

U.S. DEPARTMENT
OF COMMERCE

FY 2004



FY 2004 ANNUAL
PERFORMANCE PLAN

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The Department at a Glance

History and Enabling Legislation

The Department of Commerce is one of the oldest cabinet-level departments in the United States Government. Originally established by Congressional Act on February 14, 1903 as the Department of Commerce and Labor (32 Stat. 826; 5 U.S.C. 591), it was subsequently renamed the U. S. Department of Commerce by President William H. Taft on March 4, 1913 (15 U.S.C. Section 1512). The defined role of the new Department was "to foster, promote, and develop the foreign and domestic commerce, the mining, manufacturing, and fishery industries of the United States."

Mission

The Department of Commerce promotes job creation and improved living standards for all Americans by creating an infrastructure that promotes economic growth, technological competitiveness, and sustainable development.

Strategic Goals

- GOAL 1:** Provide the information and the framework to enable the economy to operate efficiently and equitably
- GOAL 2:** Provide infrastructure for innovation to enhance American competitiveness
- GOAL 3:** Observe and manage the Earth's environment to promote sustainable growth
- MANAGEMENT INTEGRATION GOAL:** Strengthen management at all levels



*Department of Commerce –
Herbert C. Hoover Building*

Bureaus

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

In addition to these bureaus, Departmental Management (DM) encompasses the responsibilities of the Secretary, Deputy Secretary, Chief Financial Officer and Assistant Secretary for Administration, Chief Information Officer, and the Office of General Counsel. At the heart of the Department, DM provides the policies, planning, and administrative guidance that ensure bureau operations are consistent with Secretarial priorities and with the Department's mission.

Location

The Department is headquartered in Washington, D.C., at the Herbert Clark Hoover Building, which is located on eight acres of land covering three city blocks. The Department also has field offices in all states and territories and maintains offices in more than 86 countries worldwide.

Employees

The Department is an agency with approximately 35,000 employees.

Financial Resources

The Department's FY 2001 budget was approximately \$5.3 billion and its FY 2002 budget was about \$5.4 billion.

Internet

The Department's Internet address is <http://www.doc.gov>

Mission and Strategic Planning

Mission Statement

The Department of Commerce promotes job creation and improved living standards for all Americans by creating infrastructure that supports economic growth, technological competitiveness, and sustainable development.

Vision

For almost 100 years the Department has partnered with U.S. businesses to maintain a prosperous, productive America that is committed to consumer safety, protective of natural resources, and militarily strong. Together, they have a record of innovation in manufacturing, transportation, communications, measurement, and materials that has helped to sustain U.S. leadership of the international marketplace.

To maintain that leadership, the Department must continue to innovate. In bureaus throughout the Department, development programs will see the Department probe deeper into the ocean and higher into the sky and will see it bring world markets closer together in the years ahead.

A product of the industrial revolution that propelled the United States into the twentieth century, the Department is now at the forefront of the revolution in electronic commerce. By assisting the private sector, its goal is to ensure that the U.S. continues to lead the world in this new marketplace.

Strategic Planning Process

The Department undertakes its strategic planning and goal setting within the framework of the Government Performance and Results Act. In FY 2000, the Department published its strategic plan for FY 2000-FY 2005 (an electronic version of this report is available online at <http://www.doc.gov/bmi/budget/>). In addition, the Department published a combined FY 2000 Annual Program Performance Report and FY 2002 Annual Performance Plan for the first time in FY 2001 (an electronic version of this report is also available online at <http://www.doc.gov/bmi/budget/>).

As described in the strategic plan, the Department has three strategic goals and a department-wide management integration goal. Each bureau pursues its own specific performance goals in support of departmental strategic goals. The Department's strategic goals are as follows:

Goal 1: Provide the information and the framework to enable the economy to operate efficiently and equitably

Goal 2: Provide infrastructure for innovation to enhance American competitiveness

Goal 3: Observe and manage the Earth's environment to promote sustainable growth

The Department has established a Management Integration Goal, which is equally important to all bureaus: Strengthen management at all levels.

