### **Intra-Department of Commerce**

The National Marine Fisheries Service will focus on reducing overfishing and overcapitalization of U.S. fishery resources by improving stock assessment and prediction, improving essential fisheries habitat, and reducing fishing pressure, including downsizing of fishing fleets. The Department of Commerce, enlisting the support of key bureaus such as the Economic Development Administration, the Minority Business Development Agency, and the National Institute of Standards and Technology, will play a key role in mitigating the impact of these critical resource conservation decisions in the transition to economically sustainable communities.

#### **Other Government Agencies**

The Department of Commerce will enlist the support of other federal agencies, such as USDA, the Small Business Administration, and the U.S. Department of Labor, to mitigate the effect of resource conservation decisions.

Over the past year, NMFS has developed innovative partnerships with the states of Maine, Washington, Oregon, and California to promote the recovery of listed and at-risk salmon and steelhead species.

NOAA has leveraged its resources through a variety of effective international, interagency, state, local, private sector, and other partnerships to develop world-class coastal stewardship capabilities. These partnerships are essential to effectively integrate coastal science, assessment, monitoring, education, and management activities.

NOAA provides technical and scientific assistance to a variety of partners involved in protection, monitoring, and restoration of coastal resources. For example, NOAA provides critical information to the U.S. Coast Guard to help the Coast Guard respond to approximately 70 serious oil and chemical spills every year. NOAA also works closely with other agencies, Department of Commerce bureaus, states, local governments, and industry on important cross-cutting activities such as reducing the risks and impacts of natural hazards, protecting and restoring essential fish

habitats, reducing runoff pollution, forecasting and preventing harmful algal blooms, and exploring the deep ocean and new uses of the ocean's rich biodiversity.

### **External Factors and Mitigation Strategies**

Various external factors may affect NMFS' ability to reach its targets. These factors include the impact of climate and other natural conditions, such as El Niño, on biological stocks. In addition, the effect of national and/or local economic conditions may affect NOAA's ability to reach certain targets.

The impact of climate, biological, and other natural conditions affect NMFS' efforts to recover protected species and maintain the status of healthy species. Research may identify opportunities to pursue mitigating strategies in some cases.

Changes in climate, biological, and other natural conditions may affect NOAA's ability to carry out activities to sustain healthy coasts. In addition, many of these coastal stewardship activities depend on contributions from multiple partners, particularly states, territories, and other federal agencies. The failure of one or more of these partners to fulfill their cooperative contributions could have very serious consequences on the overall effort to sustain healthy coasts.

<b>Resource Requirements (Dollars in Thousands)</b>					
<b>Performance Goal 4: Support the Nation's commerce with information for safe, efficient, and environmentally sound transportation</b>	<b>FY 2004 Enacted</b>	<b>FY 2005 Base</b>	<b>FY 2005 Program Change</b>	<b>FY 2005 Request</b>	<b>Increase/ Decrease</b>
Operations, Research, and Facilities					
National Ocean Service	149.0	117.1	14.6	131.7	14.6
National Marine Fisheries Service	---	---	---	---	---
NOAA Research	---	---	---	---	---
National Weather Service	31.8	32.8	0.4	33.2	.4
NESDIS	9.0	9.4	1.1	10.5	1.1
Program, Policy and Integration	.5	.5	---	.5	---
Program Support	.5	---	---	---	---
Procurement, Acquisition, and Construction	71.2	75.0	5.5	80.5	5.5
Business Management Fund	---	---	---	---	---
Other-Discretionary and Mandatory	---	---	---	---	---
Total	262.0	234.8	21.6	256.4	21.6
IT Funding					
FTE	818	826	2	828	2

Note: This performance goal is based on the new NOAA Strategic Plan and includes portions of various performance goals as reported in previous years Annual Performance Plans. Information regarding resource requirements by performance goals as reported in previous years is included in the back of this section.

**Performance Goal 4: Support the Nation’s commerce with information for safe, efficient, and environmentally sound transportation**

<b>Measure</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Target</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
Reduce the Hydrographic Survey Backlog Within Navigationally Significant Areas (square nautical miles surveyed per year)	1,557	2,963	1,514	2,100	1,762	2,290	3,000
Percentage of National Spatial Reference System (NSRS) Completed (Cumulative %)	71%	75%	83%	84%	84%	85%	87%
Accuracy (%) and FAR (%) of Forecasts of Ceiling and Visibility (3miles/1000 ft.) (Aviation Forecasts)	New	New	45%	45%	48%	46%	46%
	New	New	71%	71%	64%	70%	68%
Accuracy (%) of Forecast for Winds and Waves (Marine Forecasts)							
Wind Speed	New	New	52%	54%	57%	57%	60%
Wave Height	New	New	68%	66%	71%	69%	72%

Safe and efficient transportation systems are crucial economic lifelines for the Nation. NOAA’s information products and services are essential to the safe and efficient transport of goods and people at sea, in the air, and on land and waterways. More accurate and timely warnings associated with severe weather threats, marine navigation products and services, and improved positioning data can better support the growing commerce on our road, rail and waterways through improvements in transportation safety and just-in-time efficiencies. For example, the U.S. Marine Transportation System (MTS) ships over 95 percent of the tonnage and more than 20 percent by value of foreign trade through America’s ports, including 48 percent of the oil needed to meet U.S. energy demands. Waterborne cargo alone contributes more than \$740 billion to the U.S. gross domestic product and creates employment for over 13 million citizens. Every year, 134 million passengers are ferried to work and other destinations on U.S. waterways, along with 5 million cruise ship passengers. Better aviation weather information could significantly reduce the \$4 billion that is 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.

As U.S. dependence on surface and air transportation grows over the next 20 years with significant increases in the volume of land transportation and the projected doubling of maritime trade, better navigation and weather information will be critical to protect lives, cargo, and the environment. NOAA is committed to improve the accuracy of its marine forecasts, provide advanced electronic navigational charts and real-time oceanographic information, and maintain a precise positioning network that mariners need to navigate with confidence. Consistent, accurate and timely positioning information derived from NOAA's positioning services is critical for air and surface activities such as aircraft landings and improving the safety and efficiency of road and railroad delivery.

NOAA partners in the academic, government, and private sectors are essential to realizing this goal. Improved NOAA information will enable the private weather sector to provide better weather related forecasts and information to their clients for improved efficiencies. NOAA will work with the Federal Aviation Administration and the private sector to reduce the impacts of weather on aviation without compromising safety. Reducing the risk of marine accidents and oil spills, better search and rescue capabilities, and other efficiencies that can be derived from improved navigation and coastal and ocean information and services could be worth over \$300 million annually around the Nation's coasts. NOAA will work with port and coastal communities, and with Federal and state partners, to ensure that port operations and development proceed efficiently and in an environmentally sound manner. On land, improvements in weather information will be used more effectively to reduce the \$42 billion annual economic loss and the 500 million vehicle hour delays attributed to weather-related crashes.

**Measure 4a: Reduce the Hydrographic Survey Backlog Within Navigationally Significant Areas (square nautical miles surveyed per year)**

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	1,550	1,505	1,602	2,100	2,290	3,000
Actual	1,557	2,963	1,514	1,762		
Met/Not Met	Met	Met	Not Met	Not Met		

*This measure has been changed to reflect the recommendation made by the Office of the Inspector General, Audit Report No. FSD-14998-3-001 dated February 2003. This measure was previously worded as "Hydrographic Survey Backlog (Square Nautical Miles) for Critical Navigation Areas (Cumulative Percentage).*

**Explanation of Measure**

NOAA conducts hydrographic surveys to determine the depths and configurations of the bottoms of water bodies, primarily for U.S. waters significant for navigation. This activity includes the detection, location, and identification of wrecks and obstructions with side scan and multi-beam sonar technology and GPS. NOAA uses the data to produce traditional paper, raster and electronic navigational charts for safe and efficient navigation. In addition to the commercial shipping industry, other user communities that benefit include recreational boaters, the commercial fishing industry, port authorities, coastal zone managers, and emergency response planners. Ships traversing our coastal waters rely on charts based on sounding data that are more than 50 years old in many places. NOAA has identified approximately 537,000 square nautical miles of the U.S. Exclusive Economic Zone as navigationally significant and in need of resurvey. Since 1994, NOAA has focused primarily on surveying and reporting its accomplishments in the

highest priority areas, many of which carry heavy commercial traffic, are less than 30 meters deep, and change constantly. However, this critical area constitutes only a small portion (8%) of the entire navigationally significant area used by large commercial vessels and recreational boaters. The square nautical miles reported in the table above reflect data collected within all areas designated as navigationally significant. NOAA's surveying activities balance in-house resources with contracts and use the latest full bottom coverage sounding technologies to survey the nation's coastal areas for navigation. NOAA utilizes private contractors and a vessel time charter to supplement its in-house resources to conduct hydrographic data collection. Weather, mechanical failure, and level of surveying difficulty are variables for both NOAA and its contractors, and therefore variances from the targets of +/- 50 square nautical miles per vessel are to be expected in a normal field season.

### **FY 2004 and 2005 Targets**

NOAA's FY 2004 target is substantially lower than the FY 2005 target for several reasons. While NOAA expects to begin the operations of a time charter for hydrographic surveys in 2004, the contracting process has been fraught with delays. Therefore, the time charter will only operate for part of the year. A cooperative international charting project in Mexican waters is planned for the NOAA ship THOMAS JEFFERSON, which will redirect this asset from U.S. waters for approximately 45 sea days. In addition, the reactivated NOAA ship FAIRWEATHER will operate for only part of the year, and will sail with only two survey launches – two short of its capacity. Contracts for hydrographic services will be focused in critical waters on the Alaskan coast and the Gulf of Mexico.

In 2005, NOAA expects a full year of operations from both the time charter and the FAIRWEATHER, which will work in sheltered South East Alaskan waters near her home port in Ketchikan. Contracts for hydrographic services will continue to be focused in critical waters on the Alaskan coast and the Gulf of Mexico.

### **Measure 4b: Percentage of National Spatial Reference System (NSRS) Completed (Cumulative %)**

	<b>FY2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Target	64	75	78	84	85	87
Actual	71	75	83*	84		
Met/Not Met	Met	Met	Met	Met		

*\*This figure was reported as 81% in the FY 2002 APPR. As a result of the Office of Inspector General Audit Report No. FSD-14998-3-001 dated February 2003, the FY 2002 Actual reported previously has been revised to 83% in this document.*

### **Explanation of Measure**

This measure was added in FY2000 to replace the Physical Oceanographic Real Time System measure, which was discontinued. The NSRS performance measure is effective because it integrates the different components of the geodesy program (spatial earth measurements) into a product more useful to customers rather than measuring individual components of horizontal and vertical positioning.



In order to meet the Nation’s navigation and other positioning needs, NOAA is enhancing the NSRS to provide the higher accuracy and accessibility needed for use with the space-based Global Positioning Systems (GPS), whose satellites transmit signals that allow determination of position, height, velocity, and time. The NSRS, a system of reference stations and monuments across the nation, provides integrity to geographic coordinates obtained from GPS satellite signals for accurate positioning in support of numerous applications, including land surveying, navigation, mapping, and infrastructure development such as 911 emergency response and scientific applications. New uses for GPS are being found every day, and many of them involve precision heights.

**Measure 4c: Accuracy (%) and FAR (%) of Forecasts of Ceiling and Visibility (3 Miles/1000 Feet) (Aviation Forecasts)**

		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Accuracy (%)	Target	New	New	New	45%	46%	46%
	Actual	New	New	45%	48%		
	Met / Not Met	New	New		Met		
FAR (%)	Target	New	New	New	71%	70%	68%
	Actual	New	New	71%	64%		
	Met / Not Met	New	New		Met		

**Explanation of Measure**

This measure originally covered “1/4 mile/200 feet.” Conditions of a 200-foot ceiling and one quarter mile visibility are components of the FY 2002 and earlier performance measure accuracy and false alarm rate percentages. However, these conditions are rare events. Because of the infrequency of these conditions, the performance measure poorly captured the operational impact of NWS aviation forecasts. The NWS decided that a better criterion of performance is an aviation performance measure based on a 1000-foot ceiling and three miles of visibility for both accuracy and false alarm rate, and is related to Instrument Flight Rules (IFR) conditions.

In accordance with the NWS strategic plan, this type of measure was added in FY 2000 to reflect a segment of customers that had not been represented in other performance measures. Visibility and cloud ceiling forecasts are critical for the safety of aircraft operations. Accurately forecasting the transition between Visual Flight Rule and IFR conditions significantly improve general and commercial aviation flight planning capabilities, improving both flight safety and efficiencies.

### Measure 4d: Accuracy (%) of Forecast for Wind Speed and Wave Height (Marine Forecasts)

		FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Wind Speed	Target	New	New	New	54	57	60
	Actual	New	New	52	57%		
	Met/Not Met	New	New		Met		
Wave Height	Target	New	New	New	66	69	72
	Actual	New	New	68	71%		
	Met/Not Met	New	New		Met		

### Explanation of Measure

This measure was originally a “combined accuracy forecast for marine wind and wave.” The measure has been revised to reflect the individual wind speed and wave height components. This performance indicator measures the accuracy of wind and wave forecasts, which are important for marine commerce.

In accordance with the NWS strategic plan, this type of measure was added in FY 2000 to reflect another segment of customers that had not been represented in other performance measures. NOAA actions to be taken include data collection and verification, which will be added to forecasts for the Great Lakes. The NWS expects the accuracy to gradually improve by 2009. This improvement will be possible as a result of operational deployment of new marine forecast capabilities, including future releases and upgrades to the Advanced Weather Interactive Processing System (AWIPS) software used by NWS forecasters; implementation of new wave forecast models through successful outreach and collaboration efforts with customers and partners of NOAA/NWS services; expanding the network of marine weather observations used in the forecast and verification process; and exploring and improving new methods of disseminating forecasts to customers in the digital era of providing forecasts.

### Unit Cost Measures

The NOAA performance measures for this goal relate to the scientific work conducted within the agency. Because of the technical and complex nature of NOAA activities and the impact of biological and other natural conditions, unit cost measures are not used. However, NOAA is reviewing its current performance measures and developing (if needed) new measures for FY 2006.

### Office of Management and Budget (OMB) – Program Assessment Rating Tool (PART)

For this performance goal, the Nautical Mapping and Charting Program of NOAA’s National Ocean Service was reviewed using PART. The NOAA Nautical Mapping and Charting Program is responsible for charting U.S. and territorial waters to the limits of the U.S. Exclusive

Economic Zone, an area of 3.4 million square nautical miles. The program provides the necessary chart tools to all mariners in U.S. waters for safe navigation. The NOAA nautical charts support the U.S. Marine Transportation System and the U.S. economy in moving goods and people efficiently through U.S. coastal waters, ports, and waterways.

As a result of PART, NOAA's mapping and charting program is developing new long-term outcome measure. Specifically, NOAA has initiated a project with the U.S. Merchant Marine Academy to analyze U.S. Coast Guard accident data for navigation-related events to determine a baseline and targets for accident reduction via improved utility of NOAA navigational products and services.

## **Program Evaluation**

NOAA's goal to promote safe navigation is evaluated at a variety of levels, from peer reviews of products, papers, and projects, to internal and external reviews of entire programs and quarterly reviews of NOAA's overall performance in navigation products and services. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

From 1992 to 1996, a number of National Research Council Marine Board studies examined the nautical charting program and its transition into the digital era. NOAA incorporated study recommendations on areas such as reducing the survey backlog, implementing new digital production techniques, and delivering new electronic chart products to the program. The Hydrographic Services Improvements Act of 1998 provided Congress and NOAA an opportunity to evaluate NOAA's capabilities for acquisition and dissemination of hydrographic data, develop standards and formats for hydrographic services, and contract for the acquisition of hydrographic data. NOAA now contracts out over 50 percent of its annual critical area hydrographic survey requirements while maintaining Federal competence and expertise with existing and developing surveying technologies. A 2001 KPMG Consulting cost analysis of survey platform options supported NOAA's concept of a time charter for continuous survey operations. Pending FY 2003 appropriations, NOAA plans to contract for a time charter to test its effectiveness in real-world applications.

In 1998, Congress authorized the Height Modernization study to evaluate the technical, financial, legal, and economic aspects of modernizing the national height system with GPS. The study demonstrated the significant benefits to the Nation in terms of dollars and lives saved associated with GPS technology, and it led to current development of the vertical component of the NSRS. In 1999 NOAA completed an assessment of its tidal currents program to develop guidelines for future current surveys to update U.S. reference stations for the Tidal Current Tables. Finally, the September 1999 Report to Congress that assessed the U.S. Marine Transportation System (MTS) further articulated the need for coordinated Federal leadership to achieve the MTS vision of becoming the world's most technologically advanced, safe, efficient, globally competitive, and environmentally responsible system for moving goods and people. NOAA's navigation safety support functions underwent substantial review to identify opportunities for greater integration among Federal agencies.

## **Cross-cutting Activities**

### **Intra-Department of Commerce**

In partnership with the Technology Administration and National Telecommunications and Information Administration within the Department of Commerce and other civil agencies from all civil departments, NOAA participates on the Interagency GPS Executive Board, which with the Department of Defense jointly manages the GPS satellite program as a national asset. Now a dual-use system heavily employed by civilian and commercial sectors, GPS is a global information utility that the United States has committed to provide free to the world for use as the international standard for navigation, positioning, and timing.

### **Other Government Agencies**

NOAA works closely with agencies such as the Department of Transportation, the U.S. Coast Guard, and the U.S. Army Corps of Engineers in support of Marine Transportation System goals and objectives to identify and improve navigation services for maritime commerce while preserving navigation and environmental safety. NOAA and the Department of Transportation also cooperate on the development of the Nationwide Differential GPS System, which employs NOAA's Continuously Operating Reference Stations to enable highly accurate GPS positioning in three dimensions across the nation. This system benefits from a multipurpose cooperative effort among government, academia, and the commercial sector and supports numerous NOAA objectives and activities.

### **External Factors and Mitigation Strategies**

Weather has a significant impact on the promotion of safe navigation activities. Both in-house and contract hydrographic survey schedules can be affected by adverse weather conditions and equipment failure, as can aerial photography flights scheduled for shoreline photogrammetry. Storm damage frequently renders water-level stations inoperable, affecting surveying capabilities and real-time observations of water levels and currents so critical to safe navigation. Natural disasters such as earthquakes and hurricanes can elevate the need to survey an area because of shoreline changes or obstruction accumulation; man-made impacts such as shifts in shipping patterns, newly regulated shipping lanes, port expansions, or wrecks will also impact NOAA's survey schedule. Finally, in addition to mission activities, NOAA ships and aircraft provide immediate response capabilities for unpredictable events such as search and recovery efforts after the TWA Flight 800 and EgyptAir Flight 990 crashes; damage assessments after major oil spills such as the Exxon Valdez, the Persian Gulf War, and the New Carissa; and severe hurricanes. NOAA mitigates these impacts with backup plans for relocating assets to other projects, or by reassessing survey schedules.

## NOAA Data Validation and Verification

NOAA’s Office of Finance Administration/Budget Office coordinates an annual review of the performance data to ensure that it is complete and accurate. During this process, significant deviations from projected targets, if any, are discussed with the appropriate NOAA Line Office so that changes or corrections can be made to help meet NOAA’s performance goals. The actual validation process is conducted by individual NOAA Line Offices. The verification aspects depend on individual Line Office. For oceans and fisheries-related measures, stock assessments and reviews (internal, and/or peer) are common. For weather related measures, the verification process is, among other things, through comparison of predicted weather to the actual event. For the climate-related measures, verification is through, among other things, quality control of data. Satellite data are compared with on site data to help validate data accuracy.

<u>Performance Measure</u>	<u>Data Source</u>	<u>Frequency</u>	<u>Data Storage</u>	<u>Internal Control Procedures</u>	<u>Data Limitations</u>	<u>Actions to be Taken</u>
Measure 1a: Lead time (minutes), accuracy (%), and false alarm rate (FAR, %) of severe weather warnings for tornadoes	National Weather Service (NWS) field offices	Monthly	NWS headquarters and the Office of Climate, Water, and Weather Services (OCWWS)	Verification is the process of comparing the predicted weather to the actual event. The process begins with the collection of warnings from every NWS office across the nation. The severe weather event program includes extensive quality control procedures to ensure the highest reliability of each report. The data in each report are entered into a database that contains severe weather warnings where the warnings and events are matched and appropriate statistics are calculated and made available to all echelons of the NWS.	There are limitations of scientific verification in assessing data. The fundamental purpose of scientific verification is to objectively assess program performance through the use of standard statistical analysis. However, a number of factors unique to the atmospheric sciences must be considered to ensure proper interpretation of objectively derived statistics. The primary factor to consider is the natural variation of this performance measure related to annual fluctuations in meteorological	Review the storm data from individual events to pinpoint the causes and take corrective actions.

					conditions associated with severe weather.	
Measure 1b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods	National Weather Service (NWS) field offices	Monthly	NWS headquarters and the Office of Climate, Water, and Weather Services (OCWWS)	Verification is the process of comparing the predicted weather to the actual event. The process begins with the collection of warnings from every NWS office across the nation. The severe weather event program includes extensive quality control procedures to ensure the highest reliability of each report. The data in each report are entered into a database that contains severe weather warnings where the warnings and events are matched and appropriate statistics are calculated and made available to all echelons of the NWS.	There are limitations of scientific verification in assessing data. The fundamental purpose of scientific verification is to objectively assess program performance through the use of standard statistical analysis. However, a number of factors unique to the atmospheric sciences must be considered to ensure proper interpretation of objectively derived statistics. The primary factor to consider is the natural variation of this performance measure related to annual fluctuations in meteorological conditions associated with severe weather.	NOAA will continue to collect data while reporting additional measures in the future
Measure 1c: Hurricane Track Forecasts Error (48 Hours)	NWS/Tropical Prediction Center (TPC)	Annual	TPC	Hurricane storm verification is performed for hurricanes, tropical storms, and tropical depressions regardless of whether these systems are over land or water. The TPC issues track and intensity forecast throughout the life of a hurricane. The actual track and	Verification of actual track and intensity versus forecast is very accurate. However, actual annual scores vary up to 20% in some years due to the type and	NOAA will report on the tracking of forecasts at 24, 48 and 72-hour intervals.