Just as the first three goals are in line with the forces that will drive the U.S. economy of the future, the fourth goal is in line with the driving trend toward more effective organizational management in both public and private settings. For the Department, this trend is most importantly manifested in the Government Performance and Results Act and the President's Management Agenda.

The Department's Annual Program Performance Report and Annual Performance Plan describes in greater detail the bureau performance goals employed to achieve its strategic goals and provides an analysis of the resources required to meet these goals. The Department assesses its progress toward the three strategic goals through the use of specific performance measures for each bureau performance goal.

Strategic Goals and Objectives

Fulfillment of the Department's mission and supporting strategic goals is accomplished through its bureaus. Each bureau has a broad range of responsibilities and functions, described briefly in the following section.

Strategic Goal 1

Provide the Information and the Framework to Enable the Economy to Operate Efficiently and Equitably

The Department's first goal is to encourage and support economic expansion and to increase the prosperity of all Americans, regardless of their geographical location or ethnic origin.

The Economics and Statistics Administration (ESA) monitors and measures socioeconomic and macroeconomic trends. The Bureau of Economic Analysis (BEA) measures gross domestic product, accurate assessment of which is vital to decision-making in the areas of monetary policy, projections of federal budget surpluses, and allocation of federal funds to the states. The Census Bureau supports BEA by collecting statistical information about the economy. The Census Bureau also provides demographic information about U.S. society by conducting regular surveys that are used by federal, state, and local officials and by private stakeholders to make important policy decisions. In the past, the baseline for this information has been gathered primarily through a decennial nationwide census; full implementation of the American Community Survey will in the future provide additional annual data, revolutionizing the survey methodology of the federal statistical system. The Census Bureau also plans to develop official measures of e-commerce activity and to evaluate how e-commerce affects existing measures of economic activity.

The International Trade Administration (ITA) is responsible for assisting the growth of small export businesses, enforcing U.S. trade laws and trade agreements, maintaining U.S. trade with established markets and promoting new business with emerging markets such as China, and improving access to overseas markets by identifying and pressing for the removal of tariff and nontariff barriers. ITA is also responsible for improving access to foreign markets by enforcing compliance with U.S. trade laws and agreements.

The Bureau of Industry and Security (BIS) seeks to advance U.S. national security, foreign policy, and economic interests. BIS' activities include regulating the export of sensitive goods and technologies in an effective and efficient manner; enforcing export control, antiboycott, and public safety laws; cooperating with and assisting other countries with export control and strategic trade issues; assisting U.S. industry to comply with international arms control agreements; monitoring the viability of the U.S. defense industrial base; and promoting federal initiatives and public-private partnerships across industry sectors to protect the nation's critical infrastructures.

The Economic Development Administration (EDA) assists economically distressed communities by promoting a favorable business environment through its strategic investments in public infrastructure and technology. These investments help attract private capital investment and jobs that address problems of high unemployment, low per capita income, and severe economic challenges. EDA supports effective decision-making by local officials through its capacity-building programs.

The Minority Business Development Agency (MBDA) helps minority-owned businesses obtain access to public and private debt and equity financing, market opportunities, and management and business information to increase business growth in the minority business community.

The National Telecommunications and Information Administration (NTIA) is responsible for determining the policies and conducting the technical research that support delivery to all Americans of the latest telecommunications technology and services. NTIA manages federal use of the radio spectrum, promoting the use of spectrum that most efficiently serves all Americans and maintains readiness to respond to crises.

Strategic Goal 2

Provide Infrastructure for Innovation to Enhance American Competitiveness

The Department's second strategic goal is to provide the infrastructure that will enable U.S. businesses to maintain their technological advantage in world markets. Globalization and recent technology-driven productivity gains are providing new challenges. Continued partnership, collaboration, and cooperation between the Department and industry will enhance and promote the U.S.'s technological edge.

Intellectual property is a key issue in the competitive free-enterprise system. By continuing to protect intellectual endeavors and encouraging technological progress, the U.S. Patent and Trademark Office (USPTO) seeks to preserve the U.S.'s technological edge, which is a key to its current and future competitiveness.

The Technology Administration (TA) serves as the focal point for leadership on civilian technology policy in the federal government and conducts various programs to support government and industry through the provision of comprehensive technical services (measurements and standards) and the development and application of new technology. The National Institute of Standards and Technology (NIST) is the nation's ultimate authority for measurements and standards to support industry, science, technology, health care, safety, and the environment (NIST laboratories). NIST also co-funds research and development partnerships with private industry to stimulate the development of high-risk technologies with broad benefits (Advanced Technology Program); supports a nationwide network of locally managed extension centers that raise the competitiveness and productivity of small manufacturing establishments by providing technical assistance and best business practices (Manufacturing Extension Partnership); and promotes quality and performance excellence in business, health care, and educational organizations throughout the U.S. (Baldrige National Quality Program). The National Technical Information Service (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 also 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; makes public access to the bibliographic database available to all users; and is implementing an initiative that will enable users to locate and download information directly from agency Internet sites.

NTIA supports innovative telecommunications and information technologies through a grant program and through basic research performed at its laboratory, the Institute for Telecommunication Sciences (ITS). ITS performs extensive basic research on the 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.

Strategic Goal 3***Observe and Manage the Earth's Environment to Promote Sustainable Growth***

The National Oceanic and Atmospheric Administration (NOAA) envisions a twenty-first century in which environmental stewardship, assessment, and prediction serve as keystones to the enhancement of economic prosperity and quality of life and to the improved protection of lives and property.

NOAA is responsible for promoting global environmental stewardship, with the goal of conserving and wisely managing U.S. marine and coastal resources. NOAA's goal is that by 2005, U.S. ocean and coastal regions will be healthy ecosystems. This goal includes:

- Adding to the U.S.'s wealth and to the quality of life of millions of Americans by improving the use of fishery resources
- Leading in the preservation of marine biodiversity by balancing the exploitation of natural resources with the management of protected species
- Ensuring that coastal ecosystems are managed to maintain biodiversity and long-term productivity for sustained use.

NOAA also monitors and predicts changes in the Earth's environment to ensure and enhance sustainable economic opportunities. Its vision is that by 2005, the U.S. will have an integrated and reliable environmental observation, assessment, and forecasting service that will enable it to make informed decisions regarding public safety, economic development, and environmental quality. This vision will require:

- Improved short-term warning and forecast services
- Reliable seasonal-to-interannual climate forecasts
- Better understanding of decadal-to-centennial environmental changes
- Modernization of navigation and positioning services through the application of new positioning and bathymetric sensing technologies.

Management Integration Goal***Strengthen Management at All Levels***

The Department's management integration goal — to strengthen management at all levels — is equally important to all bureaus.

All Departmental bureaus will seek to achieve more efficient and more effective management by:

- Acquiring and managing the fiscal and related resources necessary to support program goals
- Acquiring, managing, and developing a diverse, skilled, and flexible staff, using information technology as an essential tool
- Acquiring and managing the technology and related resources to support program goals.

The Department is moving aggressively toward implementing the President's Management Agenda. The five government-wide management improvement initiatives include strategic human capital management, expanding e-government, competitive sourcing, strengthening financial management, and more effectively integrating budget and performance management.

Looking Ahead

Challenges and Priorities

The Department of Commerce faces a number of key challenges. The following are viewed as among the most significant as a result of their importance to our mission, or their complexity, cost, or urgency.