				<p>intensity are verified through surface and aircraft measurements. NOAA calculates the average accuracy of the TPC track and intensity forecasts for the Atlantic basin at the end of each hurricane season.</p>	<p>location of the hurricane events. Some types of systems can be more accurately forecasted than others. For example, hurricanes that begin in the northern sections of the hurricane formation zone tend to be much harder to accurately forecast. Out-year measures depend on a stable funding profile and take into account improved use of the Weather Service Radar (WSR-88D), new satellites, improved forecast models, new and continued research activities of the U.S. Weather Research Program (USWRP), and investments in critical observing systems</p>	
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<p>Measure 1d: Accuracy (%) (Threat Score) of day 1 precipitation forecasts</p>	<p>The Hydrometeorological Prediction Center <u>NWS field offices</u> <u>NOS, other federal and state agencies</u></p>	<p>Annual <u>Daily</u> <u>Annual</u></p>	<p>World Weather Building <u>NWS headquarters and OCWWS</u> <u>NOS will collect information, conduct assessments, and store data.</u></p>	<p>The Hydrometeorological Prediction Center has produced the Quantitative Precipitation Forecast since the early 1960s and has kept verification statistics related to the Quantitative Precipitation Forecast program since that time. All data are examined for accuracy and quality control procedures are applied. Verification is the process of comparing the predicted</p>	<p>The NWS routinely prepares and distributes to internal and external customers predictions of heavy rainfall. The Hydrometeorological Prediction Center has the responsibility to prepare both graphical and text</p>	<p>NOAA will implement planned weather improvements along with ongoing research projects. Introduce high-resolution regional models.</p>
<p>Measure 1e: Lead Time (Hours) and Accuracy (%) of Winter Storm Warnings</p>						



<u>Measure 1f: Cumulative percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts</u>						
Measure 2a: U.S. temperature – skill score	Forecast data, observations from U.S. Weather Forecast Offices, and from a cooperative network maintained by volunteers across the nation	Annual	NWS's National Centers for Environmental Prediction	NOAA performs quality assurance analysis of the data (for example, error checking, elimination of duplicates, and interstation comparison) both at the national and U.S. Weather Forecast Office level	Given the difficulty of making advance temperature and precipitation forecasts for specific locations, a skill score of 20 is considered quite good and means the forecast was correct in almost 50% of the locations forecasted. Forecasts will likely be better in El Niño years than in non-El Niño years.	None
Measure 2b: New Climate Observations Introduced	Observations from data buoys, ships, satellites, and so on	Annual	Oceanic and Atmospheric Research laboratories, NESDIS, and NCDC	NOAA performs quality assurance analysis and data processing.	Percentages of observing platforms operational at a given time and analyses of data quality and errors; observations received in time to be incorporated in operational climate analyses and forecasts.	None
Measure 2c: Assess and Model Carbon Sources and Sinks Throughout the United States	Observations from atmospheric profiling sites in North America and shipboard ocean carbon sampling	Annual	Climate Monitoring and Diagnostics Laboratory	Quality assurance and calibration against known standards performed by NOAA	Number of profiling/ocean sites and our ability to incorporate these data into advanced carbon models	None
Measure 2d: Assess and Model Carbon Sources and Sinks Globally	Flask samples taken from a global network and	Annual	Climate Monitoring and Diagnostics Laboratory	Quality assurance and calibration against known standards performed by NOAA	Number of flask sites and our ability to incorporate these	None

	analyzed by NOAA				data into advanced carbon models	
Measure 2e: Determine the Actual Long-term Changes in Temperature and Precipitation Over the United States	NOAA's National Climatic Data Center	Annual	NOAA's National Climatic Data Center	Monte Carlo simulations based on operation stations	None	None
Measure 3a: Number of overfished major stocks of Fish	NOAA's National Marine Fisheries Service (NMFS) report to Congress, <i>Status of Fisheries of the United States</i>	Annual	NMFS Office of Sustainable Fisheries	Stock assessments and peer reviews (internal and outside the agency)	None	
Measure 3b: Number of major stocks with an "unknown" stock status	NOAA/National Marine Fisheries Service (NMFS), Report to Congress: Status of Fisheries of the United States.	Annual	NOAA/NMFS Office of Sustainable Fisheries	Stock assessments and peer reviews (internal and outside the agency).	None	
Measure 3c: Percentage of plans to rebuild overfished major stocks to sustainable levels	NOAA/National Marine Fisheries Service (NMFS) Report to Congress: Status of Fisheries of the United States.	Annual	NOAA/NMFS Office of Sustainable Fisheries	Stock assessments and peer reviews (internal and outside the agency).	None	
Measure 3d: Increase in number of threatened species with lowered risk of extinction	NMFS	Annual	NMFS's Office of Protected Resources	Audits and internal peer review within NOAA and external peer review by regional fishery councils, the National Science Foundation, the National Academy of Science, and other organizations	None	
Measure 3e: Number of commercial fisheries that have insignificant marine mammal mortality	NMFS	Annual	NMFS's Office of Protected Resources	Audits and internal peer review within NOAA and external peer review by regional fishery councils, the National Science Foundation, the National Academy of Science, and other organizations	None	None

Measure 3f: Increase in number of endangered species with lowered risk of extinction	NMFS	Annual	NMFS's Office of Protected Resources	Audits and internal peer review within NOAA and external peer review by regional fishery councils, the National Science Foundation, the National Academy of Science, and other organizations	None	None
Measure 3g: Number of acres of coastal habitat restored (annual/cumulative)	Primary source is NMFS's Office of Habitat Conservation; NOS provides additional input	Annual	NMFS's Habitat Office will collect information, conduct assessments, and store data.	NMFS's Habitat Office will collect quality-controlled data to ensure performance data criteria are being met.	None	None
Measure 4a: Reduce Hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year)	Progress reports on data collected from hydrographic survey platforms	Annual	National Ocean Service will store data and publish nautical charts.	National Ocean Service will apply established verification and validation methods.	Progress in reducing the backlog is measured against a baseline value of 43,000 square miles as determined in 1994. Weather can affect scheduled surveys.	None
Measure 4b: Percentage of National Spatial Reference System (NSRS) completed (cumulative %)	The National Ocean Service and the National Geodetic Survey define and manage the NSRS, the foundation for the nation's spatial data infrastructure.	Ongoing, annual reporting	Automated database at National Ocean Service	National Ocean Service will apply standard verification and validation methods.	Weather conditions, security, employment, and funding issues can affect field operations. The National Geodetic Survey also works cooperatively with state organizations; accommodating partners can also impact activities to some extent.	None
Measure 4c: Accuracy (%) and FAR (%) of Forecasts of Ceiling and Visibility (Aviation Forecasts)	NWS field offices	Daily	NWS headquarters and OCWWS	Verification is the process of comparing the predicted weather with the actual event. The process begins with the collection of forecasts and observations from each NWS office across the nation. The	Due to the large volume of data gathered and computed, documentation for this measure cannot be finalized	NOAA will improve and expand its training program work with the National Aeronautics and Space

				<p>quality-controlled, collated data are transmitted to the National Centers for Environmental Prediction in Camp Springs, Maryland, where the data are stored as computer files. The data files are retrieved by the NWS headquarters' Office of Science and Technology. Following additional quality control the data are stored on an Office of Science and Technology workstation and used to generate semi-annual statistics on forecast accuracy.</p>	<p>until well into the following fiscal year. Out-year measures depend on a stable funding profile and take into account improved use of the WSR-88D, new satellites, improved forecast models, new and continued research activities of the USWRP, investments in critical observing systems, and implementation of AWIPS.</p>	<p>Administration and the Federal Aviation Administration to develop new software tools and forecast techniques.</p>
<p>Measure 4d: Accuracy (%) of Forecast for Winds and Waves (Marine Forecasts)</p>	NWS field offices	Daily	<p>The NWS and the National Centers for Environmental Prediction's Ocean Modeling Branch</p>	<p>Verification is the process of comparing the predicted weather with the actual event. The process begins with the collection of forecasts and observations from each NWS office across the nation. The quality-controlled, collated data are transmitted to the National Centers for Environmental Prediction, where they are stored as computer files. The data files are retrieved by the NWS, and the National Centers for Environmental Prediction's Ocean Modeling Branch. Following additional quality control the data are used to generate quarterly statistics on forecast accuracy.</p>	<p>Due to the large volume of data gathered and computed, documentation for the accuracy of forecast for wind and waves cannot be finalized until well into the following fiscal year. Out-year measures depend on a stable funding profile and take into account improved use of the WSR-88D, new satellites, improved forecast models, new and continued research activities of the USWRP, investments in critical observing systems, and</p>	<p>NOAA will deploy enhanced versions of AWIPS (Build 5), implement new wave forecast models, and improve communication and dissemination techniques to marine users.</p>

					implementation of AWIPS.	
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**Crosswalk of NOAA APP Performance Measures to the New NOAA Strategic Plan  
(Based on the DOC FY 2004 Annual Performance Plan)**

<b>Existing Performance Measure</b>	<b>Mission Goal based on Prior NOAA Strategic Plan (FY 2004)</b>	<b>Mission Goal based on New NOAA Strategic Plan (FY 2005)</b>
Number of overfished major stocks of fish	Build Sustainable Fisheries	Ecosystem
Number of major stocks with an "unknown" stock status	Build Sustainable Fisheries	Ecosystem
Percentage of plans to rebuild overfished major stocks to sustainable levels	Build Sustainable Fisheries	Ecosystem
Number of acres of coastal habitat benefited (cumulative)	Sustain Healthy Coasts	Ecosystem
Introductions and effects of invasive species in a total of six regions within the U.S.	Sustain Healthy Coasts	Ecosystem
Percentage of U.S. Shoreline and inland areas that have improved ability to reduce hazard impacts	Sustain Healthy Coasts	Weather and Water
Increase in number of threatened species with lower risk of extinction	Recover Protected Species	Ecosystem
Number of Commercial fisheries that have insignificant marine mammal mortality	Recover Protected Species	Ecosystem
Increase in number of endangered species with lower risk of extinction	Recover Protected Species	Ecosystem
Lead time (minutes), accuracy (%) and false alarm rate (FAR% for severe weather warnings- tornadoes	Advance Sort-term Warnings and Forecasts	Weather and Water

Lead time (minutes) and accuracy(%) for severe weather warnings for flash floods	Advance Sort-term Warnings and Forecasts	Weather and Water
Hurricane forecast track error (48 hour)	Advance Sort-term Warnings and Forecasts	Weather and Water
Accuracy (%) of 1-day threat score forecast for precipitation	Advance Sort-term Warnings and Forecasts	Weather and Water
Accuracy (%) and FAR of forecasts of ceiling and visibility (1/2 mile/500 ft.) (aviation forecasts)	Advance Sort-term Warnings and Forecasts	Commerce and Transportation
Accuracy (%) and FAR (%) of forecasts for winds and waves (marine forecasts) wind speed and wave height	Advance Sort-term Warnings and Forecasts	Commerce and Transportation
Determine the accuracy of the correlation between forecasts of the southern oscillation index (SOI) and El Nino/La Nina events	Implement Seasonal to Interannual Climate Forecasts	Climate
U.S. temperature- skill score	Implement Seasonal to Interannual Climate Forecasts	Climate
Number of new monitoring or forecast products that become operational/year (cumulative)	Implement Seasonal to Interannual Climate Forecasts	Climate (also relates to Research Cross-cut)
New Climate observations introduced	Implement Seasonal to Interannual Climate Forecasts	Climate
Assess and model carbon sources throughout the U.S.	Predict and Assess Decadal to Centennial Climate Change	Climate
Determine actual long term changes in temperature and precipitation throughout the United States	Predict and Assess Decadal to Centennial Climate Change	Climate

Results of 90% of the research cited in the 2001 intergovernmental Panel on Climate Change's third assessment of climate change	Predict and Assess Decadal to Centennial Climate Change	Climate
Hydrographic survey backlog (square nautical miles) for critical navigation (cumulative percentage)	Promote Safe Navigation	Commerce and Transportation
Percentage of national spatial reference system completed (cumulative)	Promote Safe Navigation	Commerce and Transportation



# National Telecommunications and Information Administration

## Resource Requirements Summary

### National Telecommunications and Information Administration

#### Resource Requirements Summary

(Dollars in thousands. Funding amounts reflect total obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Increase/ Decrease	FY 2005 Request
	Actual	Actual	Actual	Estimate	Estimate	Base		
Salaries & expenses	\$28,795	\$30,748	\$33,174	\$40,273	\$50,881	\$52,941	\$7,000	\$59,941
Domestic and international policies	3,720	3,783	4,300	4,364	4,597	4,817	1,000	5,817
Spectrum management	17,757	19,307	19,035	23,243	32,440	33,975	2,000	35,975
Telecommunication sciences research	7,318	7,658	9,839	12,666	13,844	14,149	4,000	18,149
Public Telecommunications Facilities, Planning, and Construction	27,492	44,188	47,592	49,834	2,538	2,538	0	2,538
Grants	25,768	42,011	45,399	46,849	0	0	0	2,538
Program management	1,724	2,177	2,193	2,985	2,538	2,538	0	2,538
Information Infrastructure Grants	17,720	46,206	15,486	18,969	0	0	0	0
Grants	13,898	42,933	12,414	15,500	0	0	0	0
Program management	3,822	3,273	3,072	3,469	0	0	0	0
Total funding	74,007	121,142	96,252	109,076	53,419	55,479	7,000	62,479
Direct	56,226	101,774	77,147	84,034	21,407	22,239	5,400	27,639
Reimbursable 2	17,781	19,368	19,105	25,042	32,012	33,240	1,600	34,840
IT funding 1	4,500	5,400	5,400	5,400	5,400	5,400	0	5,400
FTE	246	244	244	301	279	283	4	287

1 IT funding included in total funding

2 Reimbursable funding included in total funding

	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Estimate	FY 2005 Base	Increase/ Decrease	FY 2005 Request
<b>Performance Goal 1: Increase competition within the telecommunications sector and universal access to telecommunication services for all Americans</b>								
Salaries & expenses	\$3,634	\$3,688	\$4,179	\$4,254	\$4,475	\$4,690	\$1,000	\$5,690
Domestic and international policies	3,634	3,688	4,179	4,254	4,475	4,690	\$1,000	\$5,690
Spectrum management	0	0	0	0	0	0	0	0
Telecommunication sciences research	0	0	0	0	0	0	0	0
Total funding	3,634	3,688	4,179	4,254	4,475	4,690	\$1,000	\$5,690
IT funding 1	1,500	1,500	1,500	1,500	1,500	1,500	0	1,500
FTE	26	25	27	36	36	36	4	40

**Performance Goal 2: Efficient and effective allocation of radio spectrum**

Salaries & expenses	19,800	21,472	23,444	27,589	38,591	40,436	6,000	46,436
Domestic and international policies	86	95	121	110	122	127	0	127
Spectrum management	17,757	19,307	19,035	23,243	32,440	33,975	2,000	35,975
Telecommunication sciences research	1,957	2,070	4,288	4,236	6,029	6,334	4,000	10,334
Total funding	19,800	21,472	23,444	27,589	38,591	40,436	6,000	46,436
IT funding 1	2,400	3,200	3,200	3,200	3,200	3,200	0	3,200
FTE	135	133	141	150	163	167	10	177

**Performance Goal 3: Ensure broader availability, and support new sources, of advanced telecommunications and information services**

Salaries & expenses	5,361	5,588	5,551	8,430	7,815	7,815	0	7,815
Domestic and international policies	0	0	0	0	0	0	0	0
Spectrum management	0	0	0	0	0	0	0	0
Telecommunication sciences research	5,361	5,588	5,551	8,430	7,815	7,815	0	7,815
Public Telecommunications Facilities, Planning, and Construction	27,492	44,188	47,592	49,834	2,538	2,538	0	2,538
Grants	25,768	42,011	45,399	46,849	0	0	0	0
Program management	1,724	2,177	2,193	2,985	2,538	2,538	0	2,538

Information Infrastructure Grants		17,720	46,206	15,486	18,969	0	0	0	0
Grants		13,898	42,933	12,414	15,500	0	0	0	0
Program management		3,822	3,273	3,072	3,469	0	0	0	0
Total funding		50,573	95,982	68,629	77,233	10,353	10,353	0	10,353
IT funding 1		600	700	700	700	700	700	0	700
FTE		85	86	76	115	80	80	(10)	70

**Skill Summary**

NTIA employs policy analysts with legal, economics, and technical skills to perform these activities. NTIA does not have a separate budget category for these activities.

## Targets and Performance Summary

**Performance Goal 1: Increase competition within the telecommunications sector and universal access to telecommunication services for all Americans (supports DOC Strategic Goal 2 Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science, and General Goal/Objective 2.3, “Advance the development of global e-Commerce and enhanced telecommunications and information services”)**

	FY 2000	FY 2001	FY 2002	FY 2003 Target	FY 2004 Target	FY 2005 Target
Provide the policy framework for introduction of new technologies: See rationale for performance goal for explanation			New	Policy Successes	Policy Successes	Policy Successes
Policy Customer Survey	New	New	New	50 customers	50 customers	50 customers

Explanation: One of the National Telecommunications and Information Administration’s (NTIA’s) primary missions is to serve as the President’s principal policy advisor on telecommunications and information issues and to be the Administration’s primary voice on them. NTIA fulfills this policy-setting role in a number of ways: by preparing and issuing special reports on topics that emerge over time; testifying before Congress and other organizations that are concerned with telecommunications policy; providing the Administration’s views on actions proposed by the Federal Communications Commission; issuing requests for public comment on specific issues; and encouraging dialogue with the private sector through sponsorship and participation in conferences, workshops, and other forums.

NTIA will continue to examine an array of spectrum management policy issues in FY 2005 dealing with innovative approaches to spectrum management and the effectiveness of current processes. This examination will be conducted in tandem with the FCC’s proceedings on spectrum management policy, in which NTIA will participate on behalf of the Administration and as part of the President’s Spectrum Management Policy Initiative. NTIA also will participate on behalf of the Administration in FCC and Congressional proceedings on telecommunications policies, including the development of appropriate regulatory treatment for broadband services deployment. A number of Internet related policy issues will require NTIA action, including ICANN reform and continuing Internet privatization, domain name management both domestically and internationally, proposals to regulate Internet services and content, and the combination of Internet and telecommunications addressing (ENUM). NTIA will pursue policies promoting international trade in telecommunications products and services, promoting consistent international approaches to telecommunications policies, and improving relations with Western Hemisphere neighbors. All of these activities will require substantial coordination among NTIA’s program offices, as well as interagency coordination to develop the Administration’s positions.

Increases:

**Spectrum Management - Incentives and Fees**

	2005 Base		2005 Estimate		Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount
Pos/BA	0	0	5	1,000	5	1,000
FTE/Obl.	0	0	4	1,000	4	1,000

**Performance measures:** NTIA’s policy-related activities are among the agency’s most visible and have the greatest impact on consumers and industries both domestically and internationally. While the outcomes of these activities are difficult to quantify, NTIA management plans for multi-year efforts in a number of areas. NTIA’s FY 2002 most significant accomplishments – providing spectrum for 3G and ultrawideband services, the .us transfer and a revised ICANN MOU, for instance – are the culmination of several years’ of analysis, planning, and coordination within the government. Similarly, FY 2003 and 2004 provide the basis for continuing activities in FY 2005 and beyond. The customer surveys in FY 2003, 2004, and 2005, will measure Administration customer perceptions of NTIA’s policy priorities, the timeliness of its activities in support of those priorities, and the inclusiveness of NTIA’s policy activities. Customers that will be surveyed include the White House, the State Department, other federal agencies, the Technology Administration, the International Trade Administration, and the Office of the Secretary within the Department of Commerce. NTIA intends to survey at least 50

customers on its policy-related activities. The results of the survey will be used to assess NTIA's policy priorities and to determine whether improvements in interagency consultation and coordination can be made. No changes in performance measures have been made.

#### **Program Evaluation**

NTIA management reviewed and assessed policy and program priorities in the development of FY 2004 and 2005 budgets. The results of the FY 2002 spectrum summit, for instance, have led to the development of a series of spectrum management reform priorities and objectives to be pursued in FY 2003, 2004, and 2005. Similarly, the broadband summit and ENUM roundtable served to inform NTIA with state and local government views as well as those of consumers and industry. NTIA also meets regularly with DOC management in the development of appropriate policy priorities.

#### **Cross-cutting Activities**

##### **Intra-Department of Commerce**

NTIA supports the Secretary of Commerce on a broad range of telecommunications policy issues. NTIA works with the International Trade Administration on international issues, the Economics and Statistics Administration on Internet penetration and use measurements and analysis and with the Technology Administration on domain name and technology policy issues.

##### **Other Government Agencies**

NTIA works with the White House and other federal agencies to develop and coordinate Administration-wide policy statements. NTIA serves as the manager of federal government spectrum while the Federal Communications Commission (FCC) manages the non-federal spectrum. Since spectrum is often shared, NTIA and the FCC regularly engage in coordination of spectrum uses and spectrum policies.

##### **Government/Private Sector**

NTIA obtains private-sector views on a broad range of telecommunications and information policy issues through formal proceedings in which public comments are solicited and through public conferences, workshops, and meetings on specific subjects.

#### **External Factors and Mitigation Strategies**

Consideration of telecommunications and information policy issues is affected by the activities of independent regulatory agencies (such as the Federal Communications Commission and the Federal Trade Commission) and by priorities established for NTIA by the Secretary of Commerce, the White House, and Congress. Rapid developments in the Internet and telecommunications industries, along with supporting technologies, sometimes makes it difficult for government institutions to coordinate timely policy responses to issues as they arise. Regular interagency meetings on policy issues will assist in the development of timely Administration positions.

<b>Performance Goal 2: Efficient and effective allocation of radio spectrum (supports DOC Strategic Goal 2 Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science, and General Goal/Objective 2.3, "Advance the development of global e-Commerce and enhanced telecommunications and information services")</b>									
				<b>FY 2000</b>	<b>FY 2001</b>	<b>FY 2002</b>	<b>FY 2003 Target</b>	<b>FY 2004 Target</b>	<b>FY 2005 Target</b>
Timeliness of Processing				New	New	New	Fifteen Business Days	Twelve Business Days	Eleven Business Days
Percentage of Requests Accomplished Online				New	New	New	95%	95%	95%
Completeness and Accuracy of Agency Assignment Request				New	New	New	85% complete 1 <sup>st</sup> time	90% complete 1 <sup>st</sup> time	91% complete 1 <sup>st</sup> time
Customer Satisfaction Survey on Training Course				New	New	New	90% Satisfactory or Better	90% Satisfactory or Better	90% Satisfactory or Better

Explanation: The availability of the radio frequency spectrum is key to the development and implementation of innovative telecommunications technologies such as Ultra wideband (UWB) and Third Generation (3G) wireless services. The National Telecommunication and Information Administration’s (NTIA’s) spectrum management activities are therefore intertwined with its policy activities in that existing uses of spectrum by both the private and federal sectors must be examined to determine where spectrum will be made available for new and innovative spectrum-using services that provide benefits to all consumers. Recent examples include actions to provide spectrum for 3G and ultra wideband wireless services. NTIA’s activities include (1) identifying and supporting new wireless technologies that promise innovative applications for customers of the federal and private sectors; (2) providing the 56 federal agencies with the spectrum needed to support their missions for national defense, law enforcement and security, air traffic control, national resource management, and other public safety services; (3) developing plans and policies to use the spectrum effectively; (4) satisfying the United States’ future spectrum needs globally through participation with the 190 other countries of the International Telecommunication Union in establishing binding treaty agreements through world radio-communication conferences; (5) improving, through telecommunications research and engineering, the understanding of radio-wave transmission and thereby improving spectrum utilization and the performance of radio-communications systems; and (6) supporting and implementing the President’s Spectrum Management Policy Initiative.

Increases:

**International Spectrum Management**

Appropriation		2005 Base		2005 Estimate			Increase/ (Decrease)	
		Personnel	Amount	Personnel	Amount		Personnel	Amount
Appropriation	Pos/BA	2	400	2	400	2	400	
	FTE/Obl.	2	400	1	400	1	400	
<b>Reimbursable</b>								
	Pos/BA	8	1,600	8	1,600	8	1,600	
	FTE/Obl.	6	1,600	6	1,600	6	1,600	

**Performance measures:** NTIA has made substantial improvements over the years in the time required to process frequency assignment actions requested by the federal agencies. This measure will permit NTIA to continue to track improvements in processing time through further automation procedures and logistical procedures. The percentage of requests accomplished online will demonstrate the effectiveness of a new, secure, web-based interface for federal agencies to request frequency assignment actions entirely online. Processing spectrum requests by paper can be a slow and ineffective way of getting assignments out to customers. Currently, NTIA process 4,000 to 10,000 paper requests per month. NTIA's long-term goal is to have 100% of frequency assignment actions handled entirely online. This goal will be met in out years as a result of long term investments currently underway. One way to determine whether NTIA is adequately serving its customers in the spectrum management process is by examining the clarity and ease of use of procedures for customers to file an action request. This measure will indicate whether customers are able to file requests completely and accurately and whether improvements in the customer interface are needed. NTIA's Office of Spectrum Management conducts a number of spectrum management training seminars each year for federal spectrum managers and for representatives from foreign administrations. This measure will determine whether the seminar content continues to be useful to participants and whether changes to the curriculum are warranted. The FY 2004 and 2005 targets may be changed in light of prior customer survey results. Typically, customer surveys do not yield results much greater than 90% Satisfactory or better. No changes in performance measures have been made.

**Program Evaluation**

NTIA management reviewed and assessed policy and program priorities in the development of FY 2004 and 2005 budgets. In addition, NTIA convened a spectrum summit in FY 2002 to begin an inquiry on how to better manage and allocate this finite resource among competing uses. This ongoing inquiry will yield information about new and innovative ideas for spectrum policy and management that encourage spectrum efficiency; that provide spectrum for new technologies; and that improve the effectiveness of the domestic and international spectrum management process. To meet its current obligations and to address improvements, NTIA's spectrum management functions will continue to consume the largest share of agency resources.

**Cross-cutting Activities****Intra-Department of Commerce**

NTIA participates with the Technology Administration and National Oceanic and Atmospheric Administration within the Department of Commerce on the Interagency GPS Executive Board, which with DOD jointly manages the GPS satellite program as a national asset.

**Other Government Agencies**

NTIA authorizes spectrum assignments for 56 federal government agencies to operate radio-communications systems. NTIA works with the 23 other major spectrum using federal agencies on IRAC to manage frequency assignment requests. NTIA represents the interests of 33 other agencies on the IRAC. NTIA serves as the manager of federal government spectrum while the Federal Communications Commission (FCC) manages the non-federal spectrum. Since spectrum is often shared, NTIA and the FCC regularly engage in coordination of spectrum uses and

spectrum policies. Uses of shared frequency bands are coordinated with the FCC. International bodies, in which NTIA participates as the U.S. representative, establish permissible uses of frequency bands. In FY 2002, NTIA initiated discussions with the FCC and the State Department to develop an action plan to facilitate the efficient functioning of the nation's spectrum management team at home and abroad. NTIA will lead and participate in a high-level inter-agency task force as part of its support for the President's Spectrum Management Policy Initiative. The recommendations of the Task Force will have a substantial impact on FY 2005 activities.

**Government/Private Sector**

NTIA coordinates on spectrum management issues through advisory committees and special information-sharing initiatives. Information on these activities may be found at <http://www.ntia.doc.gov/osmhome/osmhome.html>.

**External Factors and Mitigation Strategies**

Congress, from time to time, has required some changes in federal use of radio frequency spectrum, which can affect availability of frequencies to suit federal needs. The speed of development and implementation of wireless technologies will affect the level and type of demand by federal agencies for certain frequencies. The Federal Communications Commission initiates numerous spectrum-related proceedings in which NTIA participates on behalf of the Administration.



**Performance Goal 3: Ensure broader availability, and support new sources, of advanced telecommunications and information services (supports DOC Strategic Goal 2 Foster Science and Technological Leadership by protecting intellectual-property, enhancing technical standards and advancing measurement science, and General Goal/Objective 2.3, "Advance the development of global e-Commerce and enhanced telecommunications and information services")**

	FY 2000	FY 2001	FY 2002	FY 2003 Target	FY 2004 Target	FY 2005 Target
Digital Broadcasting Conversion	New	New	New	40 grants	0 grants	0 grants
Quality of Basic Research as Reflected in Peer-reviewed Publications	New	New	New	5 Publications	6 Publications	7 Publications
Level of Technology Transfer Activities Conducted with the Private Sector through the Cooperative Research and Development Agreements	New	New	New	3 Cooperative Research and Development Agreements	3 Cooperative Research and Development Agreements	3 Cooperative Research and Development Agreements

**Explanation:** In addition to its policy-related activities, the National Telecommunications and Information Administration (NTIA) supports innovative telecommunications and information technologies through basic research performed at its laboratory, the Institute for Telecommunication Sciences (ITS). ITS performs extensive basic research on quality of digital speech, audio and video compression, and transmission characteristics. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet. Basic research at ITS also supports U.S. positions in international standard-setting bodies and NTIA's development of Administration policies related to the introduction of new technologies, such as ultra wideband (UWB) and third generation (3G) wireless services.

Increases:

**Interference Temperature and Radio Noise Research**

	2005 Base		2005 Estimate		Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount
Pos/BA	0	0	4	2,000	4	2,000
FTE/Obl.	0	0	3	2,000	3	2,000

**General Lab Upgrade**

	2005 Base		2005 Estimate		Increase/ (Decrease)	
	Personnel	Amount	Personnel	Amount	Personnel	Amount
Pos/BA	0	0	0	2,000	0	0
FTE/Obl.	0	0	0	2,000	0	0

**Performance measures:** NTIA will measure the quality of basic research programs by the number of peer-reviewed articles that are published in technical journals and publications. This measure will indicate the reception and utility of research results within the spectrum research and engineering community. The Technology Transfer Act of 1986 (TTA) allows Federal laboratories to enter into cooperative research agreements with private industry, universities, and other interested parties. The law was passed in order to provide laboratories with clear legal authority to enter into these arrangements and thus encourage technology transfer from Federal laboratories to the private sector. Under this Act, a cooperative research and

development agreement (CRADA) can be implemented that protects proprietary information, grants patent rights, and provides for user licenses to corporations, while allowing Government expertise and facilities to be applied to interests in the private sector. CRADAs are the principal means of aiding the private sector through ITS's spectrum research and engineering activities. This measure will provide an indication of the utility of these activities to the private sector. There are no changes in the FY 2003 and 2004 measures. The publications measure for FY 2005 is increased by one publication to reflect the additional research opportunities afforded by the Radio Interference Temperature Initiative.

**Program Evaluation**

NTIA management reviewed and assessed policy and program priorities in the development of FY 2004 and 2005 budgets. As a result, ITS research will focus on supporting those spectrum management reform activities undertaken in NTIA's policy development (see Goal 1 above.)

**Cross-cutting Activities**

ITS works with a broad array of governmental agencies as customers for its telecommunications and information systems expertise.

**Intra-Department of Commerce**

ITS supports NTIA's policy-related activities by providing empirical analysis. ITS also supports NTIA's spectrum management activities through spectrum occupancy measurements and other technical support activities.

**Other Government Agencies**

ITS conducts research under contract for a wide variety of federal agencies, including the White House National Communications Agency, the Departments of Defense and Transportation.

**Government/Private Sector**

ITS conducts extensive technology transfer activities through CRADAs with private sector entities.

**External Factors and Mitigation Strategies**

The number of projects that ITS can conduct is limited by the availability of scientific and technical staff and the availability of funding through other government agencies, including NTIA.

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**Unit Cost Measures:** During FY 2004, NTIA will begin development for use in FY 2005 of unit cost measures for its spectrum assignments. Otherwise, NTIA's policy-related activities are not amenable unit cost analysis. Policy activities do not lend themselves to quantitative measures.

**PART:** None of NTIA's programs have yet been evaluated through a PART assessment.

**NTIA Data Validation and Verification:** NTIA reviews performance data to ensure that it is complete and accurate. There were no significant deviations from projected targets. The actual validation process is conducted following similar to audit principles including sampling and verification of data. Unclassified spectrum management data is published and distributed on CD-ROM and has been examined for accuracy by the Department's Inspector General and the General Accounting Office (GAO). Grant information is verified by the Department's Office of Financial Assistance and published on the NTIA website. Additionally, documentation is reviewed and a determination is made on its adequacy and sufficiency to support claims that outcomes and outputs have been achieved.

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure: Provide the policy framework for introduction of new technologies	Activities are reflected on NTIA website; weekly reports to the Secretary of Commerce; annual report to Congress	Annual	Office of Policy Coordination and Management	Inspection	Data is not quantitative but rather a qualitative assessment of current policy directions and plans.	None
Measure: Policy Customer Survey	Customer surveys	Annual	Office of Policy Coordination and Management	Inspection	A survey of 50 federal customers should yield useful results for program planning and evaluation. The sample size will be examined in light of experience with the FY 2003 survey.	Develop survey methodology and conduct survey
Measure: Timeliness of Processing	Interdepartment Radio Advisory Committee (IRAC) Support Branch, Office of Spectrum Management (OSM)	Weekly, monthly, annually	Computer Services Division, OSM	Automated Data Processing (ADP) routines	Classified information is not included in public data	Collection of data
Measure: Percentage of Requests Accomplished Online  Measure: Completeness and Accuracy of Agency Assignment Request	IRAC Support Branch, OSM	Annual	Computer Services Division, OSM	ADP routines (measures 2b & 2c) and manual inspection (2c)	Classified information is not available to public.	Collection of data
Measure: Customer Satisfaction Survey on Training Course	OSM	Every course conducted	OSM	Manual inspection	None	Develop survey
Measure: Peer-reviewed publications	ITS	Annual	ITS	Manual inspection	None	Collection of data
Measure: CRADAs	ITS	Annual	ITS	Manual inspection	None	Collection of data

# ANNUAL PERFORMANCE PLAN

## USPTO Vision

The USPTO will lead the way in creating a quality-focused, highly productive, responsive organization supporting a market-driven intellectual property system for the 21<sup>st</sup> Century.

## Mission Statement

The USPTO mission is to ensure that the intellectual property system contributes to a strong global economy, encourages investment in innovation, and fosters entrepreneurial spirit.

For over 200 years, the basic role of the USPTO has remained the same — to promote the progress of science and the useful arts by securing, for limited times to inventors, the exclusive rights to their respective discoveries (Article 1, Section 8 of the United States Constitution). American industry has flourished under this system of protection as new products have been invented; new uses for inventions have been discovered; and employment opportunities have been created for millions of Americans.

Patents and trademarks have long protected American creativity and ingenuity. The first patent was issued in 1790 for a method of making potash fertilizer and the oldest active trademark was originally registered in 1884 for SAMSON, a design for “cords, lines, and ropes”. The strength and vitality of our economy depends directly on effective mechanisms that protect new ideas and investments in innovation and creativity. The continued demand for patents and trademarks underscores the ingenuity of U.S. inventors and entrepreneurs. The USPTO is at the cutting edge of our Nation’s technological progress and achievement.

Today, patent application filings have increased dramatically throughout the world. There are an estimated 11 million pending applications in the world’s examination pipeline. At the USPTO, the number of patent and trademark applications has doubled since the early 1990s. Technology has become increasingly complex, and demands from customers for higher quality products and services have escalated.

In response to this global phenomenon, the USPTO issued *The 21<sup>st</sup> Century Strategic Plan* to transform itself into a quality-focused, highly productive, responsive organization supporting a market-driven intellectual property system. The Plan is aggressive and far-reaching, and takes a global perspective by envisioning the patent and trademark systems of the future that American innovators would need to remain competitive around the world. It is built on the premise that American innovators want to obtain enforceable intellectual property rights here and abroad as seamlessly and cost-effectively as possible. It emphasizes the opportunity for the USPTO to collaborate with intellectual property organizations in automation, global patent classification, and exploitation of search results. Finally, the plan is predicated on changes to the way all players in the intellectual property system do business with the USPTO and the way USPTO employees respond.

## President’s Management Agenda

The President has established a bold strategy to improve the Federal government's management and performance by calling on Federal agencies to focus on and solve certain critical problems. The

information below provides the USPTO's assessment of the five government-wide initiatives described in the President's Management Agenda.

**Human Capital:** We are providing the tools and the resources to ensure that the USPTO has a highly qualified, certified, knowledge-based, and accountable workforce. The USPTO's *21<sup>st</sup> Century Strategic Plan*, together with the *USPTO Strategic Workforce/Restructure Plan* lay out an explicit workforce planning strategy that is linked to the Agency's strategic and program planning efforts. The Agency has projected its current and future human capital needs, including the: size of the workforce; deployment across the organization; and key competencies needed to fulfill its mission and strategic goals. *The 21<sup>st</sup> Century Strategic Plan* and the *USPTO Strategic Workforce/Restructure Plan* demonstrate that the USPTO is focused on building competencies in response to customer demands for enhanced quality, and that the Agency is leveraging competitive sourcing and e-Government to better manage time devoted to examination of patent and trademark applications. The strategic plan also views workforce planning from an international perspective, and how work sharing can have an impact on human capital planning and management. In addition, the USPTO's current organizational structure supports decision-making at the lowest appropriate level. In the core mission units — the Patent and Trademark organizations — only one layer of management exists between the Senior Executive Service level and the patent examiner or trademark examining attorney. Primary patent examiners and trademark attorneys have full signatory authority to grant patents and register trademarks on behalf of the U.S. without further supervisory review.

**Competitive Sourcing:** The USPTO is committed to achieving performance enhancements and cost-savings through competitive sourcing. In this regard, we have already outsourced many functions that other agencies are just beginning to consider for outsourcing, such as, payroll, mail processing/handling, clerical support, data transcription, systems maintenance and development, help desk support, etc. In particular, service contracts have presented an excellent opportunity to help us deal with fluctuating workloads and minimize the impact on our employees as the Agency transitions to a fully electronic workplace. Currently, approximately 39 percent of the USPTO's total workforce consists of contract personnel working either onsite or offsite at contractor facilities. *The 21<sup>st</sup> Century Strategic Plan* offers new approaches for performing work that is currently accomplished by Federal employees. While preserving the inherently governmental responsibilities for examination, the USPTO is committed to increasing patent examiner output by relying on commercial entities for conducting prior art searches, classifying patent documents, and performing administrative reviews associated with the examination process. All decisions regarding patentability will remain the responsibility of patent examiners who are USPTO employees.

**Improved Financial Management:** The USPTO is in compliance with all Federal accounting principles and standards and has encountered no instances of material weaknesses in internal controls or non-compliance with Federal accounting regulations. The USPTO will continue to maintain and strengthen its internal controls and improve the timeliness and usefulness of its financial management information. Fiscal year 2003 marked the 11th consecutive year of an unqualified audit opinion and seventh consecutive year with no material weaknesses. The USPTO has a strong, fully integrated financial management system and uses a data warehouse to accommodate both financial and operational data. The data warehouse is used by managers for analyzing financial results and performance and by Supervisory Patent Examiners for managing patent processing timeframes. The USPTO also operates a mature Activity Based Cost Accounting (ABC) system that captures costs of core mission activities and both direct and indirect costs for the

entire USPTO. Managers use data from the ABC system to analyze the cost of operations when making decisions regarding improving processes, setting fees, or developing budget requirements.

**E-Government:** The USPTO is accelerating deployment of critical automated information systems, particularly the electronic end-to-end processing of patent and trademark applications. In addition, the USPTO is currently working on ways to improve delivery schedules, reliability, performance, security and monitoring the cost of its automated information systems. The USPTO will implement the Trademark Information System (TIS), a Trademark electronic file management system in fiscal year 2004. This completes a twelve-year effort to provide an end-to-end fully electronic Trademark processing environment. The USPTO is on target to deliver an operating pipeline to process patent applications electronically in October 2004. At the center of the patent e-Government strategy is the European Patent Office ePHOENIX system. This collaboration will help to achieve common goals and share systems already in use or in development. The system implemented in 2004 will be an image file wrapper (IFW) that includes an electronic image of all incoming and outgoing paper documents.

The USPTO chooses IT projects that best support its mission and comply with its enterprise architecture. Individual projects are evaluated in the broader context of technical alignment with other IT systems as well as the investment's impact to the USPTO IT portfolio's performance, as measured by cost, benefit, and risk. As part of the Capital Planning and Investment Control process, the USPTO prioritizes each investment and decides which projects will be funded in subsequent fiscal years. Once selected, each project is managed and monitored consistently throughout its life cycle. At key milestone dates, progress reviews are conducted to compare the project's status to planned benefit, cost, schedule, and technical efficiency and effectiveness measures. All major information technology (IT) system investments are included in Exhibit 53 and 82 percent of fiscal year 2005 planned IT investments have business cases in Exhibit 300 format.

**Budget/Performance Integration:** The USPTO develops an annual corporate plan that integrates the performance plan and budget so that program activities and new initiatives are aligned with outputs and targeted results. Budget resources are allocated to the programs based on the requirements identified for achieving organizational goals and forecasted incoming workload. Resource allocations are modified as workload projections and fee income change. *The 21<sup>st</sup> Century Strategic Plan* is a five-year plan with identified critical tasks designed to provide the USPTO and external organizations (e.g., Administration, OMB, Congress, other stakeholders) with a long-term vision of agency goals, potential funding levels, and planned outcomes. The USPTO allocates budget resources to the programs consistently adhering to the concept of linking resources to achieving both enterprise-wide strategic goals and individual unit performance targets.

## **Management Priorities and Challenges**

- ***Multilateral and Bilateral Agreements*** — To streamline the intellectual property system and protections, the USPTO must consult with, and receive the support of, other intellectual property offices in structuring new bilateral and multilateral initiatives and agreements. Reaching bilateral and multilateral agreements is requiring all sides to openly communicate and compromise toward a more global convergence of patent and trademark standards.
- ***Legislation/Rules*** — The USPTO is proposing legislative and regulatory changes to current patent and trademark laws, particularly legislation to restructure the fee schedule and

thereby enable full implementation of the strategic plan. The passage of these changes, including new fees and fee restructuring, is essential and critical to full implementation of the Strategic Plan.

- **Labor Relations** — The strategic plan introduces a large number of changes to current work processes and procedures. The USPTO is notifying the three bargaining units representing USPTO employees of the proposed changes and negotiating, where necessary, on any changes in working conditions.
- **Funding** — Sufficient and sustained funding over the five-year lifecycle of the strategic plan is essential. Without this, the USPTO will not be able to make critical investments in resources and technology necessary for enhancing quality, developing and/or acquiring automated systems to move to a fully electronic operating environment, and improving pendency.
- **Space Consolidation: Move to Headquarters in Alexandria, Virginia** — During fiscal year 2005, the USPTO will continue to relocate its employees to the Alexandria, Virginia, headquarters. The USPTO has identified and planned for the numerous logistical and operational challenges inherent in a space consolidation move of this size. The Agency is ensuring that we minimize any adverse effects the move might have on employees, applicants and the public. Dual operations, such as operating dual computer facilities and human resources support, will be required during the relocation because the space to house these operations will be delivered over a protracted period of time. In the long-term, the USPTO will benefit from a facility with operational efficiencies, improved allocation of space to accommodate the USPTO's growing and changing workplace, and an advantageous 20-year rental rate. This consolidation is expected to save \$72 million over the 20-year lease term.

## Strategic Themes and Performance

In response to the Government Performance and Results Act (GPRA), the USPTO prepares a strategic plan, an annual performance plan, and an annual performance report. In June 2002, the USPTO issued *The 21st Century Strategic Plan* that is a far-reaching and aggressive plan designed to transform the USPTO into an organization that is responsive to the global economy in which it operates. In response to stakeholder input, the strategic plan was updated and re-released in February 2003. When the strategic plan is fully implemented, market forces will drive the USPTO's business model, geography and time will be irrelevant when doing business with the Agency, products and services will be tailored to customer needs, and examination will be our core expertise. The strategic plan is centered on three strategic themes, as discussed below:

1. **Agility: Address the 21<sup>st</sup> Century Economy by Becoming a More Agile Organization** — We will create a flexible organization and work processes that can handle the increasing expectations of our markets, the growing complexity and volume of our work, and the globalization that characterize the 21<sup>st</sup> century economy. We will work, both bilaterally and multilaterally, with our partners to create a stronger, better-coordinated and more streamlined framework for protecting intellectual property around the world. We will transform the USPTO workplace by radically reducing labor-intensive paper processing.

2. **Capability: Enhance Quality through Workforce and Process Improvements** — We will make patent and trademark quality our highest priority by emphasizing quality in every component of this strategic plan. Through the timely issuance of high-quality patents and trademarks, we will respond to market forces by promoting advances in technology, expanding business opportunities and creating jobs.
3. **Productivity: Accelerate Processing Times Through Focused Examination** — We will control patent and trademark pendency, reduce time to first Office action, and recover our investments in people, processes and technology.

The USPTO has developed supporting performance goals and measures to implement our strategic themes. Two of the strategic themes — *Agility* and *Productivity* — have a direct relationship with the performance goals, while one crosscutting strategic theme — *Capability* — spans all performance goals.

The *Agility* theme is cross-walked to the third performance goal listed below and incorporates ongoing initiatives in e-Government and collaboration with our intellectual property partners worldwide. As a first priority, the USPTO has made electronic end-to-end processing of both patents and trademarks the centerpiece of its business model by deploying critical automated information systems. In addition, the USPTO is working currently on ways to improve delivery schedules, reliability, performance, security and monitoring the cost of all our automated information systems. Further, the USPTO is enhancing existing and establishing new alliances with our friends in other national and international intellectual property organizations to strengthen intellectual property rights around the world.

The *Capability* theme crosses all performance goals, emphasizes the quality and process improvement element in the USPTO, and permeates throughout all our activities and operations. Quality will be assured throughout the process by hiring the people who make the best patent and trademark examiners, certifying their knowledge and competencies throughout their careers at the USPTO, and focusing on quality throughout the examination of patent and trademark applications.

The *Productivity* theme is cross-walked to the first and second performance goals listed below and addresses the planned decrease in Patent and Trademark pendency as measured by the average first action pendency and the average total pendency.

The goals and measures are presented below.

**Performance Goal 1** — *Improve the quality of patent products and services and optimize patent processing time.*

Capability measures

- Patent Allowance Error Rate
- Patent In-process Reviews Error Rate
- Patent Examiner Certification
- Patent Examiner Re-certification

Productivity measures

- Average Patent First Action Pendency
- Average Patent Total Pendency



- Patent Productivity
- Patent Efficiency

**Performance Goal 2**— *Improve the quality of trademark products and services and optimize trademark processing time.*

Capability measures

- Trademark Final Action Deficiency Rate
- Trademark In-Process Reviews Deficiency Rate

Productivity measures

- Average Trademark First Action Pendency
- Average Trademark Total Pendency
- Trademark Productivity
- Trademark Efficiency

**Performance Goal 3**— *Create a more flexible organization through transitioning patent and trademark applications to e-Government operations and participating in intellectual property development worldwide.*

Agility measures

- Patent Applications Filed Electronically
- Patent Applications Managed Electronically
- Trademark Applications Filed Electronically
- Trademark Applications Managed Electronically

## FY 2005 Performance Measures

**Performance Goal 1: Improve the quality of patent products and services and optimize patent processing time.**

### Corresponding Strategic Goal

**DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.**

#### **Measure: Patent Allowance Error Rate**

This measure assesses product quality as measured by the internal quality review processes. The quality of patent examination decisions will be measured by the reopening rate or similar internal quality measures.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	4.0%	5.5%	5.0%	4.0%	4.0%	3.75%
Actual	6.6%	5.4%	4.2%	4.4%		

#### **Measure: Patent In-process Reviews Error Rate**

This is a new measure that will assess product quality measured by the internal quality review processes.

The USPTO is expanding the current patent in-process review program to check the quality of the work product during all stages of examination, from first action to issue or abandonment. The results of these reviews will be used as part of a continuous quality improvement program to identify problem areas and determine appropriate training needs or other corrective actions. Fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

#### **Measure: Patent Examiner Certification**

Currently, patent examiners are not required to complete a formal program for certification of their legal competency when promoted to the GS-13 level. The USPTO is implementing a specific program to ensure that GS-12 examiners have acquired the requisite legal and negotiation skills prior to promotion to the GS-13 level. This is a new measure supporting the strategic plan. As a result, fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Target	N/A	N/A	N/A	N/A	Baseline	TBD
Actual	N/A	N/A	N/A	N/A		

**Measure: Patent Examiner Re-certification**

Primary patent examiners should maintain the necessary knowledge, skills, and abilities (KSAs) in current patent law, practice, and procedure. Similar to continuing legal education requirements, regular training will be provided to ensure that primary examiners maintain the necessary KSAs. Upon completion of the training, primary examiners will be required to take a number of tests to demonstrate that they have grasped the content of the training. This is a new measure supporting the strategic plan. As a result, fiscal year 2004 data will be used to establish the baseline and develop the long-term target and annual goals.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A	N/A		

**Measure: Average First Action Pendency**

This measure determines the timeliness of first office actions on patent applications. It measures the time from the application filing date to the date of mailing the first office actions.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target (months)</b>	14.2	13.9	16.4	18.4	20.2	21.1
<b>Actual (months)</b>	13.6	14.4	16.7	18.3		

**Measure: Average Total Pendency**

This measure identifies the timeliness related to issuance of the patent or abandonment of the application. It measures the average time from the application filing date to the date of issue or abandonment.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target (months)</b>	26.2	26.2	26.1	27.7	29.8	31.1
<b>Actual (months)</b>	25.0	24.7	24.0	26.7		

**Measure: Efficiency**

This measure is a relative indicator of the efficiency of the patent process. The measure is calculated by dividing total USPTO expenses associated with the examination and processing of patents (including associated overhead and support expenses) by outputs (production units). It should be noted that this measure does not represent the average life cycle cost of a patent since production units are only one measure of USPTO products and services.

For the prior years, actuals will be reported using the actual expenses reported in the Statements of Net Cost and all actual production units. For the current and budget years, targets are estimated using the budgetary request in place of actual expenses, and all projected production units. It should be noted that outyear calculations are subject to change, depending upon the level of funding actually authorized and spent. Actual results may fluctuate based upon management decisions to redirect resources.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	\$3,444	\$3,502	\$4,052
<b>Actual</b>	\$2,917	\$3,210	\$3,376	\$3,329		

**Measure: Productivity**

This measure focuses on the ratio of outputs to labor inputs. The total number of patent production units will be divided by the applicable allocated patent labor hours, including contractors.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A	N/A		

**Performance Goal 2: Improve the quality of trademark products and services and optimize trademark processing time.**

**Corresponding Strategic Goal**

**DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.**

**Measure: Trademark Final Action Deficiency Rate**

This measure assesses examination quality as measured by the internal quality review of final office actions. The Quality of trademark examination decisions will be measured by the deficiency rate captured by the inappropriate statutory bases for which the examiner refuses marks for registration in the final office action. Prior to fiscal year 2003, the reported deficiency error rate did not include inappropriate refusals made on the basis of 15 USC § 1052(d) — Likelihood of Confusion. Fiscal year 2003 actual and targets for fiscal years 2004 and 2005 have incorporated this type of error to ensure that all statutory bases are covered.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	3.6%	6.0%	5.0%	Baseline	5.0%	4.5%
<b>Actual</b>	3.4%	3.1%	4.3%	5.3%		

**Measure: Trademark In-Process Reviews Deficiency Rate**

This is a new measure that will assess product quality measured by the in-process quality review of first office actions. The quality of trademark examination decisions will be measured by the deficiency rate of examiner work product as determined by inappropriate statutory bases for which the examiner refuses marks for registration in the first office action. The results of these reviews will be used as part of a continuous quality improvement program to identify inappropriate statutory bases and determine training needs and other corrective actions. Fiscal year 2004 data will be used to establish the baseline and develop long-term target and annual goals.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A	N/A		

**Measure: Average First Action Pendency**

This measure determines the timeliness of Trademark first office actions. It measures the time from the application filing date to the date of mailing the first office actions.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target (months)</b>	4.5	6.6	3.0	3.0	5.4	5.8
<b>Actual (months)</b>	5.7	2.7	4.3	5.4		

**Measure: Average Total Pendency**

This measure identifies the timeliness related to office disposals. It measures the average time from the application filing date to the date of registration, notice of allowance, or abandonment.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target (months)</b>	18.0	18.0	16.0	15.5	21.6	23.5
<b>Actual (months)</b>	17.3	17.8	19.9	19.8		

**Measure: Efficiency**

This measure is a relative indicator of the efficiency of the trademark process. The measure is calculated by dividing total USPTO expenses associated with the examination and processing of trademarks (including associated overhead and support expenses) by outputs (disposals). It should be noted that this measure does not represent the average life cycle cost of a trademark since production units are only one measure of USPTO products and services.