Ensuring a Fair Avenue for Trade

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 own firms. Such actions negatively affect the ability of American firms to sell overseas — and the 10 percent of American jobs that depend on our Nation's international trade. To effectively deal with those foreign behaviors, we face three specific challenges. First, we must ensure that our staff has the appropriate skills and training. Secondly, we must effectively engage in bilateral and multilateral negotiations. Finally, we must find and employ more effective ways of encouraging American companies to share with us the necessary data to allow Commerce to successfully protect U.S. interests.

Enhancing Information Security Throughout the Department

The Department will be broadening the protection afforded to its information systems and data. Every system throughout the Department and its bureaus is subject to well-managed risk assessments, which include documenting successful testing or a specific plan for taking remedial action. We will be revising our information technology and security policies and requirements to ensure that they reflect federal standards, best practices, and state-of-the-art advances in controls, evaluation, accreditation, and contingency planning.

Strengthening Our Stewardship of Marine Resources

Many of our Nation's fisheries and marine wildlife face potential depletion of resources either due to over-fishing or from past actions, which contributed to the deterioration of the environment. The consequences include degradation of our natural resources, loss of jobs, and difficulty in our prospective ability to meet international agreements supporting the protection of these resources. We intend to aggressively pursue our recently established plan for restoring salmon runs in the Pacific Northwest. We will be working as well to improve our collection of data that allow for accurate assessments of the state of specific fisheries and other marine resources. We will be using these data in formulating the most appropriate plans for ensuring the future health of our Nation's marine resources, while also seeking to conserve jobs.

Emergency Preparedness within the Department

We continue to face significant vulnerabilities in our ability to respond to emergencies. The Department developed a complete, viable Continuity of Operations Plan (COOP) this fiscal year, although testing and aspects of implementation are still in progress. Similarly, COOPs for certain of the bureaus and specific field locations are undergoing testing and further refinement. We are currently working to complete all appropriate testing and implementation of these plans, which address all requirements for maintaining essential activities and re-establishing normal operations in the event of an emergency, e.g., human resources, facilities and infrastructure, and information technology systems.

Occupant emergency plans and emergency response structures have been reviewed, revised where necessary, and are in place for most sites that our inspectors visited. We are continuing to assist the bureaus in developing enhanced response capabilities for all types of emergencies, recognizing that it is a massive task to ensure our preparedness for many different types of emergencies at approximately 500 facilities across the country. All resources charged with these responsibilities throughout the Department will continue to emphasize the importance of effective preparation, to work cooperatively with other federal agencies, to seek the advice of experts, and to allocate resources in the most productive manner possible.

EDA Reauthorization

The Department's Economic Development Administration was reauthorized in 1998 for five years. We require reauthorization in 2003 so that we may continue providing economic assistance to areas experiencing economic distress. The continuity of these programs helps our Nation create high-skill, high-wage jobs and promote private sector investment.



NIST's Advanced Measurement Laboratory, now under construction, will be one of the most advanced research buildings in the world when occupied in 2004.

Planning for Facilities Construction and Renovation

During this decade, we will spend several billion dollars on 38 construction and renovation projects that are currently in planning or early development stages. To ensure optimal use of funds, we are monitoring the progress, schedule, costs, and plans of each project so that we can identify and correct potential problems as early as possible. Construction projects include a \$1.2 billion facility for relocating the US Patent and Trademark Office within a single campus, a \$235 million advanced measurement laboratory to ensure adequate capability to measure increasingly sophisticated and miniaturized products, and \$340 million for two new buildings for our Census Bureau.

Meeting Users' Needs for Quality Economic Measures

The ever-changing U.S. and world economies require our constant diligence to develop new measures and methods to accurately and reliably measure the U.S. economy and its interactions abroad. To meet this challenge, the Department and the experts at the Bureau of Economic Analysis (BEA) are seeking to develop new estimation methods, improve data sources, increase access to real-time data, and generate more timely measures. These improvements will support our ability to provide high-quality, timely, and relevant economic measures that are increasingly required by our Nation's business leaders and policy makers.