For the prior years, actuals will be reported using the actual expenses reported in the Statements of Net Cost and all actual production units. For the current and budget years, targets will be estimated using the budgetary request in place of actual expenses, and all projected production units. It should be noted that outyear calculations are subject to change, depending upon the level of funding actually authorized and spent. Actual results may fluctuate based upon management decisions to redirect resources.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	\$683	\$583	\$701
<b>Actual</b>	\$568	\$501	\$487	\$433		

**Measure: Productivity**

This measure focuses on the ratio of outputs to labor inputs. The total number of trademark disposals will be divided by the applicable allocated trademark labor hours, including contractors.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	Baseline	TBD
<b>Actual</b>	N/A	N/A	N/A	N/A		

**Performance Goal 3: Create a more flexible organization through transitioning patent and trademark applications to e-Government operations and participating in IP development worldwide.**

**Corresponding Strategic Goal**

**DOC Strategic Goal 2: Foster Science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.**

**Measure: Patents Applications Filed Electronically**

This measure indicates USPTO's support of, and applicants' willingness to operate in, an e-Government environment and will identify the percent of basic applications filed electronically.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	2.0%	2.0%	4.0%
<b>Actual</b>	N/A	N/A	N/A	1.3%		

**Measure: Patents Applications Managed Electronically**

This measure will indicate the USPTO's progress in moving toward operating in a fully electronic environment. The USPTO implemented a patent image file wrapper system that enhanced EPO's ePHOENIX system in June 2003 and will deliver an operational end-to-end electronic processing pipeline for all examined applications in image format by the end of fiscal year 2004, including electronic capture of all incoming and outgoing paper documents. The electronic pipeline capability will be delivered in phases with the goal of total integration with legacy systems and full text-based processing of all patent applications.

PATENTS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	70.0%	90.0%
<b>Actual</b>	N/A	N/A	N/A	N/A		

**Measure: Trademark Applications Filed Electronically**

This measure indicates the USPTO's support of and applicants' willingness to operating in an e-Government environment and will be measured by the percent of initial applications for the registration of trademark that are filed electronically. The 2003 target of 80% was predicated on enactment of legislation that would have adjusted fee amounts to encourage electronic filing.

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	50.0%	80.0%	65.0%	70.0%
<b>Actual</b>	N/A	N/A	38.0%	57.5%		

**Measure: Trademark Applications Managed Electronically**

This measure will indicate the USPTO's progress in moving toward operating in a fully electronic environment. In fiscal year 2004, the USPTO will complete its transition from a paper-based

trademark operation to a fully electronic processing operation with the implementation of an electronic file management system, Trademark Information System (TIS).

TRADEMARKS	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
<b>Target</b>	N/A	N/A	N/A	N/A	100%	100%
<b>Actual</b>	N/A	N/A	N/A	N/A		



## USPTO Data Validation and Verification

In accordance with GPRA requirements, the USPTO is committed to making certain that performance information reported is reliable, accurate, and consistent. To ensure the highest quality data, the USPTO has developed a strategy to validate and verify the quality of the USPTO's performance information. In this regard, the USPTO has undertaken the following:

- **Quality Reviews** — USPTO conducts ongoing reviews on the quality of patent and trademark examination. The focus of the review for patent applications is threefold: (1) identify patentability errors, (2) assess adequacy of the field of search and proper classification; and (3) assess proper examination practice and procedures. For trademark applications, the review includes four areas: (1) substantive statutory criteria for registrability, (2) search for confusingly similar marks, (3) proper examination practice and procedure; and (4) proper application of judicial precedents. The information from these reviews helps business units identify necessary training with the goal of enhancing overall product quality and improving the consistency of examination. The results of the reviews provide analysis in the form of reports to Patent and Trademark management. These reports serve as a tool for educating examiners and examining attorneys. In addition to reporting specific errors, the analysis provides information on recurring problems and trends.
- **Accountability** — Responsibility for providing performance data lies in the Patent and Trademark organizations. The USPTO holds program managers accountable for ensuring procedures are in place regarding the accuracy of their data and that the performance measurement source is complete and reliable.

The Office of the Inspector General (OIG) also contributes to the USPTO's efforts to assure audit and evaluation coordination and coverage of USPTO goals. The OIG conducted the following types of audits and evaluations:

- **Program evaluations** — The OIG reviewed the USPTO's performance measures included in the Department of Commerce's Annual Performance Plan (*Minor Improvements Needed in Reporting Performance Results, FSD-14429/March 2002*). The purpose of the review was to validate the measures and the data collection tools and methods. The results of the audit showed that management controls were in place and operating effectively regarding the collection, validation, and reporting of performance measures. In addition, the report stated that the USPTO was committed to developing and producing quality performance measures. Several minor recommendations were reported and have subsequently been implemented by the USPTO.
- **Financial statement audit** — During the fiscal year 2003 financial statement audit, various tests and reviews of the primary accounting system and internal controls were conducted as required by the Chief Financial Officers' Act. In their fiscal year 2003 internal control report, the auditors reported no internal control deficiencies or material deficiencies. The auditors issued an unqualified opinion on USPTO's fiscal year 2003 financial statements.

### Performance Measures (Data Sources and Verification)

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions To Be Taken
Improve Quality By Reducing the Error Rate	Patent and Trademark Quality Review Reports	Daily input, annual reporting	Automated systems, reports	Manual reports and analysis.	None	None
In Process Reviews	QAS reviewers in Patents and TQR reviewers in Trademarks	Annual reporting	Automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program management.	None	None
Patent Examiner Certification	Certification Report	Annual reporting	Certification database	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program management.	None	
Patent Examiner Re-certification	Certification Report	Annual reporting	Certification database	Accuracy of supporting data is controlled through internal program edits in the automated database. Final test for reasonableness is performed by supervisors and program managers.	None	None
Reduce Average First Action Pendency (months)	PALM and TRAM systems	Daily input; monthly reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems and cross checks against other automated systems.	None	None
Reduce Average Total Pendency (monthly)	PALM and TRAM systems	Daily input, monthly reporting	PALM and TRAM, automated systems, reports	Accuracy of supporting data is controlled through internal program edits in the PALM system. Final test for reasonableness is performed internally by patent examiners and patent supervisory and program managers and examining trademark attorneys and trademark supervisory and program managers.	None	None
Efficiency	PALM, TRAM, Momentum, Metify, ABM	Daily input, annual reporting	PALM and TRAM, Data Warehouse, Metify ABM	Internal program edits in PALM, TRAM, Momentum, Metify ABM. Quality control review of Data by ABC team and Program Business Teams.	None	None
Productivity	NFC for payroll, periodic contractor reports, PALM and TRAM for disposals	Payroll – biweekly; contractor reports – monthly; PALM and TRAM – biweekly; annual reporting	Automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM system and management reports. Final test for reasonableness is performed internally by patent examiners and patent supervisory and program managers and examining trademark attorneys and trademark supervisory and program managers.	None	None
Applications Filed Electronically	PALM and TRAM systems	Daily input; annual reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems, and cross checks against other automated systems.		
Applications Managed Electronically	PALM and TRAM systems	Daily input; annual reporting	PALM and TRAM, automated systems	Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems, and cross checks against other automated systems.		

Department of Commerce  
Technology Administration

**Summary of Performance Goals and Measures**

**Resource Requirements Summary**

(Dollars in Millions, Funding amounts reflect total obligations  
Information Technology (IT)  
Full Time Equivalent (FTE)

<b>Grand Total</b>	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>US/OTP</b>	7.2	8.2	8.1	9.8	6.7	8.6	0.1	8.7
<b>NIST</b>								
<b>Scientific and Technical Research &amp; Services</b>	283.5	311.0	329.8	358.8	347.9	339.4	75.5	414.9
<b>Industrial Technology Services</b>	301.6	281.3	306.0	310.5	233.4	216.6	-177.4	39.2
<b>Construction of Research Facilities</b>	200.5	37.7	70.6	77.1	75.0	23.1	36.3	59.4
<b>Working Capital Fund</b>	138.9	146.0	171.3	168.9	187.9	163.7	8.7	172.4
<b>NTIS</b>	38.3	34.7	27.7	27.7	51.2	40.0	0.0	40.0
<b>Total Funding</b>	970.0	818.9	913.5	952.8	902.2	791.4	-56.8	734.6
<b>Direct</b>	792.7	637.8	714.3	755.9	662.7	587.3	-65.5	521.8
<b>Reimbursable</b>	177.3	181.1	199.2	196.9	239.5	204.1	8.7	212.8
<b>IT Funding</b>	69.9	70.5	83.4	81.1	70.5			69.3
<b>FTE</b>	3,351	3,207	3,231	3,242	3,316	3,244	-44	3,200

## Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full Time Equivalent (FTE)

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**US/OTP Performance Goal: Provide leadership in promoting national technology policies that facilitate U.S. pre-eminence in key areas of science and technology**

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	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>Under Secretary/Office of Technology Policy (US/OTP)</b>								
<b>Salaries and Expenses</b>	7.1	7.8	7.9	9.5	6.3	8.2	0.1	8.3
<b>Reimbursable</b>	0.1	0.4	0.2	0.3	0.4	0.4	0.0	0.4
<b>Total Funding</b>	7.2	8.2	8.1	9.8	6.7	8.6	0.1	8.7
IT Funding	0.4	0.3	0.3	0.8	0.6			0.6
FTE	39	40	46	42	44	50	0	50

## **Targets and Performance Summary**

### **OTP Performance Goal 1: Provide leadership in promoting national technology policies that facilitate U.S. pre-eminence in key areas of science and technology**

<b>Measure</b>	<b>FY2000 Target</b>	<b>FY2000 Actual</b>	<b>FY2001 Target</b>	<b>FY2001 Actual</b>	<b>FY2002 Target</b>	<b>FY2002 Actual</b>	<b>FY2003 Target</b>	<b>FY2003 Actual</b>	<b>FY2004 Target</b>	<b>FY2005 Target</b>
Support improve American innovation system	New	New	New	New	Activities Complete	Completed	Activities Complete	Completed	Activities Complete	Activities Complete
Advance role of technology in U.S. economic growth and homeland security	New	New	New	New	Activities Complete	Completed	Activities Complete	Completed	Activities Complete	Activities Complete
Strengthen competitive position of American technology industries	New	New	New	New	Activities Complete	Completed	Activities Complete	Completed	Activities Complete	Activities Complete
Strengthen US/OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services	New	New	New	New	Activities Complete	Completed	Activities Complete	Completed	Activities Complete	Activities Complete

### **Corresponding Strategic Goal**

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards and advancing measurement science.

### **Rationale for Performance Goal**

The Technology Administration's (TA's) Office of the Under Secretary/Office of Technology Policy (US/OTP) serves as a key focal point within the federal government for leadership on civilian technology policy. It supports technology-based growth through a range of programs and policy development activities, addressing both domestic and international matters that work as a whole to identify key policy needs and options, strengthen the capacities for technological innovation by the U.S.'s industry and science and technology (S&T) community, and hasten the transfer of new scientific and technological advances to the private sector for commercial development.

US/OTP plays an important role in developing and coordinating national technology policy, working in partnership with industry and the S&T community and serving as an advocate for policies that leverage the benefits of new technology and enhance the strength of the U.S. economy.

In working to achieve the performance goal, US/OTP's efforts are focused on general goals (measures) and objectives that will support and improve the U.S. innovation system, advance the role technology plays in U.S. economic growth and homeland security, and strengthen the competitive position of the Nation's technology industries.

**FY 2005 Program Changes**

<b>Program Initiatives</b>	<b>Funding Request</b>	<b>FTE</b>	<b>Anticipated Impact</b>	<b>Location of Program Justification in the Budget Document</b>
Digital Freedom Initiative	\$129,000	-	Enhanced business competitiveness through the generation of information and services and the development of pro-growth regulatory and legal structures.	Salaries and Expenses Appropriation

**Explanation of Performance Measures**

***General Goals (Measures) and Objectives***

1. Support and improve the American innovation system.
  - a. Strengthen the Federal technology transfer system.
  - b. Identify and advocate policies that promote the competitiveness of the S&T workforce of the U.S.
2. Advance the role technology plays in U.S. economic growth and homeland security.
  - a. Increase the understanding of policymakers and the public of the importance to the US economy and homeland security of emerging and advanced technologies.
  - b. Identify and advocate strategies that facilitate technology-led economic growth.
3. Strengthen the competitive position of American technology industries.
  - a. Increase U.S. policymakers' understanding of globalization's effects on competitiveness, technological development, and standards.
  - b. Propose and recommend policy options on critical U.S. business climate issues.
  - c. Promote recognition and adoption in other countries of policies and practices that support U.S. innovation and innovators.
4. Strengthen US/OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services.
  - a. Transform US/OTP's internal organization and procedures to align with President's Management Agenda (PMA) objectives.

US/OTP has identified the following action plans, strategies, and activity milestones for FY 2004-2005 in each of the general goals (measures) and objectives. In addition to these programmatic goals, US/OTP identified an organizational and management goal that advances the organization's performance in keeping with the President's Management Agenda (PMA).

For each of US/OTP's goals and objectives, performance metrics rely chiefly on milestone accomplishments in achieving specific activities. The following action plan activities emphasize outreach, analysis and education, and advocacy--US/OTP's three key strengths--as strategies to accomplish its strategic goals and objectives.

**Action Plans**

To support its four strategic goals and associated objectives, US/OTP will pursue the following strategies, activities, and performance targets in FY 2004-2005.

**General Goal #1: Support and improve the American innovation system.**

**Objective #1.a. Strengthen the Federal technology transfer system**

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> <li>• Facilitate inter-agency coordination of regulatory and legislative policy initiatives</li> <li>• Prepare and deliver reports on technology transfer practices and issues in response to Administration requests, congressional mandates, and emerging policy issues.</li> </ul>	<p>FY 2005:</p> <ul style="list-style-type: none"> <li>• Develop and publish legislatively mandated annual report to Congress and the President on U.S. government technology transfer activities and trends.</li> <li>• Publish and disseminate regulations clarifying Bayh-Dole policies to improve effectiveness of U.S. government technology transfer practices</li> <li>• Facilitate development of educational materials for use at the national laboratories, such as Web sites, online resources, and videos</li> </ul> <p>FY 2004:</p> <ul style="list-style-type: none"> <li>• Develop and publish legislatively mandated annual report to Congress and the President on U.S. government technology transfer activities and trends.</li> <li>• Publish and disseminate regulations clarifying Bayh-Dole policies to improve effectiveness of U.S. government technology transfer practices</li> <li>• Facilitate development of educational materials for use at the national laboratories, such as Web sites, online resources, and videos</li> </ul>

**Objective #1.b. Identify and advocate policies that promote the competitiveness of S&T workforce of the U.S.**

**Strategies**

- Prepare and deliver reports on innovation and technology issues in response to Administration requests, congressional mandates, and policy issues.
- Regularly meet with industry leaders to identify excellence and best practices. Develop, publish, and disseminate the results as educational resources for policymakers and stakeholders.

**Activities and Performance Targets**

FY 2005:

- Manage the President's National Medal of Technology program to promote the economic value of technology innovation by providing public recognition to successful inventors.
- Develop and promote S&T career-related Web content for GetTech Web site.

FY 2004:

- Manage the President's National Medal of Technology program to promote the economic value of technology innovation by providing public recognition to successful inventors.
- Develop and promote S&T career-related Web content for GetTech Web site.
- Provide public recognition to successful inventors.

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**General Goal #2: Advance the role technology plays in US economic growth and homeland security.**

**Objective #2.a. Increase the understanding of policymakers and the public of the importance to the U.S. economy and homeland security of emerging and advanced technologies.**

**Strategies**

- Prepare and deliver reports on emerging and advanced technology policy issues in response to Administration requests, Congressional mandates, and emerging needs.
- Provide Administration and congressional policymakers with policy options concerning emerging and advanced technologies.

**Activities and Performance Targets**

FY 2005:

- Complete ongoing efforts with biotechnology industry to help develop U.S. government statistical data series
- Analyze status and effects of U.S. government policies and investments related to critical emerging technologies
- Promote understanding and use of productivity-enhancing information technologies in business, education, medicine, and research



- Serve as industry advocate within White House (WH), U.S. government and international policy for adoption of policies to strengthen U.S. innovation in emerging and advanced technologies.
  - Organize press briefings and roundtable discussions to inform Congress, U.S. government agencies, industries, S&T community, and public about OTP analytical findings. Disseminate information on the Web
- FY 2004:
- Work with biotechnology industry to help develop U.S. government statistical data series
  - Analyze status and effects of U.S. government policies and investments related to critical emerging technologies
  - Promote understanding and use of productivity-enhancing information technologies in business, education, medicine, and research

**Objective #2.b. Identify and advocate strategies that facilitate technology-led economic growth.**

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> <li>• Prepare and deliver reports on strategies that facilitate technology-led economic growth</li> <li>• Develop outreach events to provide information and promote infrastructure contributing to technology-led economic growth</li> </ul>	<p>FY 2005:</p> <ul style="list-style-type: none"> <li>• Convene regional economic development officials, national experts, and other U.S. government/DOC interests to develop new OTP TLED initiatives and improve information dissemination to localities.</li> <li>• Continue information dissemination on successful programs/efforts in TLED abroad.</li> <li>• Complete analysis and disseminate results regarding current US digital opportunity efforts.</li> <li>• Consult with other U.S. government agencies and the private sector to coordinate international technology led economic development activities.</li> </ul> <p>FY 2004:</p> <ul style="list-style-type: none"> <li>• Convene regional economic development officials, national experts, and other U.S. government/DOC interests to develop new OTP TLED initiatives and improve information dissemination to localities.</li> <li>• Initiate data collection and begin information dissemination on successful programs/efforts in TLED abroad.</li> <li>• Analyze current U.S. digital opportunity efforts.</li> <li>• Consult with other U.S. government agencies and the private sector to coordinate international technology-led economic development activities.</li> </ul>

**General Goal #3: Strengthen the competitive position of American technology industries.**

**Objective #3.a. Increase U.S. policymakers' understanding of globalization's effects on competitiveness, technological development, and standards.**

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"><li>• Prepare and deliver reports on innovation and technology issues in response to Administration requests, Congressional mandates, and emerging needs.</li><li>• Provide Administration and congressional policymakers with policy options concerning U.S. innovation issues.</li></ul>	<p>FY 2005:</p> <ul style="list-style-type: none"><li>• Convene quarterly discussions with industry and S&amp;T community to evaluate progress on policy recommendations and to identify new policies.</li><li>• Lead the Digital Freedom Initiative and coordinate with agency partners.</li><li>• Engage 500,000 citizens and entrepreneurs in “host” countries in support of the Digital Freedom Initiative.</li><li>• Catalyze and leverage U.S. private sector input and investment of approximately \$10 million in the Digital Freedom Initiative.</li><li>• Design and provide tools (software, applications) and resources (training, partnerships) aimed at promoting growth and productivity of entrepreneurs and subject matter experts in “host” countries.</li><li>• Use U.S. technological and financial expertise to build greater efficiency into existing networks of microfinance and microcredit in “host” countries.</li><li>• Promote pro-growth legal and regulatory frameworks in DFI “host” countries.</li><li>• Facilitate partnerships in DFI countries that will lead to increased market opportunities for U.S. firms.</li><li>• Develop partnerships with private sector and NGO participants.</li><li>• Develop partnerships and programs for small businesses and entrepreneurs in host countries.</li></ul> <p>FY 2004:</p> <ul style="list-style-type: none"><li>• Develop and publish analytical report on the impact of globalization on U.S. innovation.</li><li>• Develop and publish comparative analytical report on technology and innovation policy and programs in selected other countries.</li><li>• Convene quarterly discussions with industry and S&amp;T community to evaluate progress on policy recommendations and to identify new policies.</li><li>• Organize and launch an outreach campaign to enlist a large and diverse group of partners to support the Digital Freedom Initiative.</li><li>• Lead an effort to develop training materials and programs for small businesses and entrepreneurs in "host" countries.</li></ul>

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**Objective #3.b. Propose and recommend policy options on critical U.S. business climate issues.**

<b>Strategies</b>	<b>Activities and Performance Targets</b>
<ul style="list-style-type: none"><li>• Liaison with technology industries to learn views on policy priorities.</li><li>• Serve as industry advocate within White House, U.S. government and international policy fora to work for adoption of policies to strengthen U.S. innovation.</li></ul>	<p>FY 2005:</p> <ul style="list-style-type: none"><li>• Attend industry meetings and organize outreach events to learn views on policies including biotechnology, nanotechnology, broadband, information and communications technology. Use TA's position as APEC's Industrial Science and Technology Working Group Webmaster to improve utilization of information technology for information dissemination and activities related to international policy and project management.</li><li>• Advise the Secretary of Commerce on technology issues based on ongoing analysis and consultations with industry and the S&amp;T community.</li></ul> <p>FY 2004:</p> <ul style="list-style-type: none"><li>• Identify areas of improvement in R&amp;D tax credit and develop policy papers/articles advocating adoption of credit with improvements.</li><li>• Attend industry meetings and organize outreach events to learn views on policies including broadband, information and communications technology. Use TA's position as APEC's Industrial Science and Technology Working Group Webmaster to improve utilization of information technology for information dissemination and activities related to international policy and project management.</li><li>• Advise the Secretary of Commerce on technology issues based on ongoing analysis and consultations with industry and the S&amp;T community.</li></ul>

**Objective #3.c. Promote recognition and adoption in other countries of policies and practices that support U.S. innovation and innovators.**

<b>Strategies</b>	<b>Activities and Performance Targets</b>
<ul style="list-style-type: none"><li>• Represent the U.S. government in bilateral and multilateral meetings</li></ul>	<p>FY 2005:</p> <ul style="list-style-type: none"><li>• Continue to represent the U.S. in multilateral and bilateral meetings related to international technology policy</li></ul> <p>FY 2004:</p> <ul style="list-style-type: none"><li>• Continue to represent the U.S. in multilateral and bilateral meetings related to international technology policy</li></ul>

**General Goal #4: Strengthen US/OTP’s organization, capabilities, and resources to maximize the effectiveness of its activities and services.**

**Objective #4.a. Transform US/OTP’s internal organization and procedures to align with the President’s Management Agenda (PMA) objectives.**

<b>Strategies</b>	<b>Activities and Performance Targets</b>
<ul style="list-style-type: none"><li>Transform US/OTP’s internal organization and procedures to align with PMA objectives</li></ul>	FY 2005: <ul style="list-style-type: none"><li>Implement a new strategy regarding US/OTP’s competitive sourcing efforts.</li><li>Continue implementation and refinement of US/OTP’s workforce restructuring initiatives.</li><li>Continue to improve US/OTP’s e-government participation through intragovernmental panels and through improved web presence.</li></ul>
	FY 2004: <ul style="list-style-type: none"><li>Convene advisory group to assess current efforts and recommend future activities/directions.</li><li>Implement Workforce Restructuring plan to realign the TA organization, strengthen workforce skills, and continue to deploy innovative human resources practices, such as flexitour, telework, and other flexibilities.</li><li>Improve US/OTP’s e-government participation through interagency participation in panels and improved Web presence.</li></ul>

**Program Evaluation**

In FY 2004, US/OTP will develop a program evaluation process (see general goal 4) that involves convening an advisory group to assess current efforts and recommend future activities and directions with a focus on aligning US/OTP’s internal organization and procedures with PMA objectives.

**Cross-cutting Activities**

***Intra-Department of Commerce***

US/OTP works with the National Institute of Standards and Technology, the National Oceanic and Atmospheric Administration, and the National Telecommunications and Information Administration on technology transfer issues; with the U.S. Patent and Trademark Office on intellectual property matters; with the National Telecommunications and Information Administration on telecommunications issues concerning technology innovation; with the Bureau of Industry and Security on technology export issues; and with the International Trade Administration on issues related to international technology.

### ***Other government agencies***

US/OTP works with the Departments of Education and Labor on workforce and education issues; the Department of State and the U.S. Trade Representative on international issues; the Department of State, USAID, Peace Corps, and US Freedom Corps for the Digital Freedom Initiative; the U.S. Patent and Trademark Office, the Bureau of Industry and Security, and a variety of agencies on technology transfer activities and on intellectual property rights issues; the Department of Health and Human Services, the National Institutes of Health, and the Food and Drug Administration on issues related to medical technologies; all the major Federal science and technology agencies on technology transfer issues; and the Office of Science and Technology Policy on international S&T issues.

### ***Private sector***

US/OTP works closely with private industry and the S&T community to develop and coordinate national technology policy. It also serves as an advocate for policies that best leverage the benefits of new technology and contribute to the U.S. economy.

### **External Factors and Mitigating Circumstances**

Outputs associated with coordination and leadership functions depend in part upon the interest and commitment of numerous public and private sector participants operating at the state and Federal levels. US/OTP can influence but not control other participants.

## Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full Time Equivalent (FTE)

### **NIST Laboratory Performance Goals (Goals 1-2):**

- 1. Provide technical leadership for the Nation's measurements and standards infrastructure**
- 2. Assure the availability and efficient transfer of measurement and standards capabilities essential to established industries**

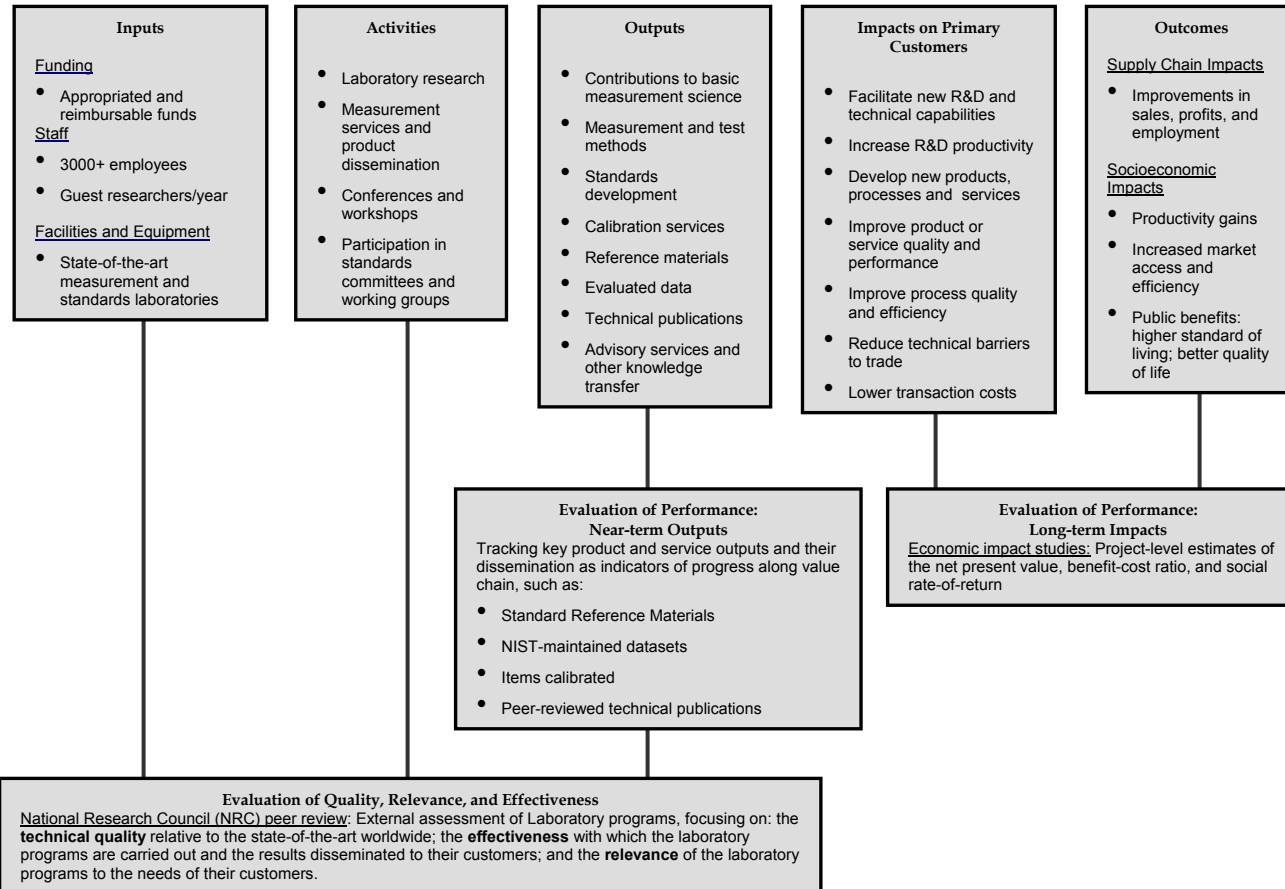
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>NIST</b>								
<b>Scientific and Technical Research and Services</b>								
Electronics & Electrical Engineering	38.6	40.6	41.5	44.4	45.0	44.3	9.1	53.4
Manufacturing Engineering	19.0	18.9	19.4	20.6	21.9	21.6	8.0	29.6
Chemical Science & Technology	33.2	34.3	34.3	38.5	42.2	43.4	5.4	48.8
Physics	29.8	32.8	34.5	35.9	37.8	38.6	2.7	41.3
Material Sciences & Engineering	51.9	54.0	56.0	60.1	53.9	54.6	8.3	62.9
Building & Fire Research	15.2	17.6	20.2	22.4	21.4	19.6	4.0	23.6
Computer Science & Applied Mathematics	46.5	55.6	56.4	52.9	49.8	51.0	7.0	58.0
Technology Assistance	17.8	17.8	18.1	18.6	15.2	15.6	2.0	17.6
Research Support Activities	26.2	29.0	44.5	59.7	54.8	45.2	29.0	74.2
<b>Construction of Research Facilities</b>	200.5	37.7	70.6	77.1	75.0	23.1	36.3	59.4
<b>Working Capital Fund</b>								
Direct / Investments	23.1	28.5	44.8	21.1	25.1	20.6	8.7	29.3
Reimbursable	110.7	115.5	125.7	144.8	159.4	140.5	0.0	140.5
<b>Total Funding</b>	<b>612.5</b>	<b>482.3</b>	<b>566.0</b>	<b>596.1</b>	<b>601.5</b>	<b>518.1</b>	<b>120.5</b>	<b>638.6</b>
IT Funding	50.2	54.2	64.0	66.0	63.4			67.3
FTE	2,670	2,594	2,607	2,639	2,691	2,603	203	2,806

## **Summary Information: NIST Performance Goals 1 & 2**

The first two performance goals for NIST (below) pertain to the NIST Laboratory Program. The NIST Laboratories perform research to develop the measurement tools, data, and models for advanced science and technology. The model below depicts the NIST Laboratory Program's value-creation chain--from inputs like funding and staff to outcomes like productivity gains and improved quality of life. The model also includes the methods and measures used to evaluate quality, relevance, and performance along the impact path, each of which is described in more detail in the sections that follow.

NIST has designed its performance evaluation system to accommodate the organization's specific mission and impact path as well as to respond to the intrinsic difficulty of measuring the results of investments in science and technology. Like other Federal science organizations, the primary output of NIST's laboratory research is scientific and technical knowledge, which is inherently difficult to measure directly and comprehensively. In addition, the outcomes from research often do not begin to accrue until several years after the research program has been completed, and the diffusion of benefits often affects broad segments of industry and society over long time periods. Given these challenges, the NIST Laboratory Program evaluates its performance using an appropriate mix of specific output tracking plus cross-cutting peer review and economic impact analyses. Taken together, these evaluation tools, combined with continual feedback from customers, provide NIST management and external stakeholders with a detailed and broad view of NIST's performance toward its long-term goals.

## NIST Laboratory Program: Impact and Evaluation Logic Model





## Targets and Performance Summary

### **NIST Performance Goal 1: Provide technical leadership for the Nation's measurement and standards infrastructure**

Measure	FY2000 Target	FY2000 Actual	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2005 Target
Qualitative assessment and review of technical quality and merit using peer review	Complete	Completed	Complete	Completed	Complete	Completed	Complete	Completed	Complete	Complete
Peer-reviewed technical publications	New	New	New	New	New	New	New	1267	1300	1300
Citation impact of NIST-authored publications	New	New	New	New	New	Above Average	New	Available Sept 2004	Above Average	Above Average

### Corresponding Strategic Goal

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

### Rationale for Performance Goal

The NIST Laboratories perform research to develop state of the art measurement tools, data, and models for advanced science and technology. Through its broad and vigorous measurement research, NIST strives to anticipate the infrastructure needs of next-generation technologies in the United States. This forward-looking research not only yields improvements in NIST's measurement services, but also generates new knowledge, capabilities, and techniques that are transferred to industry, universities, and other government agencies.

NIST's current research portfolio focuses on laboratory-specific research competencies required to advance specific fields of measurement science and improve the efficiency of the system that links the fundamental units of measurement to the measurement methods used in applied settings. Over the long term, key forces in NIST's strategic environment—especially the interdisciplinary character of science and technology and the trend toward research networks—are directing the Institute's attention toward emerging technologies and research areas that are changing rapidly, require collaboration and coordination within NIST and between NIST and its external partners, and have the potential for very high economic and societal impacts.

Next-generation measurement needs lead NIST to focus its long-term research efforts on interdisciplinary areas where inadequate technical infrastructure is a barrier to development, commercialization, and public benefit, including nanoscale measurements and data, measurement and standards for the biosciences, and standards and test methods for information and communication technologies. NIST currently has a broad range of competencies to draw on in each area, but emerging measurement and standards needs require a higher level of strategic focus, internal and external collaboration, and organizational commitment. By focusing on these and related areas, NIST expects to increase its net impact on productivity, trade, and quality of life.

## **Explanation of Performance Measures**

### ***Qualitative assessment of technical quality, merit or relevance, and performance using peer review***

Since 1959, the NIST Laboratories have been reviewed annually by the National Research Council (NRC). The annual NRC Board on Assessment of NIST Programs review is independent, technically sophisticated, and extensive. The Board consists of approximately 150 scientists and engineers, organized into seven panels (one for each of the seven NIST Laboratories) plus two sub-panels for specialized programs. Panel reviews are reported at the division level (the major organizational unit for the laboratories) and build upon assessments of research processes at the project and program levels.

Each year the lab-specific panels conduct a two to three-day on-site review of each laboratory's technical quality, paying particular attention to the following factors, as charged by the NIST Director:

- The technical merit / quality of the laboratory programs relative to the state-of-the-art worldwide
- The effectiveness with which the laboratory programs are carried out and the results disseminated to their customers
- The relevance of the laboratory programs to the needs of their customers
- The ability of the Laboratories' facilities, equipment, and human resources to enable the Laboratories to fulfill their mission and meet their customers' needs.

The NRC panel reports for each laboratory provide the basis for a comprehensive annual peer review report on the NIST Laboratories. As in prior years, the NRC report for FY 2003 provides each laboratory, and NIST as a whole, not only with an external quality assessment, but also with valuable information that it can use for its own performance assessment, planning, and management functions. The table on the following page provides summary statements for the laboratories, excerpted from NRC's 2003 report. The entire NRC report is available at <http://www.nap.edu/catalog/10820.html>.

## Sample Statements from NRC Peer Review, FY 2003

### LABORATORY

<b>Electronics and Electrical Engineering (EEEL)</b>	“The work in EEEL continues to be of very high technical merit and quality. Many staff members are recognized as world leaders in their fields. In general, there is significant linkage between EEEL projects and the goals of the laboratory supporting NIST’s mission... EEEL divisions are doing an excellent job of providing services, interacting with their customers, performing scientific research, and circulating the results of their investigations...The extended period of excessively lean budgets for the support of current laboratory activities now clearly has an influence on its present and future capabilities and effectiveness... Succession planning factored with strategic planning is critical to the future health and survivability of the [EEEL] divisions.” (pp. 17, 20, 22).
<b>Manufacturing Engineering (MEL)</b>	“The [MEL] has a unique role to play in U.S. manufacturing through its expertise in measurements and standards... The quality of research in the [MEL] is high overall... In some areas, MEL work is state of the art relative to work being performed worldwide... MEL is working effectively to broaden its customer base and is establishing processes to identify best initiatives to help customers... A formal process and format should be established for planning and reporting project time lines and displaying a clear roadmap of current and planned activities, with a focus on continual process improvement.” (pp. 28, 30).
<b>Chemical Science and Technology (CSTL)</b>	“CSTL’s research and standards programs are technically excellent overall... CSTL has clearly demonstrated both the relevance and effectiveness of its programs to its customers, primarily U.S. industry, government, and academia, but also to international science, technology, and commerce... [CSTL’s] innovative practices and successful partnering have sustained exceptional productivity and the continuation of its high visibility, recognition, and world leadership in the development of measurement standards... CSTL has implemented an excellent strategic planning process that is closely aligned with the goals and objectives of the overall NIST strategic plan...” (pp. 37-38).
<b>Physics (PL)</b>	“The NIST Physics Laboratory has long been known among its technical peers for the outstanding level of its scientific research. The laboratory has a tradition of world leadership in many of its areas of activity... continues to serve as a central, impartial presence in metrology and calibrations for commercial and scientific development... The Physics Laboratory continues to reach out through a variety of efforts to ensure that its programs are responsive to customer and national needs and that reliable experimental and theoretical information is maintained to support emerging technological and scientific directions...The Physics Laboratory must continue to develop a strategic plan and prioritization process that results in clear laboratory goals... “(pp. 45-46, 48).
<b>Materials Science and Engineering (MSEL)</b>	“The technical quality of MSEL continues at a very high level, as evidence by its quality contributions and impact on emerging science and technologies... The panel determined that [MSEL] is enhancing its relevance and effectiveness through reliance on its strategic plan for the allocation of limited resources to a growing set of national needs...The panel commends the laboratory for maintaining a balance between these new focus areas and continued service to its historical constituency groups... The panel noted in particular that the laboratory is making better use of collaborations both within and outside of NIST... Continued attention is needed... [on] the potential for subcritical staffing of important programs and the maintenance of key areas of investigation to secure the laboratory’s role in the strategic mission of NIST. “(pp. 56-57, 60).
<b>Building and Fire Research (BFRL)</b>	“The panel continues to be impressed by the high quality of scientific and technical work produced in the [BFRL]... BFRL staff takes advantage of the special tools and expertise that exist in the laboratory to provide their customers with unbiased, technically excellent work focused on the measurement and testing needed to improve the quality of materials and technologies... The National Construction Safety Team Act presents a tremendous opportunity for BFRL. The laboratory still has to define a strategy for deploying resources to an investigation and, once completed, for disseminating the results... The laboratory has taken early steps toward the development of a strategic plan and of performance metrics. Next steps should include the specification of time lines, milestones, and interdependencies.” (p. 64)
<b>Information Technology (ITL)</b>	“The overall technical quality and the merit, relevance, and effectiveness of the Information Technology Laboratory’s programs and staff remain strong... There is ample evidence of outstanding work in leveraging technology ideas across customer areas for industry, academia, government, and within NIST.... ITL has worked hard and effectively to develop metrics for its performance. ITL should work with customers... to further develop means of assessing the effectiveness of ITL projects and products. ITL’s interactions with and impact on industrial customers continue to be strong, and the panel applauds the laboratory’s ability to produce and disseminate results of value to a broad audience.” (pp. 74, 77)

Recently, NIST revised many of its annual output measures to focus more on the quality and demand for NIST research results and standards services. For example, NIST uses publications as one mechanism for disseminating the results of its research to the U.S. private sector, universities, and other government agencies. Previously, NIST reported only the total level of publications. This measure has been improved in two respects: 1) NIST now provides the number of peer-reviewed technical publications (which serves as a partial indicator of quality); and 2) NIST will regularly report the citation impact of NIST-authored publications (which provides a partial indicator of quality and utility).

### ***Peer-reviewed technical publications***

Technical publications represent one of the major mechanisms NIST uses to transfer the results of its research to those organizations that need cutting-edge measurements and standards. Each year, NIST's technical staff produces a total of 2,000 to 2,200 publications with approximately 60 percent appearing in prestigious scientific peer-reviewed journals. This measure represents the annual number of high quality, peer-reviewed technical publications produced by the NIST Laboratories staff. The number is a direct count of the peer-reviewed technical publications approved by the NIST Editorial Review Board at both the Gaithersburg, and Boulder sites.

In addition to peer-reviewed journals, NIST publishes its measurement methods and standards through conference proceedings, NIST interagency reports and special publications. For example, the NIST Journal of Research highlights NIST's research and development in the area of metrology and related fields of physical science, engineering, applied mathematics, statistics, biotechnology, and information technology. Also, special publications such as NIST Recommended Practice Guides target specific industries and provide users with valuable guidance on specialized measurement techniques and methods for interpreting results.

### ***Citation impact of NIST-authored publications***

Within the scientific community, citation rates are often used to measure the demand for or relevance of published research. Citation analysis also 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. Citation rates, when combined with other metrics such as publication counts, provide a useful measure of the utility and relevance of an organization's research.

NIST assesses its citation impact by using data collected by the Institute for Scientific Information (ISI), which has been collecting research publication data for more than 40 years and now maintains one of the most comprehensive sources of available publication data for scientific and technical organizations. This measure represents NIST's "relative citation impact" - that is, the average citation rate per NIST publication relative to ISI's baseline citation rate number for all scientific and technical organizations. According to the ISI database, NIST's relative impact for the past 22 years (1981-2002) has been consistently above average. These data demonstrate that NIST consistently produces relevant scientific and technical publications.

**NIST Performance Goal 2: Assure the availability and efficient transfer of measurement and standards capabilities essential to established industries**

Measure	FY2000 Target	FY2000 Actual	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2005 Target
Standard Reference Materials sold	New	34,020	New	31,985	New	30,996	New	29,527	29,500	29,500
NIST-maintained datasets downloaded	New	New	New	New	New	New	New	55,653,972	56,000,000	56,000,000
Number of items calibrated	3,200	2,929	3,100	3,192	2,900	2,924	2,900	3,194	2,800	2,700
Economic impact studies	Complete	Completed	Complete	Completed	Complete	Completed	Complete	No studies conducted	Complete	Complete

**Corresponding Strategic Goal**

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

**Rationale for this Performance Goal**

A major component of the Commerce Department’s mission is to promote U.S. competitiveness by strengthening and safeguarding the U.S. economic infrastructure. The economy and measurement infrastructure depend on accurate measurements and direct traceability to international standards. Measurement equivalency among international, national, and local laboratories is critical for the acceptance of test results for commerce, international trade, and health and safety.

As the U.S. National Metrology Institute, NIST is charged with maintaining the national measurement and standards system and providing high-accuracy primary measurement services to anchor the Nation’s industrial enterprise to international primary standards. U.S. industry requires a high quality measurement infrastructure for product development, testing, instrumentation, process monitoring, and product performance enhancement. NIST’s measurement services provide a common infrastructure for measurement functions in existing industries, allowing customers to verify and gain domestic and international acceptance of their measurement results by tracing them back to the primary national and international standards.

Today’s global marketplace demands rapidly conducted, highly accurate, and efficiently delivered measurements. In technology-based industries, NIST continuously responds to quality and cost pressures that call for more measurements with increasingly high precision and selectivity. These industries can be extremely measurement-intensive; for instance, measurements account for 25-30 percent of manufacturing costs in the semiconductor industry. For these and other customers, NIST measurement services—reference materials, evaluated data, calibrations,

measurement methods, and others—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.

Measurement services for the United States originate at NIST and derive directly from NIST laboratory research efforts. Through measurement standards, data, and technical services, NIST provides its customers in industry, government, and the scientific community with measurement uniformity, traceability, and equity in domestic and international commerce.

### **Explanation of Performance Measures**

While NIST has diverse measurement and standards outputs, Standard Reference Materials (SRMs), NIST-maintained data, and calibrations represent three channels through which NIST delivers measurement and standards tools and services to established industries. Per discussions with OMB during their FY 2005 Program Assessment Rating Tool (PART) review, NIST revised these metrics to more accurately capture the demand for its products and services. Previously, NIST reported only the number of SRMs and reference data sets available, in addition to the number of items calibrated. Combined with the number of items calibrated, the new measures - SRMs sold and downloads of NIST-maintained data— provide better indicators of industry’s demand for and use of NIST measurements and standards.

#### ***Standard Reference Materials (SRMs) Sold***

SRMs are certified in the NIST Laboratories for their specific chemical and material properties. SRMs are the definitive source of measurement traceability in the United States; all measurements using SRMs can be traced to a common and recognized set of basic standards that provides the basis for compatibility of measurements among different laboratories. In addition, as economic exchange has become more global, customers are using SRMs to achieve measurement quality and conformance to process requirements that address both national and international needs for commerce and trade. NIST has developed over 1350 SRMs supporting areas such as industrial materials production and analysis, environmental analysis, health measurements, and measurements for basic science. This measure represents a direct count of the number of SRM units sold to customers in industry, academia, and other government agencies. Recent trends illustrate dissemination of a high (roughly 30,000 per year) but slightly declining number of SRMs. NIST expects this trend to continue predominantly because technological improvements in equipment and testing methods will continue to reduce the overall frequency with which test equipment and methods are calibrated using reference materials.

NIST is committed to responding to its customer’s SRM needs and has recently implemented improvements in its internal reporting system to assist the individual NIST laboratories in efficiently managing SRM inventories and tracking specific SRM sales. In addition, NIST has developed other avenues of dissemination to ensure its customers have access to the reference materials they need. For example, as a result of increasingly sophisticated Federal, state, and local environmental standards, NIST experienced a significant increase in the demand for its gas-mixture reference standards. In response to this growing demand, NIST partnered with the EPA and specialty gas companies (SGCs) to allow the SGCs to manufacture and disseminate reference standards with defined traceability linkages to the existing NIST standard. The result - the NIST Traceable Reference Materials (NTRM) for Gas Standards – is an innovative program benefiting U.S. industry and consumers. Additional information, including the economic impact of the NTRM program, is available in a NIST Planning Report available at <http://www.nist.gov/director/prog-ofc/report02-4.pdf>.

### ***Downloads of NIST-maintained Datasets***

NIST provides on-line access to over 70 scientific and technical databases. These databases cover a broad range of substances and properties from a variety of scientific disciplines. Some datasets - such as the NIST Chemistry WebBook, NIST Physical Reference Data Systems, and the NIST Ceramics WebBook - are comprehensive and contain a large number of databases, while others serve very specific applications. NIST's on-line data systems are heavily used by industry, academia, other Government agencies, and the general public and represent another method NIST uses to deliver its measurements and standards tools, data, and information. This measure is a direct count of the average annual number of downloads of NIST-maintained data. While this count demonstrates a very high level of data dissemination, it does not capture the distinct number of users that have accessed the databases. (NIST cannot and does not collect user-specific data on web transactions). Overtime, NIST expects a consistent level of on-line data dissemination.

### ***Number of items Calibrated***

NIST offers more than 500 different types of physical calibrations in areas as diverse as radiance temperature, surface finish characterization, and impedance. NIST calibration services and special tests are characterizations of particular instruments, devices, and sets of standards with respect to international and national standards. NIST calibration services provide the customer with direct traceability to national and international primary standards. This measure illustrates the quantity of physical measurement services provided by NIST for its customers, including calibration services, special tests, and Measurement Assurance Programs (MAPs). MAPs are quality control programs for calibrating entire measurement systems.

The output data represent a direct count of the number of items external customers sent to NIST for formal calibration services. The data provide information on service output levels only and represent a measure of throughput but not workload per se, as the number of tests and/or the time and calibration effort required can vary substantially across items. As with SRMs and NIST-maintained data, downstream impact is a function of the nature of individual calibration services more than the sheer volume of items calibrated.

NIST expects a relatively high but slightly declining number of items calibrated, for two reasons: First, extended calibration cycles as well as changing technology and industry mergers continue to reduce the number of artifacts delivered to NIST for calibration; and second, NIST focuses on conducting calibrations that require a direct connection to the national standards, and on improving calibration accuracy in areas where new industry demands are emerging. Through this overall approach NIST can efficiently leverage its primary calibration services to support a broader base of secondary calibrations conducted within the private sector.

### ***Economic Impact Studies***

NIST uses retrospective microeconomic studies to complement the quantitative output measures and assess the long-term impacts that derive from specific NIST Laboratories' programs or projects. NIST has been conducting economic impact studies on a regular basis since 1992, and initiates two to four new impact studies annually. Impact assessments of NIST's R&D in specific technical areas are conducted by external economic and technical experts contracted by NIST. These studies provide both quantitative estimates and qualitative assessments of the economic impacts resulting from the different types of technology infrastructure that NIST provides to U.S. industry. Quantitative estimates compare project costs with quantitative impact evidence in such areas as productivity, quality, time-to-market, transaction costs, sales, market share, and profits.

NIST impact studies use the same quantitative metrics as industry, typically providing one or more of three metrics: 1) net present value and two efficiency measures; 2) a benefit-cost ratio, which compares the net present value of benefits and costs over the time period being analyzed; and 3) a social (internal) rate of return, which represents the annual percentage rate that would be required to reduce the net present value of the benefit time series to zero (i.e., to yield a benefit-cost ratio of one—the break-even point for a project). Recent impact studies also provide qualitative descriptions of impacts that are significant but difficult to quantify, such as the impact of NIST infratechnologies on R&D strategies and capabilities, organizational efficiency, market access, and effectiveness in working with external actors such as suppliers and standards organizations. A study conducted by the National Bureau of Economic Research indicated that NIST outputs generate rates of return on R&D that consistently exceed the estimated average returns on R&D conducted by private industry.



## Economic Impact Studies: Long-term Outcomes of NIST Laboratory Research

Industry: Project	Year	Output	Outcomes	Measures*
<i>Chemicals</i> : gas-mixture reference standards	2002	NIST-traceable reference materials	Lower regulatory compliance costs; improve market efficiency	SRR: 221-228%; BCR: 21-27; NPV: \$49M to \$63M
<i>Communications</i> : security (role-based access control)	2002	Generic technology reference models and security standards	Enable new markets; increase R&D efficiency	SRR: 62%; BCR: 109; NPV: \$292M
<i>Electronics</i> : Josephson voltage standard	2001	Standard reference materials	Increase R&D efficiency; increase productivity; enable new markets	SRR: 877; BCR: 5; NPV: \$18M
<i>Communications</i> : security (data encryption standards)	2001	Standard conformance test methods/services	Increase R&D efficiency; enable new markets	SRR: 267-272%; BCR: 58-145; NPV: \$345M-\$1.2B
<i>Pharmaceuticals</i> : cholesterol measurement	2000	Standard reference materials	Increase productivity; decrease transaction costs	SRR: 154%; BCR: 4.5; NPV: \$3.5M
<i>Photonics</i> : laser and fiberoptic power and energy calibration	2000	Calibrations	Increase productivity; decrease transaction costs	SRR: 43%-136%; BCR: 3-11; NPV: \$48M
<i>Chemicals</i> : SRMs for sulfur in fossil fuels	2000	Standard reference materials	Increase productivity; reduce transaction costs	SRR: 1,056%; BCR: 113; NPV: \$409M
<i>Semiconductors</i> : software for design automation (IGBT semiconductors)	1999	Software model	Increase R&D efficiency; increase productivity	SRR: 76%; BCR: 23; NPV: \$10M
<i>Chemicals</i> : alternative refrigerants	1998	Standard reference data	Increase R&D efficiency; increase productivity	SRR: 433%; BCR: 4
<i>Materials</i> : phase equilibria for advanced ceramics	1998	Standard reference data	Increase R&D efficiency; increase productivity	SRR: 33%; BCR: 10
<i>Materials</i> : thermocouples	1997	Standard reference data (calibration)	Lower transaction costs; increase product quality	SRR: 32%; BCR: 3
<i>Pharmaceuticals</i> : radiopharmaceuticals	1997	Standard reference materials	Increase product quality	SRR: 138%; BCR: 97
<i>Photonics</i> : optical detector calibration	1997	Standards and calibration services	Increase productivity	SRR: 72%; BCR: 3

\*The benefit-cost ratio compares the net present value of benefits and costs over the time period being analyzed. Social (internal) rate of return represents the annual percentage rate that would be required to reduce the net present value of the benefit time series to zero (i.e., to yield a benefit-cost ratio of one—the break-even point for a project).

Collectively, these studies validate NIST's fundamental impact logic model: in other words, they prove that the measurement and standards infrastructure provided by NIST generates impacts on R&D productivity, market efficiency, product quality, and other factors—typically at a level that far exceeds the input costs. Individually, these studies also provide management with a broader range of useful qualitative information on such important factors as the nature of the R&D life cycle in individual industries; the points at which measurement technologies affect R&D, production, and market transactions at different levels of the supply chain; and the modes of potential impact associated with different types of NIST infratechnologies.

**FY 2005 Program Changes for the NIST Laboratory Program (Goals 1 & 2)**

Through its broad and vigorous measurement research, NIST works to anticipate the infrastructure needs of next-generation technologies and industries in the U.S. This forward-looking research not only yields improvements in NIST’s measurement services but also generates new knowledge, capabilities, and techniques that are transferred to industry, universities, and government. Next generation measurement needs require NIST to focus research efforts in specific technology areas where inadequate technical infrastructure is a barrier to development, commercialization, and public benefit. Through its strategic planning processes, NIST has determined the areas that offer the greatest potential for long-term impact on productivity, trade, and quality of life and support NIST’s role as the leader of the Nation’s measurement and standards infrastructure.

The FY 2005 program initiatives for the NIST Laboratory Program reflect the challenges facing the Nation’s technical infrastructure and the competencies required to meet those challenges. These program initiatives illustrate specific research areas NIST will develop. The overall goals, outputs, and outcomes of each of these research areas are specifically defined in the detailed program justifications. While these research programs link directly to the overall goals of the NIST Laboratory Programs, progress and performance are measured at the individual project level.

<b>Program Initiatives</b>	<b>Funding Request</b>	<b>FTE</b>	<b>Anticipated Impact</b>	<b>Location of Program Justification in the Budget Document</b>
Advances in Manufacturing	\$15,600,000	32	<p>Nanotechnology Research and National Nanofabrication and Nanometrology User Facility: Improved capabilities and efficiencies in nanotechnology infrastructure supporting numerous industry sectors.</p> <p>Nanotechnology for Electronics and Semiconductor Industries: Increased productivity in the manufacture of nanostructures and nanodevices resulting in a strong global competitive position of the U.S. electronics and semiconductor industries.</p> <p>Health Care Technologies: Improved technical infrastructure to support biotechnology research and facilitate the discovery of new products and services for health care, environmental remediation, and the chemical and defense industries.</p> <p>Standards and International Trade: Increased competitiveness and improved market access for U.S. businesses and the incorporation of U.S. technologies into key international standards.</p>	Measurement and engineering research and standards activity

<p>Advances in Measurement Sciences, Standards, and Services Program</p>	<p>\$16,225,000</p>	<p>26</p>	<p><b>Building Competence for Advanced Measurements:</b> Development of state-of-the-art metrology supporting both mature and emerging industry sectors.</p> <p><b>Biosciences:</b> Reduced and eliminated technical barriers to trade and improved market access for medical devices and agricultural products.</p> <p><b>Quantum Information Science:</b> Improved security for electronic commerce and critical National security systems.</p> <p><b>Time Scale and Time Dissemination Services:</b> Reliable time services necessary for National critical infrastructures including, emergency communications, financial services, and navigation, and to develop in parallel, an improved infrastructure for distributing the more accurate time that civilian and defense applications will require in the near future.</p>	<p>Measurement and engineering research and standards activity</p>
<p>Measurements and Standards for Public Safety and Security</p>	<p>18,586,000</p>	<p>51</p>	<p><b>Standards, Technology, and Practices for Buildings and Emergency Responders:</b> Enhanced safety and reduced risk for building occupants. Improved emergency response and mobility.</p> <p><b>Measurement Infrastructure for Homeland Security:</b> Enhanced homeland security and reduced vulnerabilities through improvements in the detection of chemical, biological, nuclear, radiation and explosive systems.</p> <p><b>Standards for Biometric Identification:</b> Strengthened homeland security through the positive identification of terrorists.</p> <p><b>Cybersecurity:</b> Improved efficiencies, effectiveness, and security of the Nation's critical networks and sensitive government information systems.</p>	<p>Measurement and engineering research and standards activity</p>
<p>National Neutron Research Capability Improvements</p>	<p>\$8,300,000</p>	<p>12</p>	<p>Development of improved metallic components essential to transportation, energy, aerospace, and other industry sectors. Advanced design and development of new lightweight, high-strength composite materials for next generation automobiles and aircrafts. Development of advanced measurements and imaging of fuel cells in support of alternative, clean, efficient power devices. Improved systems for chemical production and separation through the development of tailored molecular architectures.</p>	<p>Measurement and engineering research and standards activity, Materials Science and Engineering subactivity</p>

Equipping the AML	\$25,500,000	--	Measurement support for the next generation of semiconductor devices; the development of new materials supporting various applications through the new characterization of advanced materials, chemical interactions, and impurities at the nanoscale.	Measurement and engineering research and standards activity, Research support subactivity
Facilities Technical Modernization	\$25,700,000	--	Improvements in the infrastructure necessary for accurate measurement work fostering technological innovation and enabling new generations of science, technology, and competitive products. Improvements, renovations, and relocation will also result in energy efficiencies, improved personnel safety, and cost savings.	Construction and Major Renovations Activity
Safety, capacity, maintenance, and major repairs (SCMMR)	\$10,572,000	1	Improvements in the infrastructure necessary for accurate measurement work fostering technological innovation and enabling new generations of science, technology, and competitive products.	Construction and major renovations activity, Modifications and improvement subactivity

## **External Program Evaluation**

### ***Visiting Committee on Advanced Technology***

The programmatic goals and management policies of NIST as a whole, including each of its major programs, are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT). The VCAT is a legislatively mandated panel of external advisors that meets quarterly to review NIST's general policy, organization, budget, and programs. Please refer to the text box for the current list of VCAT members; see also: <http://www.nist.gov/director/vcat/index.htm> for additional information on the VCAT, including its most recent annual report. NIST's overall approach to performance measurement consists of three distinct evaluation mechanisms: peer review and other forms of external assessment, economic impact studies, and quantitative output tracking. NIST uses these three evaluation mechanisms as a system that, combined with quarterly VCAT reviews, provides a comprehensive approach to results-based management over time.

#### **NIST Visiting Committee on Advanced Technology (VCAT): Current Membership – 2003**

**Mr. Gary Floss**, Business Partner  
Bluefire Partners

**Dr. Richard M. Gross**, Vice President  
Research & Development, The Dow Chemical Company

**Dr. Deborah L. Grubbe**, Corporate Director, Safety & Health  
DuPont Safety, Health, Environment

**Dr. Lloyd R. Harriott**, Professor  
Dept. of Electrical and Computer Engineering, University of Virginia

**Dr. Lou Ann Heimbroke**, Vice President  
Global Operations, Merck Research Laboratories

**Dr. Jennie Hunter-Cevera**, President  
University of Maryland Biotechnology Institute

**Dr. Thomas A. Manuel**, President  
Council for Chemical Research

**Dr. Wayne H. Pitcher, Jr.**  
Technology Management Consultant

**Dr. F. Raymond Salemm**, Founder, President, and Chief Scientific Officer  
3-Dimensional Pharmaceuticals, Inc.

**Dr. Juan M. Sanchez**, VCAT Chair, Vice President for Research  
University of Texas, Austin

**Dr. April M. Schweighart**, Product Business Manager  
Motorola

### ***Program Assessment Rating Tool***

For the FY 2005 budget cycle, the NIST Laboratory Programs were assessed using OMB's Program Assessment Rating Tool (PART). OMB's evaluation of the NIST Laboratory Programs was positive, with an overall rating of "effective" (only 6 percent of programs assessed during the FY 2004 budget cycle received this rating). Through the PART assessment, OMB highlighted the following:

- The NIST Laboratory Programs have a clear, well-defined, and unique purpose. The measurement and standards capabilities provided by the NIST Laboratory Programs are a critical component of the Nation's scientific, technical, and economic infrastructure.
- The NIST Laboratory Programs are well-managed with strong strategic planning, program management, and performance evaluation processes. NIST's external advisory committees and peer review system are a particularly strong component of its management and evaluation system.
- During the course of the PART review, OMB encouraged NIST to revise its long-term goals and improve some of its quantitative output metrics. NIST made a number of corresponding revisions in time for the new goals and metrics to appear in this integrated budget submission and performance plan for FY 2005.

Responses to OMB recommendations related to long-term goals and quantitative output metrics have been incorporated into this budget submission and performance plan. NIST will continue to work with OMB, as requested, to continuously improve its performance measures and specifically to identify useful measures of efficiency (OMB recognizes that R&D-performing organizations typically cannot provide unit cost measures of efficiency due to the long time frame for research, multivariate inputs, and diverse sets of outputs that derive from R&D activities).

### **Crosscutting Activities**

#### ***Intra-Department of Commerce***

The NIST Laboratories work with other Department of Commerce bureaus, including NOAA, NTIA, and ITA on issues of joint interest to the Department, Administration, and Congress. For example, NIST works with NOAA on the Federal Natural Disaster Reduction Initiative, which is focused on reducing the costs of natural disasters and saving lives through improved warnings and forecasts and information dissemination. Also, NIST and NOAA are among a group of Federal agencies focused on the global climate change initiative to accelerate new global observation technologies to improve the understanding of global climate change. NIST and NTIA cooperate to support development of ultrawideband signal technology, a new wireless technology that will improve communications for emergency services and other applications. The Advances in Manufacturing initiative included in this budget request provides an opportunity for NIST to collaborate with ITA in the areas of international standards.

#### ***Other government agencies***

NIST provides research and services in measurement and standards to almost every other agency in the Federal government with scientific missions contracted through specific Interagency Agreements or memoranda of understanding. NIST measurement research, services, and

facilities have long contributed to national defense and security, to the nationwide safety and quality assurance systems that ensure the accuracy of health care measurements, to the accuracy of environmental measurements, and to law enforcement standards. NIST plays a large role in a wide variety of intragovernmental and government–industry coordination committees. For example, NIST has leadership positions on the committees, subcommittees, and working groups of the National Science and Technology Council (NSTC).

### ***Private sector***

NIST’s mission is to work with industry to develop and apply technology, measurements, and standards. As such, the NIST Laboratories have extensive and diverse interactions with industry, which provide an important source of information about the quality, direction, and future demand for NIST products and services. Many of the laboratories’ primary outputs, such as Standard Reference Materials and calibration services, are critically important to the quality and cost efficiency of products and production processes throughout U.S. industry. In addition, the NIST staff use technical publications, conferences, and workshops as mechanisms to transfer the results of their work to the U.S. private sector that need cutting-edge measurements and standards.

### **External Factors and Mitigating Circumstances**

Industry-specific business conditions and technological developments affect the level and range of demand for NIST products and services over time. For instance, annual demand for calibrations—only one of numerous outputs of the NIST Laboratories—can fluctuate due to several factors outside NIST’s control, including changes in the calibration intervals of large customers, changes in the average calibration interval rate in any given year, consolidation of calibration activities within large R&D organizations, and industry consolidation (as, for example, in defense-related industries). In general, NIST seeks to mitigate the effects of external technological and market uncertainties by maintaining varied and close relationships with its customer base. Through conferences, workshops, technology roadmaps, and many other forms of interaction with its customers, NIST regularly evaluates and adjusts to the direction and level of demand for measurements, standards, reference data, test methods, and related infrastructural technologies and services.

## Resource Requirements Summary

(Dollars in Millions. Funding amounts reflect total obligations.)  
 Information Technology (IT)  
 Full Time Equivalent (FTE)

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### ATP Performance Goal: Accelerate private investment in and development of high-risk, broad-impact technologies

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	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>NIST</b>								
<b>Industrial Technology Services</b>								
Advanced Technology Program	198.3	175.4	197.8	199.4	193.4	177.4	-177.4	0.0
Working Capital Fund	0.5	0.4	0.3	0.3	0.3	0.0	0.0	0.0
<b>Total Funding</b>	<b>198.8</b>	<b>175.8</b>	<b>198.1</b>	<b>199.7</b>	<b>193.7</b>	<b>177.4</b>	<b>-177.4</b>	<b>0.0</b>
IT Funding	5.8	4.0	5.0	5.3	5.1			0.0
FTE	270	239	249	247	207	247	-247	0

## Targets and Performance Summary

### **NIST Performance Goal 3: Accelerate private investment in and development of high-risk, broad-impact technologies<sup>1</sup>**

Measure	FY 2000 Target	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY2003 Actual	FY 2004 Target	FY 2005 Target
Cumulative number of publications	680	565	720	747	770	969	840	Available May 2004	990	1090
Cumulative number of patents	770	693	790	800	930	939	1,020	Available May 2004	1,220	1310
Cumulative number of technologies under commercialization	170	166	180	195	190	244	210	Available May 2004	250	270

<sup>1</sup>Due to the cumulative nature of ATP's performance measures, there is a 3-5 year lag from initial project funding to the generation of measurable outputs and outcomes; performance data will continue to cumulate through the next several fiscal years before reflecting the budgetary changes proposed for FY 2005.

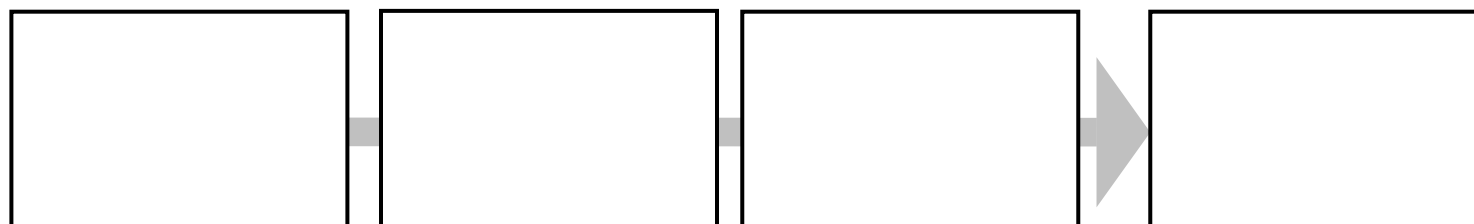
### Corresponding Strategic Goal

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards and advancing measurement science.

### Rationale for Performance Goal

The Advanced Technology Program (ATP) is designed to encourage industry to identify and invest resources in high-risk, broad impact technologies—technologies with significant economic and societal promise, but with inadequate levels of private investment. The Program is structured to generate broad-based economic benefits by stimulating industry-led partnerships to develop new technologies. The ATP uses joint ventures, subcontracts, and informal teaming arrangements to combine private investment and the best available scientific and technological talent in industry, universities, and government.

The “impact path” for the ATP—from inputs like appropriated funds and industry matching funds to long-term economic benefits—is illustrated below.





From the start of the program, evaluation has been a central part of ATP operations, as a management tool to provide feedback to project selection and program operations and to demonstrate program results to stakeholders and the public.

The ATP has developed a multi-component evaluation strategy to provide measures of progress and performance at various stages of its impact path: for the short-term, from the time of project selection and over the course of the ATP-funding period (inputs and initial outputs); for the mid-term, as commercial applications are pursued, early products reach the market, and dissemination of knowledge created in the R&D projects occurs (outcomes); and for the longer-term, as more fully-developed technologies diffuse across multiple products and industries, with related net impacts on formation of new industries, job creation, and U.S. economic growth (impacts).

### **Explanation of Performance Measures**

In the early and mid stages of project evolution, ATP tracks key outputs from projects through its Business Reporting System, a unique internal database created in 1993, which draws data from regular, systematic electronic project surveys and supplementary telephone surveys. Key indicators used to represent the generation and diffusion of new commercially relevant technical knowledge are patents and technical publications generated by ATP-funded projects. Taken together, these two indicators illustrate the generation and diffusion of technical knowledge created by ATP-funded R&D partnerships.

#### ***Cumulative Number of Publications***

The cumulative count of publications generated by all ATP-funded research through the close of a given fiscal year represents a major channel for the diffusion of technical knowledge that results from ATP funding. Projections are based on extrapolations of past publication rates and projections of projects initiated and completed over time and are updated to reflect all currently available data. These targeting mechanisms are not perfectly accurate for several reasons. The publications data are impacted by delays in ATP project completion and/or project terminations, both of which are difficult to predict years in advance. In addition, publication rates vary significantly across technology areas. As a result, publications activity will be affected by changes in ATP's completed project portfolio. While these factors and others make perfectly accurate targeting difficult, ATP will continue to track its publications count closely, and also will analyze any trends that may indicate necessary adjustments to its projection models.

#### ***Cumulative Number of Patents***

The second of ATP's output measures represents a cumulative direct count of the number of patents filed by all ATP-funded research project participants through the close of a given fiscal year. Projections are based on extrapolations of past patenting rates and projections of projects initiated and completed over time, and are updated to reflect all currently available data. These targeting mechanisms are not perfectly accurate for several reasons. First, the patenting process is difficult to predict, and thus, for example, it is possible that patents projected to materialize in one fiscal year might not occur (or be reported) until the following year. Second, the patenting data are impacted by delays in ATP project completion and/or project terminations, both of which are difficult to predict years in advance. In addition, the proclivity to patent varies significantly across technology areas and markets, due in part to differences in the utility and role of intellectual property protection. For example, biotechnology-focused projects may generate more patents than projects of an equivalent size in the IT or manufacturing sectors. As a result, patent activity (like

publications) will rise or fall as ATP's completed project portfolio shifts to a different mix of projects. While these factors and others make perfectly accurate targeting difficult, ATP will continue to track its patent count closely, and also will analyze any trends that may indicate necessary adjustments to its projection models.

***Technologies Under Commercialization***

In addition to tracking patents and technical publications, ATP’s Business Reporting System also tracks mid-course outcomes of ATP-funded technology development projects up through six years after ATP funding ends. A key indicator is the number of technologies under commercialization. This metric tabulates the cumulative number of new technologies under commercialization that are traceable to all ATP funded projects through the close of a given fiscal year. The measure indicates the extent to which ATP-funded research and development has either leveraged or catalyzed new products and services, which in turn improve the prospects for technology-led economic growth. NIST uses this metric in combination with patent and publication data to assess ATP’s impact on the generation and diffusion of new commercially relevant technologies and technical knowledge. Out-year projections are based on extrapolations of past commercialization rates and projections of projects initiated and completed.

Commercialization is broadly defined as any group of activities undertaken to bring products, services, and processes into commercial applications, including development of commercial prototypes, adoption of processes for in-house production, development of spin-off products and processes, and the sale and licensing of products and services derived from the technology base created by the ATP-funded project.

**Program Evaluation**

To provide a more comprehensive measure of mid-term outcomes from ATP funding, the program implemented a Composite Performance Rating System and has compiled and published ratings of the first fifty completed ATP projects. Under the Composite Performance Rating System, each project is scored on a set of measures of knowledge creation and dissemination and progress toward commercial goals; these are summarized in the table below.

**ATP’s Composite Performance Rating System: Component measures of rating**

<b>Knowledge Creation and Dissemination Measures</b>	<b>Commercialization Progress Measures</b>
<ul style="list-style-type: none"> <li>▪ Technical awards</li> <li>▪ Collaborations</li> <li>▪ Patent filings</li> <li>▪ Publications and presentations</li> <li>▪ New product/process in market or expected soon</li> </ul>	<ul style="list-style-type: none"> <li>▪ New product/process in market or expected soon</li> <li>▪ Attraction of capital</li> <li>▪ Employment gains</li> <li>▪ Business awards</li> <li>▪ Outlook</li> </ul>

The results from all these measures are used to construct a composite performance score to indicate the overall project effectiveness against ATP's mission (measured two to three years after the end of ATP funding). The result is a four-star system of ratings, with scores ranging from zero to four stars. The results of this analysis for the first 100 completed ATP projects found that 11 percent of the projects are top-rated in terms of overall project performance, with four stars. Twenty-eight percent are in the bottom group of zero or one stars. Sixty-one percent make up the middle group.

Not all ATP projects are fully successful. Given the program's emphasis on funding high-risk, technology development that the private sector is unwilling and unable to fund alone, but which have the potential to result in broad-based benefits for the U.S. economy, dictates that most projects will fail to accomplish all their goals. Some projects are stopped before completion of the funding period. Others fail to meet all their technical goals, or encounter business difficulties before the technologies are commercialized.

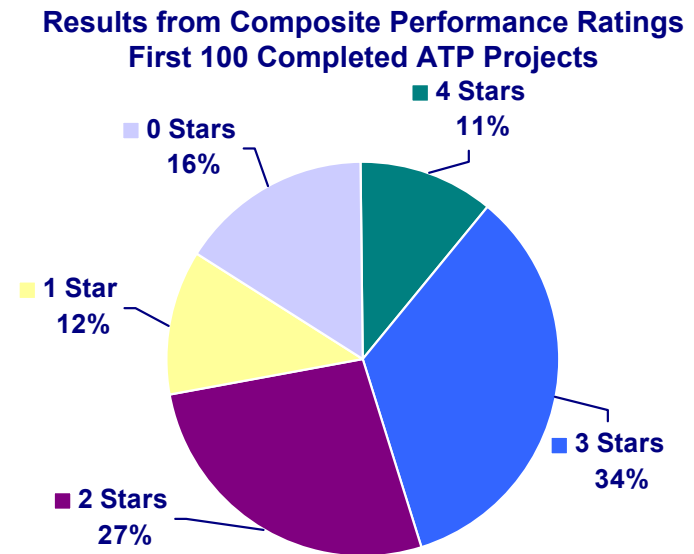
### ***Measuring Impacts***

Fully successful ATP projects are expected to contribute significantly to the U.S. scientific and technical knowledge base, yield private benefits to the innovators, and ultimately yield benefits to others in the United States through market, knowledge, and/or network spillovers. The measurement of long-term economic outcomes requires well-established projects with technological outputs that have been in the market for long time periods. To measure long-term economic impacts that derive from the set of funded ATP projects, the program conducts or contracts detailed and rigorous case studies. Where possible, these studies also estimate long-term project outcomes. For instance, one recent prospective study of an ATP-funded joint R&D venture for digital mammography estimates a social rate of return of at least 69 percent and a benefit-to cost ratio of at least 125:1. Forthcoming studies include an evaluation of the economic benefits from a portfolio of projects in component-based software.

### **External Program Evaluation**

#### ***Visiting Committee on Advanced Technology***

To supplement its comprehensive internal evaluation methods, the ATP also receives external review and evaluation. The programmatic objectives and management of ATP are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT), a legislatively mandated panel of advisors that meets quarterly to review NIST's general policy organization, budget, and programs, and by the Advanced Technology Program Advisory Committee. The ATP Advisory Committee is charged with (1) providing advice on ATP programs, plans, and policies; (2) reviewing ATP's efforts to assess the economic impact of the program; (3) reporting on the general health of the program and its effectiveness in achieving its legislatively mandated mission; and (4) functioning solely as an advisory body, in accordance with the provisions of the Federal Advisory



Committee Act. Additional information on the ATP Advisory Committee, including its most recent annual report, is available at [http://www.atp.nist.gov/atp/adv\\_com/ac\\_menu.htm](http://www.atp.nist.gov/atp/adv_com/ac_menu.htm).

### ***National Research Council***

Over the past decade, ATP has been the subject of external reviews focused on program performance, including two broad programmatic reviews by the National Research Council (NRC) Board on Science, Technology, and Economic Policy (STEP). The results of the first NRC review are available in a report entitled *The Advanced Technology Program: Challenges and Opportunities*, published in 1999 and online at <http://www.nap.edu/books/0309067758/html/>. The report from the second NRC review was published in 2001 and is available online at <http://www.nap.edu/books/030907410X/html/>.

The NRC found, among other things, that:

- “. . . the Advanced Technology Program is an effective Federal partnership program . . . Its cost-shared, industry-driven approach to funding promising new technological opportunities has shown considerable success in advancing technologies that can contribute to important societal goals such as improved health diagnosis (e.g., breast cancer detection), developing tools to exploit the human genome (e.g., colon cancer protection), and improving the efficiency and competitiveness of U.S. manufacturing” (Summary of Findings, p. 87).
- “The extensive assessments of the program show that it appears to have been successful in achieving its core objective, that is, enabling or facilitating private sector R&D projects of a type, or in an area, where social returns are likely to exceed private returns to private investors” (p. 88).

### ***Program Assessment Rating Tool (PART)***

During the FY 2004 budget cycle, ATP was among the first programs evaluated by OMB using the new Program Assessment Rating Tool (PART). Overall OMB rated ATP “adequate”, with an overall score above the government-wide average for all programs rated at that time. Through the PART assessment, OMB highlighted the following:

- ATP is a well-managed program with adequate strategic planning and regular performance reviews;
- ATP has an open and competitive grant process; and
- ATP’s annual performance measures are adequate and suggest some progress over time; however, OMB noted, “it is difficult to identify the extent to which ATP funding was required for projects”.

ATP scored lowest in the “program purpose and design” and “results” section of the PART, reflecting OMB’s assessment that the need for the program is unclear and that the program’s results, while showing progress, may not indicate “unique or significant impact.” OMB did not make any specific recommendations for ATP program management to implement.

## **Cross-cutting Activities**

### ***Other government agencies***

The Advanced Technology Program (ATP) leverages the expertise of scientists and engineers from a wide variety of government agencies and laboratories participating on ATP Source Evaluation Boards. In addition, ATP program managers work with program managers from other government agencies to ensure that projects are complementary and relevant: coordination committees in several disciplines have been brought together for this purpose. This also creates an opportunity to examine government R&D from a high level for specific technologies.

### ***Private sector***

The Advanced Technology Program was established to co-fund with the private sector a broad array of path-breaking new industrial technologies. The program solicits proposals for innovative, high-risk R&D in any industry or field of technology that offers the potential for widespread benefits for the U.S. economy and society as a whole. ATP projects range from aquaculture to X-ray lithography, and the program has contributed significantly to technological advances in fields as diverse as automated DNA analysis, automobile assembly, tissue engineering and software systems. Companies of any size may apply to ATP and many successful projects have been developed by small companies. Many universities have participated in ATP-supported research, but industry must lead ATP projects.

## **External Factors and Mitigating Circumstances**

ATP has little control over many aspects of the performance measures listed in this document. ATP is designed to fund high-risk technologies through partnerships with industry; both the nature of the projects and the location of the research performance intrinsically convey a high degree of uncertainty and a relatively low degree of control. For instance, the rate at which ATP-funded technologies are commercialized will vary in part due to technological uncertainties intrinsic to the R&D enterprise and in part to the particular strategies and efforts of the businesses performing the research. Other metrics, such as publication and patenting rates, will be affected not only by the success of the technology development effort but also by company-specific strategies and market conditions. For example, patenting is more common in some industries than others, and a variety of factors affect the patenting and/or publishing choices of individual firms. Variation in growth rates and development trajectories add additional uncertainty: some technologies are commercialized rapidly once the research is completed, while others require extensive product development and clinical trials before significant commercialization can occur. There are no practical mitigation strategies for these external sources of uncertainty other than maintaining robust program management and data collection systems. Over the course of ATP funding, companies are required to abide by the terms and conditions of the cooperative agreement, which include intellectual property and commercialization provisions.

## **Resource Requirements Summary**

(Dollars in Millions. Funding amounts reflect total obligations.)

Information Technology (IT)

Full Time Equivalent (FTE)

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### **MEP Performance Goal: Raise the productivity and competitiveness of small manufacturers**

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	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>NIST</b>								
<b>Industrial Technology Services</b>								
Manufacturing Extension Partnership	103.3	105.9	108.2	111.1	40.0	39.2	0.0	39.2
Working Capital Fund	1.1	0.5	0.3	0.2	0.6	0.1	0.0	0.1
<b>Total Funding</b>	<b>104.4</b>	<b>106.4</b>	<b>108.5</b>	<b>111.3</b>	<b>40.6</b>	<b>39.3</b>	<b>0.0</b>	<b>39.3</b>
IT Funding	2.9	1.5	3.1	2.6	0.7			0.7
FTE	91	87	89	89	68	41	0	41

## Targets and Performance Summary

### **NIST Performance Goal 4: Raise the productivity and competitiveness of small manufacturers**

Measure	FY2000 Target	FY2000 Actual	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target <sup>3</sup>	FY2003 Actual	FY2004 Target <sup>4</sup>	FY2005 Target <sup>5</sup>
Number of clients served by MEP Centers receiving Federal funding <sup>1</sup>	New	20,903	New	21,420	21,543	18,748	16,684	18,422	6,517	6,705
Increased sales attributed to MEP Centers receiving Federal funding <sup>2</sup>	\$670M	\$698M	\$708M	\$636M	\$726M	\$953M	\$522M	Available Dec 2004	\$228M	\$238M
Capital investment attributed to Centers receiving Federal funding <sup>2</sup>	\$864M	\$873M	\$913M	\$680M	\$910M	\$940	\$559M	Available Dec 2004	\$285M	\$298M
Cost savings attributed to MEP Centers receiving Federal funding <sup>2</sup>	\$545M	\$482M	\$576M	\$442M	\$497M	\$681	\$363M	Available Dec 2004	\$156M	\$163M

- 1 FY 2001 and FY 2002 data for this measure have been adjusted from previously reported figures. Actual counts reported in the FY 2004 Annual Performance Plan were the result of an error in reporting correct data provided by MEP.
- 2 FY 2003 actuals are not yet available due to data collection requirements (lag is one year).
- 3 FY 2003 targets have been updated to reflect actual FY 2003 appropriation.
- 4 FY 2004 targets assume passage of the FY 2004 Consolidated Appropriations bill, which includes an annual level for MEP of \$39.6M (which, less rescissions, nets \$38.7M). The estimates provided also assume that these performance indicators can be directly scaled to the size of the federal investment in the MEP Program. This assumption is problematic: Due to the magnitude of the difference between the FY 2003 appropriation and the level proposed for FY 2004, it is difficult to predict the structure, scale and scope, operational capabilities, and likely performance levels of the MEP Program as a whole.
- 5 FY 2005 targets assume the request level of \$39.2M. For reasons described in footnote 4, these targets are highly uncertain and likely will need to be amended in light of pending budget and program changes.

### Corresponding Strategic Goal

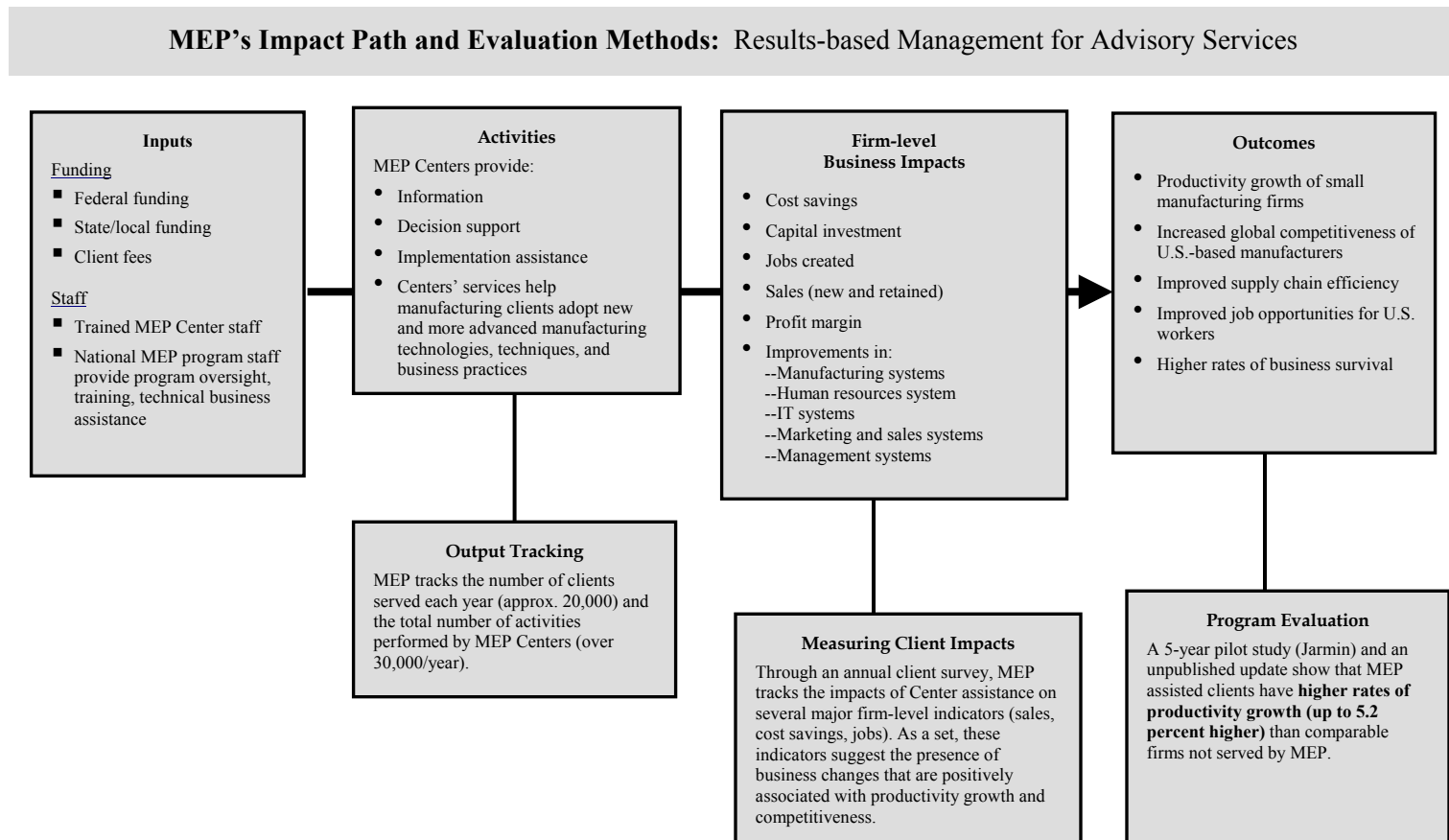
Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards and advancing measurement science.

### Rationale for Performance Goal

Operating under the authority of 15 U.S.C. 278k, the Manufacturing Extension Partnership (MEP) is a federal-state-local partnership program that provides small U.S. manufacturers with access to manufacturing technologies, resources, and expertise. The MEP program consists of a nationwide network of manufacturing extension centers which are linked to state, university, and private sources of technology and expertise to assist small manufacturers in adopting new and advanced manufacturing technologies, techniques, and business practices.

The Nation’s 350,000 small manufacturers employ approximately twelve million people—about two-thirds of the manufacturing workforce—and produce intermediate parts and equipment that contribute more than half of the value of U.S. manufacturing production. Their role in manufacturing supply chains means that the Nation’s future manufacturing productivity and competitiveness will rest largely on the ability of these small establishments to improve their quality, raise their efficiency, and lower their costs. The national MEP network helps small companies transform themselves into high performance enterprises – productive, innovative, customer-driven, and competitive – by efficiently providing high value technical and advisory services including access to industry best practices.

MEP’s ultimate goal is to measureably improve the productivity and competitiveness of all its clients. The model below demonstrates the impact path (or value creation chain) of the MEP program – from inputs such as appropriated funds and staff to end-outcomes such as productivity improvements for the small manufacturing sector. In addition, the model also depicts how NIST measures the progress of the MEP program along its impact chain.





## **Explanation of Performance Measures**

The goal of MEP is to assist small manufacturing establishments overcome barriers to productivity growth and competitiveness by providing information, decision support, and implementation assistance to help these businesses adopt new and more advanced manufacturing technologies, techniques, and business practices. MEP tracks its activities (number of clients served) and through an annual client survey collects data on the impact of its services on three key quantitative business indicators that as a set indicate changes that are positively associated with productivity growth and competitiveness: (1) increased sales attributed to MEP assistance, (2) capital investment attributed to MEP assistance, and (3) cost savings attributed to MEP assistance. The measures represent only partial indicators of the impact of the MEP Centers.<sup>1</sup> Many of the benefits of MEP's services are intangible, difficult to quantify, and/or are qualitative in nature.

FY 2003 target performance levels have been adjusted from those published in the FY 2003 Annual Performance Plan and reflect the actual FY 2003 appropriation received. FY 2004 targets assume passage of the FY 2004 Consolidated Appropriations bill, which includes an annual level for MEP of \$39.6M (which, less rescissions, nets \$38.7M). FY 2005 targets assume the request level of \$39.2M. These estimates also assume that the Program's performance indicators can be directly scaled to the size of the federal investment in the MEP Program. This assumption is problematic: Due to the magnitude of the difference between the FY 2003 appropriation and the level proposed for FY 2004, it is difficult to predict the structure, scale and scope, operational capabilities, and likely performance levels of the MEP Program as a whole. Because the FY 2004 and FY 2005 funding levels will require some degree of program restructuring, the respective target performance levels will need to be reviewed and revised once appropriations are final and consequent program changes are implemented.

## **External Program Evaluation**

### ***Economic Studies***

The MEP program provides resources needed by small manufacturing establishments to overcome cost and knowledge barriers to realizing productivity growth and improvements in business performance. The program's progress toward achieving its fundamental objective has been evaluated through rigorous, controlled-comparison studies that evaluate the productivity of MEP-served clients relative to similar companies that did not receive MEP assistance. One study, a five-year pilot study conducted by R.S. Jarmin of the Center for Economic Studies (U.S. Census Bureau), showed that MEP-assisted clients had significantly higher rates of productivity growth than non-MEP clients (\$484M in additional value added for client firms).<sup>1</sup> An unpublished update to this original study also prepared by the Center for Economic Studies found that the average MEP client experienced 5.2 percent higher productivity growth between 1996 and 1997 and 4.7 percent faster employment growth compared to non-MEP clients. The findings cover a larger subset of all MEP clients.

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<sup>1</sup> Reported data reflect the impact of MEP services primarily on small manufacturing establishments; on some occasions, Centers may elect to serve establishments with over 500 employees. Based on recently compiled survey data, approximately 95 percent of the clients served by MEP are small establishments with fewer than 500 employees; these clients account for approximately 93 percent of the attributed sales impacts.

<sup>1</sup> R.S. Jarmin, "Evaluating The Impact Of Manufacturing Extension On Productivity Growth," *Journal of Policy Analysis and Management*, Vol 18, No. 1, Winter 1999, pp. 99-119.

### ***National Academy of Public Administration (NAPA)***

In FY 2003, NAPA, an independent, nonpartisan organization chartered by Congress to improve government performance, completed the first phase of a two-part review of the MEP program. The first phase focused on re-examining MEP's core premise--that there are barriers that prevent small manufacturers from obtaining the technical and business advice that they need to improve their productivity and overall competitiveness. Findings from the first phase of the study include:

“...barriers to improving the productivity of small manufacturers identified by earlier studies remain, although they have changed in their relative impacts. Additionally, several other factors have grown in importance and in some ways have made the challenges regarding small manufacturer improvement efforts more difficult. There are further opportunities for improving the way services are provided, yet the MEP Program does perform in a capable and effective manner, delivering impacts significantly beyond the costs of operating the program. The Panel finds that the core premise of the Program remains viable as it is fulfilling its mission by leveraging both public and private resources to assist the nation's small manufacturers.” (p. 1)

The full report is available on NAPA's Web site at: <http://www.napawash.org/Pubs/NIST0903.pdf>.

### ***Visiting Committee on Advanced Technology (VCAT)/MEP National Advisory Board***

As with other NIST programs, the programmatic objectives and management of MEP are reviewed regularly by the Visiting Committee on Advanced Technology (VCAT), a legislatively mandated panel of advisors that meets quarterly to review NIST's policies, organization, budget, and programs. MEP also is reviewed by its National Advisory Board (MEPNAB), which was established by the Secretary of Commerce in October 1996 and meets three times a year to 1) provide advice on MEP programs, plans, and policies; 2) assess the soundness of MEP plans and strategies; 3) assess current performance against MEP program plans; and 4) function solely in an advisory capacity, and in accordance with the provisions of the Federal Advisory Committee Act. The MEPNAB members bring a variety of manufacturing backgrounds to the Board, including small and large manufacturing, labor, academia, economic development, consulting and state government. This mix provides MEP with the outside advice critical to maintaining and enhancing the program's focus on its customers—the U.S. small manufacturers. Additional information on MEP's National Advisory Board, including its most recent annual report, is available at <http://www.mep.nist.gov/about-mep/advisory-board.html#annualreport>.

### ***Program Assessment Rating Tool (PART)***

In conjunction with the FY 2004 budget, MEP was evaluated by OMB using the PART instrument. OMB's evaluation of MEP was positive, with an overall rating of “moderately effective” (only 30 percent of all programs evaluated in FY 2004 were rated moderately effective or effective). Through the PART assessment, OMB highlighted the following:

- MEP is a well-managed program with adequate strategic planning and regular performance reviews;
- MEP has an open and competitive process for the establishment of new centers; and
- MEP's annual performance measures are adequate and demonstrate benefits to MEP clients; however, OMB noted, “it is difficult to identify the impact of MEP on the manufacturing community as a whole”.

MEP scored lowest in the “program purpose and design” section of the PART, reflecting OMB’s assessment that “it is not evident that there is a need for a Federal response in this area”. OMB did not make any specific recommendations for MEP program management to implement.

### **Cross-cutting Activities**

#### ***Intra-Department of Commerce***

MEP has collaborated with the International Trade Administration (ITA), the Minority Business Development Agency (MBDA), and the Economic Development Administration (EDA) on a number of projects. For example, MEP has worked with ITA on efforts to open global markets to American small and medium-sized manufacturers interested in but inexperienced with exporting activities.

#### ***Other government agencies***

MEP collaborates with a wide range of agencies that regulate or provide programs and services that affect small manufacturing businesses, including the Departments of Agriculture, Defense, Energy, Health and Human Services, Housing and Urban Development, and Labor, as well as with the Environmental Protection Agency, National Aeronautics and Space Administration, and the Small Business Administration.

#### ***Private sector***

As described above, MEP Centers, delivering services to firms in all 50 states and Puerto Rico, work directly with small and medium-sized manufacturing establishments—typically, those with fewer than 500 employees. Because the MEP Centers are joined together in a network through NIST, even the smallest firms are able to tap into the expertise of knowledgeable manufacturing and business specialists throughout the United States. MEP Centers assist firms in areas such as quality management systems, business management systems, human resource development, market development, materials engineering, plant layout, energy audits, and environmental studies.

### **External Factors and Mitigating Circumstances**

The economic and technological environment for small manufacturers in the United States continues to change rapidly. To maximize its effectiveness, MEP must not only respond rapidly to its clients’ changing needs, but also must anticipate changes in the business environment facing smaller manufacturers.

## **Resource Requirements Summary**

(Dollars in Millions. Funding amounts reflect total obligations.)  
 Information Technology (IT)  
 Full Time Equivalent (FTE)

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**BNQP Performance Goal: Catalyze, recognize, and reward quality and performance improvement practices in U. S. businesses and other organizations**

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	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>NIST</b>								
<b>Scientific and Technical Research and Services</b>								
National Quality Program	5.3	5.4	4.9	5.7	5.9	5.4	0.0	5.4
Working Capital Fund	3.5	1.1	0.2	2.5	2.5	2.5	0.0	2.5
<b>Total Funding</b>	<b>8.8</b>	<b>6.5</b>	<b>5.1</b>	<b>8.2</b>	<b>8.4</b>	<b>7.9</b>	<b>0.0</b>	<b>7.9</b>
IT Funding	0.7	0.7	0.3	0.7	0.7			0.7
FTE	51	49	54	44	46	43	0	43

## Targets and Performance Summary

### **NIST Performance Goal 5: Catalyze, recognize, and reward quality and performance improvement practices in U.S. businesses and other organizations**

Measure	FY2000 Target	FY2000 Actual	FY2001 Target	FY2001 Actual	FY2002 Target	FY2002 Actual	FY2003 Target	FY2003 Actual	FY2004 Target	FY2005 Target
Percent of applicants indicating satisfaction with the relevance of the feedback report	New	81%	New	85%	New	86%	New	Data available April 2004	88%	88%
Number of Baldrige criteria disseminated	New	New	New	New	New	New	New	948,832	1,032,486	1,129,735

### Corresponding Strategic Goal

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

### Rationale for Performance Goal

Quality and performance improvement have become requirements, not options, for competitive businesses and high-performance organizations of all types. Through the Baldrige National Quality Program (BNQP), NIST provides a systematic and well-tested set of business values, performance criteria, and assessment methods that all organizations can use to improve their productivity and effectiveness. Overall, BNQP catalyzes the business community to define what organizations must do to improve their performance and attain (or retain) market leadership, and provides a mechanism for broadly disseminating that information.

### Explanation of Performance Measures

Previously, BNQP reported on two output measures: (1) the total number of applications to the Malcolm Baldrige National Quality Awards (MBNQA) and Baldrige-based state and local awards; and (2) the number of printed BNQP *Criteria for Performance Excellence* documents that are distributed by BNQP. These two measures are being discontinued for two reasons: First, there are inherent difficulties in collecting the state and local data for these metrics. Data from state programs are uneven and can take months to collect; for example, in January 2003, forty-nine state, regional, and local quality award programs were asked to provide information on these and other metrics, but only thirty-nine programs responded and, of these, ten did not report application information for confidentiality or other reasons. The completeness and timeliness of data generated by state quality programs is difficult to ensure. Second, the National, state, and local programs are using the Internet as the primary method for information dissemination. This shift to predominantly on-line dissemination has decreased the number of Baldrige Criteria mailed and as a result, reduced the overall significance of the measure.

The Baldrige National Quality Program (BNQP) has developed new, more meaningful performance measures that better illustrate progress on three core BNQP objectives: improving applicant satisfaction, increasing participation in the Malcolm Baldrige National Quality Awards, and promoting the growth of quality awareness and performance excellence throughout the United States.

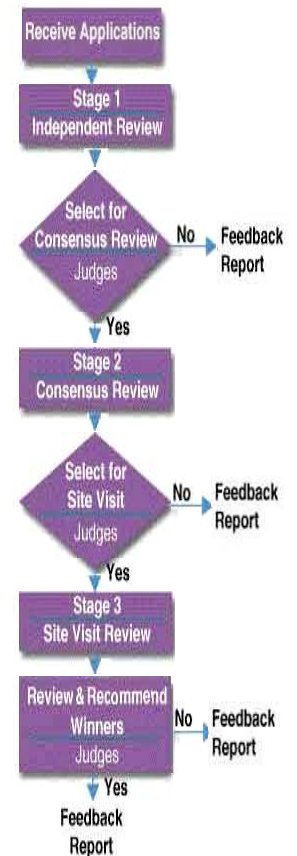
***Applicant Satisfaction with the Relevance of the Feedback Report***

Every organization submitting an application to the Malcolm Baldrige Quality Award (MBNQA) receives an in-depth review, and once it is determined the application will not move onto the next stage, a team of Baldrige-trained examiners prepare a written feedback report for the organization. The comprehensive feedback report highlights the organization’s strengths and opportunities for improvement based on the organization’s responses to the seven Baldrige categories included in the *Criteria for Performance Excellence*. As the graphic illustrates, the feedback report encapsulates the entire review process, and BNQP is committed to ensuring applicant satisfaction with the usefulness and relevance of the feedback report. Through a systematic survey, BNQP gathers applicant satisfaction with the feedback report and uses the information in its own continuous improvement efforts.

***Number of Baldrige Criteria Disseminated***

One method BNQP uses to increase participation in the Malcolm Baldrige National Quality Awards (MBNQA) and to promote the growth of quality awareness and performance excellence throughout the United States is the dissemination of the BNQP *Criteria for Performance Excellence*. This measure represents a direct count of the number of *Criteria* disseminated by the National Quality Program through on-line downloads and hard copy distributions by BNQP and the American Society for Quality (ASQ assists BNQP with the application review process, preparation of award documents, publicity, and information transfer). While this measure demonstrates a very high level of *Criteria* dissemination, it should not be interpreted as the number of distinct users who have read or utilized the documents. In addition, this measure represents only a portion of the total dissemination of the *Criteria* and Baldrige quality concepts; it does not capture the additional dissemination channels, such as the reproduction of the *Criteria* in textbooks, articles, and other documents. Baldrige concepts are also disseminated through informal channels including presentations by BNQP staff and volunteer examiners, academic programs, consulting services, and business and organizational literature. BNQP also promotes quality awareness and performance excellence through on-line tools such as *e-Baldrige Self Assessment and Action Planning*, *Are We Making Progress?*, and *Getting Started with the Criteria for Performance Excellence*. These questionnaires and guides assist organizations in assessing their current performance and how to implement improvements.

In addition to the new output metrics described above, BNQP will continue to use other methods to assess the program’s relevance and utility, such as occasional executive surveys and review of anecdotal evidence.



## **External Program Evaluation**

### ***Economic Studies***

Economics professors Albert N. Link, of the University of North Carolina, and John T. Scott, of Dartmouth College, recently examined the Malcolm Baldrige National Quality Award program and estimated the total economic benefits of the program at almost \$25 billion, for a benefit-to-cost ratio of 207 to 1. They determined the total operational costs, including the value of executives' volunteered time to review applications, to be \$119 million. Through 2000, forty-one companies had received the Baldrige National Quality Award, and NIST had received 785 applications. However, thousands of other organizations of all sizes and in all sectors of the economy have benefited by using the Baldrige *Criteria for Performance Excellence* as the foundation for performance management and quality improvement programs. Thousands of paper and electronic copies of the *Criteria* are disseminated each year to organizations across the country. Professors Link and Scott examined data from a survey of corporate members of the American Society for Quality (ASQ). They estimated the total benefits to the ASQ members from using the *Criteria* to be \$2.17 billion. To determine the benefits to the economy as a whole, they extrapolated the ASQ data based on the assumption that other companies in the economy benefit to the same extent as ASQ member companies.

### ***External Review***

In general, the programmatic objectives and management of the BNQP are reviewed by the Visiting Committee on Advanced Technology. In addition, the performance of BNQP is evaluated by its Board of Overseers, a Federal panel of national quality experts from business and academia that advises the Secretary of Commerce. An important part of the board's responsibility is to assess how well BNQP is serving the national interest. The board reviews all aspects of BNQP, including the adequacy of the Baldrige *Criteria* and processes for making Baldrige Awards, and reports its recommendations to the Secretary. Additional information about BNQP's Board of Overseers is available at <http://www.quality.nist.gov/Overseers.htm>.

## **Cross-cutting Activities**

### ***Other government agencies***

Many national and state agencies, such as the Department of Defense, the Veterans Administration, and the Pennsylvania Department of Transportation use the *Criteria* for self-assessment and internal award programs

### ***Private sector***

BNQP has proven to be a remarkably successful government and private sector team effort. The annual government investment of about \$5 million is bolstered by a contribution of more than \$100 million from private sector and state and local organizations, including \$15 million raised by private industry to help support the program, and the time and efforts of hundreds of largely private sector volunteers. The cooperative nature of this partnership is perhaps best illustrated by Baldrige Award's Board of Examiners. Each year, more than 400 experts from industry, educational institutions, governments at all levels, and nonprofit organizations volunteer many hours reviewing applications for the Award, conducting site visits, and providing each applicant with an extensive feedback report citing strengths and opportunities to improve.

### **External Factors and Mitigating Circumstances**

Currently, non-profit organizations (except from the education or health care sectors) are not eligible to compete for the Baldrige Award. BNQP's ability to further promote quality awareness and performance excellence will depend in part upon acquiring the formal authority to conduct research, develop data on best practices, and generate self-assessment primers and other educational materials.



## **Resource Requirements Summary**

(Dollars in Millions. Funding amounts reflect total obligations.)  
 Information Technology (IT)  
 Full Time Equivalent (FTE)

<b>NTIS Performance Goal: Enhance public access to worldwide scientific and technical information through improved acquisition and dissemination activities</b>								
	<b>FY 2000 Actual</b>	<b>FY 2001 Actual</b>	<b>FY 2002 Actual</b>	<b>FY 2003 Actual</b>	<b>FY 2004 Estimate</b>	<b>FY 2005 Base</b>	<b>Increase/ Decrease</b>	<b>FY 2005 Estimate</b>
<b>NTIS</b>								
Reimbursable	38.3	34.7	27.7	27.7	51.2	40.0	0.0	40.0
Direct								
Total Funding	38.3	34.7	27.7	27.7	51.2	40.0	0.0	40.0
IT Funding	9.9	9.8	10.7	5.7				
FTE	230	196	186	181	260	260	0	260

## **Targets and Performance Summary**

### **NTIS Performance Goal 1: Enhance public access to worldwide scientific and technical information through improved acquisition and dissemination activities**

<b>Measure</b>	<b>FY2000 Target</b>	<b>FY2000 Actual</b>	<b>FY2001 Target</b>	<b>FY2001 Actual</b>	<b>FY2002 Target</b>	<b>FY2002 Actual</b>	<b>FY2003 Target</b>	<b>FY2003 Actual</b>	<b>FY2004 Target</b>	<b>FY2005 Target</b>
Number of New Items Available (Annual)	New	New	New	505,068	510,000	514,129	520,000	530,910	525,000	530,000
Number of Information Products Disseminated (Annual)	New	New	New	14,524,307	16,000,000	16,074,862	17,000,000	29,134,050	18,000,000	18,500,000
Customer Satisfaction	New	New	New	97%	97%	98%	98%	97%	98%	98%

### **Corresponding Strategic Goal**

Strategic Goal 2: Foster science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science.

### **Rationale for Performance Goal**

The National Technical Information Service (NTIS) operates a central clearinghouse of scientific and technical information that is useful to U.S. business and industry. Without appropriated funds, NTIS collects scientific and technical information; catalogs, abstracts, indexes, and permanently archives the information; disseminates products in the forms and formats most useful to its customers; develops electronic and other new media to disseminate information; and provides information processing services to other Federal agencies. NTIS's revenue comes from (1) the sale of technical reports to business and industry, schools and universities, state and local government offices, and the public at large; and (2) from services to Federal agencies that help them communicate more effectively with their employees and constituents.

NTIS continues to meet the challenge of permanent preservation of and ready access to the taxpayers' investment in research and development through the acquisition, organization, and preservation of the titles added annually to the permanent collection. NTIS promotes the development and application of science and technology by providing technologically advanced global e-commerce channels for dissemination of specialized information to business, industry, government, and the public. NTIS has implemented a new initiative to provide the public with increased access to government information. The NTIS bibliographic database (from 1990 to the present) will be available via the Internet free of charge. NTIS now allows users to download any item in its collection in electronic format for a single low fee, or at no charge if it is less than twenty pages. In addition, NTIS will create links that will hyperlink customers to other agency Web sites that offer documents for free download. These recent developments and initiatives are a result of NTIS's new business model that maximizes utilization of the World Wide Web and e-commerce in its information collection and dissemination activities.

NTIS collects its material primarily from U.S. government agencies, their contractors, and grantees, as well as from international sources. The NTIS permanent collection includes approximately three million titles, including reports describing the results of federally sponsored research, statistical and business information, audiovisual products, computer software and electronic databases developed by federal agencies, and reports prepared by foreign research organizations. NTIS maintains a permanent repository of these information products as well as offering approximately 498,000 online electronic items to its many customers, primarily researchers and business managers in private industry. The disseminated materials may include computer downloads, paper, microfiche, audiovisual, and electronic media.

Collection of scientific and technical information from various contributors, and dissemination of that information to an even larger audience is highly dependant on external factors and therefore, not entirely controllable. For example, the amount of new material available is highly dependent on budgetary and program decisions made by other agencies. NTIS's efforts to ensure the public easy access to available scientific and technical information enhanced acquisition and dissemination activities are implemented and monitored through the following performance measures.

### **Explanation of Performance Measures**

#### ***Number of New Items Available (annual)***

The number of items available for sale to the public from NTIS includes scientific, technical, and engineering information products added to the permanent collection, as well as items made available through online electronic subscriptions.

Each publication added to the permanent collection is abstracted, catalogued, and indexed so that it can be identified and merged into the permanent bibliographic database for future generations of researchers and the public who may benefit from this valuable research. Other information products are available as full text documents in electronic format through numerous NTIS online information services. This material is acquired primarily from U.S. government agencies, their contractors and grantees, and also from international sources. NTIS collects approximately 30,000 scientific and technical reports annually and another 500,000 items in the form of articles, updates, advisories, etc. that are contained in various subscription products and databases it distributes. The number of new information products available each year from NTIS is approximately 530,000, but the number largely depends on input from other government agencies.

#### ***Number of Information Products Disseminated (annual)***

This measure represents information disseminated and includes compact discs, diskettes, tapes, online subscriptions, Web site pages, as well as the traditional paper and microfiche products.

The shift in information dissemination practices from traditional paper copy to electronic-based dissemination has improved NTIS's ability to provide quality products, increase the number of products distributed, and increase the number of customers that have access to valuable scientific and technical information. NTIS is continually striving to stay abreast of the latest technological advances in information dissemination processes to improve its ability to meet the demands of the public. NTIS has implemented an initiative that enables customers to locate and download

information directly from the originating agency's Internet site. NTIS continues to enhance its ability to stay current in the e-commerce environment, while continuing to serve customers that require the more traditional distribution methods, as demonstrated in our targets above.

### ***Customer Satisfaction***

This measure represents the percentage of NTIS customers that are satisfied with the quality of their order, the ease of order placement, and the timely processing of that order. Orders for NTIS's vast collection of scientific and technical information are received by phone, fax, mail, and online, and are filled in a variety of formats. NTIS's continual efforts to maintain and possibly improve this very high rate of customer satisfaction are essential to the success of NTIS's performance and mission to collect and disseminate scientific and business-related information.

The percentage of satisfied customers is derived from the number of customer complaints compared to the total number of orders taken. It does not take into account inquiries about the status of an order or other general questions. In NTIS' continuing effort to consistently meet customer expectations, steps are underway to include results of customer surveys.

### **Program Evaluation**

The Office of the Inspector General (OIG) prepared an evaluation of NTIS' new business model. The model reflects NTIS' commitment to maximize dissemination of unclassified scientific, technical, engineering, and business-related information to U.S. business, industry and the public. The OIG recommendations were to: (1) make it clear that there are major uncertainties associated with the business model's estimates during future discussions and presentations of the model, (2) periodically review the projections to determine whether they are realistic and achievable, and (3) evaluate the impact of the new business model on NTIS' operations on a monthly basis, and determine whether the new model is achieving the desired results or whether modifications are needed.

### **Cross-cutting Activities**

#### ***Other government agencies***

NTIS provides a variety of services that assist other agencies in developing, producing, and disseminating their information. These services include fax management services; reproduction of paper, computer, and microfiche products; billing and collection services; product storage and distribution; Web hosting; and database management and distribution.

### **External Factors and Mitigating Circumstances**

NTIS's requirement to operate on a substantially self-sustaining basis precludes it from making all information in its collection available on the Web for free, despite the public's desire for this information and its aversion to paying for government information on the Web. NTIS is currently addressing this concern by putting its bibliographic database, from 1990 to the present, on the Internet for free and creating links to agency Web sites that support digital identifiers offering documents to the public for free downloading. In addition, if available, documents smaller than twenty pages can be downloaded for free from NTIS's Web site. Documents greater than twenty pages, if available in electronic form, can be downloaded for a fee. Of course, all documents in the NTIS collection can be ordered in the traditional formats (i.e. paper and microfiche), if desired.

## **Unit Cost Measures**

### ***US/OTP***

Due to the nature of the US/OTP program and its outputs, it is not possible to provide unit cost measures of efficiency. As recognized by performance evaluation specialists, policy advisory offices are among the governmental functions that are intrinsically difficult to evaluate and for which there typically are no meaningful quantitative performance metrics.

### ***NIST***

OMB recognized during the course of the FY 2005 PART assessment of the NIST laboratories that “R&D-performing organizations typically cannot provide unit cost measures of efficiency due to the long time frame for research, multivariate inputs, and diverse sets of outputs that derive from R&D activities”. For similar reasons, unit costs measures are not available for the ATP and MEP programs. NIST has agreed to collaborate with OMB to identify alternative measures of programmatic efficiency.

### ***NTIS***

NTIS’ primary objective is to collect and disseminate scientific and technical information. This valuable information is made available for distribution in a variety of formats designed to accommodate customer’s needs. Two of these formats are representative of the shift of information dissemination from the traditional paper product to electronic dissemination. The average cost to disseminate this information to the public is reflected in the unit cost measures below.

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Unit cost to disseminate a paper product	\$76.89	\$77.66	\$78.44	\$79.22	\$80.01
Unit cost to disseminate an electronic product	\$7.34	\$7.27	\$7.20	\$7.13	\$7.06

## **Program Assessment Rating Tool (PART)**

### **US/OTP**

OMB has not conducted a PART assessment for US/OTP.

### **NIST**

- **NIST Laboratory Program**

OMB applied the Program Assessment Rating Tool to the NIST laboratories during the FY 2005 budget cycle, and concluded the assessment by rating the laboratories as “effective”. Details on OMB’s findings and NIST’s response are provided in the sections above pertaining to NIST’s performance goals 1 and 2.

- **Advanced Technology Program**

OMB applied the Program Assessment Rating Tool to the NIST Advanced Technology Program during the FY 2004 budget cycle, and concluded the assessment by rating the ATP as “adequate”. Details on OMB’s findings are provided in the section above pertaining to NIST’s performance goal 3.

- **Manufacturing Extension Partnership**

OMB applied the Program Assessment Rating Tool to the NIST Manufacturing Extension Partnership Program during the FY 2004 budget cycle, and concluded the assessment by rating the MEP Program as “moderately effective”. Details on OMB’s findings are provided in the section above pertaining to NIST’s performance goal 4.

***NTIS***

OMB has not conducted a PART assessment for NTIS.

## Data Validation and Verification

### *NIST*

NIST's Program Office conducts an annual review of its quantitative performance data to ensure that it is complete and accurate. During this process, Program Office staff discuss the data with appropriate offices to assess results relative to forecasts and to understand long-term trends and drivers of performance. Program Office staff also evaluate the verification and validation procedures used by the offices that provide the source data and verify that the source data itself is identical to or consistent with the reported data. A set of NIST's quantitative performance measures and associated verification and validation procedures were audited recently by the Commerce Department Inspector General, and NIST has implemented the suggestions for improvement identified in that audit.

For its qualitative performance measure, the NIST Program Office provides summary findings from the annual NRC review of the NIST laboratories; the complete results of that evaluation are available for public review. The Program Office also provides the results from economic impact studies, which are conducted by external economists and technical specialists using well-developed research methods and standard economic and business analysis metrics, as specified and monitored by NIST.

The table below summarizes the data validation and verification processes for each organization in the Technology Administration.

Performance Measure	Data Source	Frequency	Data Storage	Internal Control Procedures	Data Limitations	Actions to be Taken
US / OTP Measure 1: Support and improve the American innovation system	US/OTP	US/OTP performance is cumulative and is reported annually	US/OTP	Data represent verifiable activities performed by US/OTP activities. For reporting activities, data are gathered and analyzed by technology policy analysts using accepted analytical practices, are submitted for peer review to other DOC bureaus, other agencies, and academia, as appropriate, prior to publication.	Output Only	None
US / OTP Measure 2: Advance the role of technology in U.S. economic growth and homeland security	US/OTP	US/OTP performance is cumulative and is reported annually.	US/OTP	Data represent verifiable activities performed by US/OTP activities. For reporting activities, data are gathered and analyzed by technology policy analysts using accepted analytical practices, are submitted for peer review to other DOC	Output only	None

				bureaus, other agencies, and academia, as appropriate, prior to publication.		
US / OTP Measure 3: Strengthen the competitive position of American technology industries.	US/OTP	US/OTP performance is cumulative and is reported annually	US/OTP	Data represent verifiable activities performed by US/OTP activities. For reporting activities, data are gathered and analyzed by technology policy analysts using accepted analytical practices, are submitted for peer review to other DOC bureaus, other agencies, and academia, as appropriate, prior to publication.	Output only	None
US / OTP Measure 4: Strengthen US/OSTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services	US/OTP	US/OTP	US/OTP	Data represent verifiable activities performed by US/OTP activities.	Output only	None
NIST Measure 1a: Qualitative assessment and review of technical quality and merit using peer review	On-site interviews and discussions with NIST management and research staff by independent external scientific and technical experts, managed by the NRC.	Annual	NRC	Verification and oversight of laboratory-specific expert review panels provided by the NRC Board on Assessment of NIST Programs.	Data are qualitative in nature	None
NIST Measure 1b: Citation impact of NIST-authored publications	Institute for Scientific Information (ISI)	Ongoing	NIST	Citation database is developed by ISI. Data represent analysis performed by the NIST Program Office. Internal verification includes review by the NIST Director's office.	Factors such as self-citations, citation circles, multiple authorship may affect the reliability of any data of this nature. However, even with such factors citation frequency analyses is broadly recognized as an indicator of the importance or utility of a publication.	None
NIST Measure 1c: Peer-reviewed technical publications	NIST Office of Information Services	Ongoing	Publications data are gathered and maintained by NIST Office of Information Services	Data represent direct and verifiable counts of NIST technical publications to be published in peer-reviewed journals and have been cleared for publication by the internal Washington and Boulder Editorial Review Boards. Internal verification includes review by the NIST Director's Office.	Output only	None



<p>NIST Measure 2a: Standard Reference Materials (SRMs) sold</p> <p>NIST Measure 2b: NIST-maintained datasets downloaded</p> <p>NIST Measure 2c: Number of items calibrated</p>	<p>NIST Technology Services</p>	<p>Ongoing</p>	<p>NIST Technology Services</p>	<p>Data represent direct and verifiable counts of: 1) the number of SRMs sold to customers at the close of the fiscal year; 2) the number of times a NIST-maintained dataset has been downloaded; and 3) counts of items calibrated by the NIST Laboratories. Internal verification includes review by NIST Technology Services and the NIST Director's Office and Budget Division.</p>	<p>Data provide information on output levels only. NIST measure 2b reflects the number of users accessing these datasets; it does not reflect unique users or capture how the data was used.</p>	<p>There are no obvious replacements for these output tabulations; NIST recently revised its output measures to better illustrate the demand for NIST products and services.</p>
<p>NIST Measure 2d: Economic Impact Studies</p>	<p>Research is contracted to economic and technical experts, who generate quantitative estimates and qualitative information using performance data gathered through industry surveys and field research. Project cost data are supplied by NIST.</p>	<p>Intermittent</p>	<p>Contractors collect and maintain all data. Survey results, cost data, and all calculations are presented in final reports.</p>	<p>Data are gathered and analyzed by highly qualified economists and technical specialists using well-developed research methods and standard economic and business analysis metrics, as specified and monitored by NIST.</p>	<p>Elements of study populations often are too diffuse to measure; availability and quality of industry data often are uneven; impact estimation typically requires counterfactual data, which can be difficult to estimate; outcomes are specific to each project—i.e., results are not cumulative and not readily comparable.</p>	<p>None</p>

<p>Measure 3a: Cumulative number of publications</p> <p>NIST Measure 3b: Cumulative number of patents filed</p> <p>NIST Measure 3c: Cumulative number of technologies under commercialization</p>	<p>Data are gathered from the portfolio of ATP project participants (funded since 1993) through company filings of patent information to the NIST Grants Office (a legal requirement) and an electronic survey instrument under ATP's Business Reporting System (BRS). Separate portfolio-based telephone surveys are conducted of project participants funded prior to 1993 and for post-project data collection.</p>	<p>Annual over the course of ATP funding for projects funded since 1993; intermittent for projects funded prior to 1993; every two years (up to six years) after ATP funding ends.</p>	<p>ATP's Office of Economic Assessment maintains BRS data in an integrated set of databases covering both descriptive information about the funded organizations and survey responses for all participants in ATP-funded research projects.</p>	<p>ATP's Business Reporting System has been evaluated by external auditors. In addition, all ATP reports using BRS data and patent reports filed through the NIST Grants Office are monitored closely by ATP for research quality and are subject to extensive NIST-wide review and critique prior to being issued. In addition, a recent OIG audit of NIST's performance measures included review of two of these metrics -- technologies commercialized and patents filed -- and resulted in changes to procedures.</p>	<p>The BRS electronic survey and other telephone survey instruments represent a standardized reporting system. Standard sources of uncertainty include variation in interpretation of specific questions; variation in the estimation techniques used in response to specific questions; variation in the quality of industry data; and missing values.</p>	<p>Administrative procedures have been enacted to increase reliability, per recent DOC IG audit.</p>
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<p>NIST Measure 4a: Number of clients served by MEP Centers receiving Federal funding</p> <p>NIST Measure 4b: Increased sales attributed to MEP Centers receiving Federal funding</p> <p>NIST Measure 4c: Capital investment attributed to MEP Centers receiving Federal funding</p> <p>NIST Measure 4d: Cost savings attributed to MEP Centers receiving Federal funding</p>	<p>The MEP client survey instrument was significantly revised in January 2000. The survey is administered by a private firm, Synovate, formerly Market Facts, Inc., located in Arlington Heights, IL.</p>	<p>The survey is conducted four times per year, and clients are selected based on when they completed the first project with an MEP Center in the previous year. For example, a client that completed a project with an MEP Center in February 2000 was surveyed in January/February 2001. This change was implemented to reduce respondent burden, raise overall response rates, and improve data quality. Clients are asked to estimate how the group of MEP-provided services over the previous two years has affected their business performance in the 12-month period prior to the survey date.</p>	<p>Survey data is sent directly to MEP for analysis. MEP reviews and stores survey data received from Synovate.</p>	<p>Internal verification includes significant review of the Synovate data by MEP staff. Criteria are in place for identifying and verifying significant outliers in the data. In addition, a recent DOC OIG audit of NIST's performance measures included a review of one of MEP's measures ("increased sales attributed to MEP assistance"); in response to this audit, NIST implemented some improvements to data verification procedures.</p>	<p>As with similar survey instruments, sources of uncertainty include variation in interpretation of specific questions; variation in the estimation techniques used in response to specific questions; variation in the quality of industry data; missing values; and other common survey problems. Synovate uses standard survey techniques to clean the data, ensure accuracy and reliability, and improve the response rate (79 percent in the most recent survey, covering FY 2001). Reported data reflect the impact of MEP services primarily on small manufacturing establishments; on some occasions, Centers may elect to serve establishments with over 500 employees.</p>	<p>Verification procedures recently improved per DOC OIG audit. Decisions about implementing additional improvements to verification procedures depend on a number of factors including the impact of these changes on MEP's relationships with the Centers and clients, cost, and feasibility.</p>
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<p>NIST Measure 5a: Applicant Satisfaction with Relevance of the Feedback report</p> <p>Measure 5b: Number of Baldrige <i>Criteria</i> Disseminated</p>	<p>Measure 5a: Data are collected through a survey conducted by the BNQP.</p> <p>Measure 5b: BNQP tracks the number of <i>Criteria</i> mailed; NIST's Enterprise Systems Division collects statistics on the number of users accessing NIST websites, including the Baldrige <i>Criteria</i></p>	<p>Measure 5a: annual</p> <p>Measure 5B: ongoing</p>	<p>Measure 5a: Baldrige National Quality Program</p> <p>Measure 5b: NIST's Enterprise Systems Division</p>	<p>Measure 5a: Data is reviewed by the Baldrige Panel of Judges.</p> <p>Measure 5b: Data represent direct and verifiable counts of the number of times <i>Criteria</i> was mailed or downloaded</p> <p>Internal verification for both measures includes review by the NIST Director's Office.</p>	<p>Measure 5a: The entire survey population is small and the current response rate is approximately 60 percent.</p> <p>Measure 5b: This does not reflect unique users; capture how the <i>Criteria</i> are used; or represent informal dissemination channels.</p>	<p>Measure 5a: BNQP is looking into ways to improve overall response rates.</p> <p>Measure 5b: none</p>
<p>NTIS Measure 1a: Number of New Items Available (Annual)</p>	<p>NTIS operates and maintains internal systems for processing collected information into available products.</p>	<p>Internal management activity reports are produced daily, summaries are produced monthly.</p>	<p>All performance-related information is stored within NTIS systems.</p>	<p>NTIS accounting and budget offices analyze and report performance output data and revenue and cost data to management. Data verification is provided through regular internal and independent auditor reporting.</p>	<p>None</p>	<p>None</p>
<p>NTIS Measure 1b: Number of Information Products Disseminated (Annual)</p>	<p>NTIS records every transaction using a commercial order processing system modified to meet its specific needs together with a standard Web analysis software package used by industry.</p>	<p>Internal management activity reports are produced daily, summaries are produced monthly.</p>	<p>All performance-related information is stored within NTIS systems.</p>	<p>NTIS accounting and budget offices analyze and report performance output data and revenue and cost data to management. Data verification is provided through regular internal and independent auditor reporting.</p>	<p>None</p>	<p>None</p>
<p>NTIS Measure 1c: Customer Satisfaction</p>	<p>NTIS operates and maintains internal systems for processing collected information into available products. NTIS records every transaction using a commercial order processing system modified to meet its specific needs.</p>	<p>Internal management activity reports are produced daily, summaries are produced monthly.</p>	<p>All performance-related information is stored within NTIS systems.</p>	<p>NTIS accounting and budget offices analyze and report performance output data and revenue and cost data to management. Data verification is provided through regular internal and independent auditor reporting.</p>	<p>None</p>	<p>None</p>