Being a Catalyst for Minority Business Growth

We will continue to help strengthen America's minority businesses in two areas: access to capital and competing on-line. Minority-owned businesses are concentrated in industries with low rates of capital investment and historical trends show that the rates of minority ownership drop sharply as firm size and need for capital increases. Our experts will design and implement programs to reduce this barrier. In addition, electronic commerce has become a vehicle for contract bundling and on-line auctions. Bundling, which is increasingly used for global sourcing, has introduced additional competitors to America's minority firms. Also, being unfamiliar with reverse auctions, minority firms have tended to bid below costs and place themselves at risk of bankruptcy. Commerce experts will seek to reduce these barriers to minority business survival and growth.

Processing of Patent and Trademark Applications

Over the past decade, the US Patent and Trademark Office (USPTO) has faced an increasing workload, particularly in the filing of patent and trademark applications. Over the last two years, patent filings increased by 14.5 percent, and further increases are projected through FY 2003. Although trademark application filings decreased in FY 2002 by 12.7 percent, consistent with a declining economy, the number of applications filed was the fourth highest level ever recorded. Based on projections, the economy is expected to improve, which would result in trademark applications returning to a growth position.

In recent years, the greatest growth in patent filings has been in the more complex areas of electrical/computer engineering and biotechnology/ bioinformatics technologies. To better manage its workload, the USPTO must focus on full electronic application processing, a radical redesign of the entire patent search and examination system, and restructuring the agency's fee schedule to provide incentives to its customers.

The USPTO is committed to achieving a steady 18-month pendency for patent applications, and a 12-month pendency for trademark applications, while improving the quality of its products. To achieve this, the USPTO has begun implementing an aggressive strategic plan to transform the agency from a one-size-fits-all government bureaucracy into a quality-focused, responsive, market-driven intellectual property system. The USPTO's *21st Century Strategic Plan* emphasizes quality in every initiative and will boost productivity and substantially cut the size of the USPTO's inventory while transforming the agency into an information age, e-commerce style, paperless agency that reflects the values of the President's Management Agenda. The plan emphasizes excellence in examiner recruiting, hiring and training; greater use of electronic initiatives and outside resources to process patents and trademarks; and a faster, less costly alternative to the courts for challenging patents.

Strengthening Our Homeland Security

Commerce is participating in the government-wide effort to establish the Department of Homeland Security. We are assisting with transition planning and helping to ensure the smooth transfer of our resources — including the Critical Infrastructure Assurance Office and our Integrated Hazard Information System — to the new Department.

Through approximately 120 projects, our standards experts will help law enforcement, military, science, emergency services, information technology, airport and building security, and other areas protect the American public from terrorist threats. Examples of our contributions include making buildings and occupants safer from disasters and more effectively detecting dirty bombs.

We will seek to balance the promotion of U.S. trade and the need to restrict the export of commodities and technical information that could prove injurious to our Nation's best interests. Our trade security experts will work cooperatively with counterparts in other federal agencies and the intelligence community to improve coordination in the collective efforts of the Federal Government. We will streamline our procedures so as to facilitate exports and the identification of risks. The Department will support enactment of a new Export Administration Act, which has not been comprehensively updated since 1979. A revised EAA that seeks to provide a balanced framework for administering and enforcing export controls in the 21st century would enhance both U.S. national security and U.S. economic interests.

Census 2010 Re-engineering

Our Census experts will continue to re-engineer plans and processes so as to improve coverage, reduce risk and contain costs for the 2010 Census. We will be exploring options adopting numerous technological and methodological innovations. In addition, the Federal Government and others throughout the country will be more widely using the American Community Survey (ACS), which we tested in FY 2001 and FY 2002. We expect to establish the survey as a regular, annual data collection instrument to provide yearly information updates on subjects that have been covered by the decennial census “long form.” Success with the ACS would substantially simplify the 2010 Census. Using only short forms would enable us to focus resources on improving coverage and efficiency, thereby containing costs.

Future Workforce Requirements

Similarly to other agencies, the Department of Commerce faces significant challenges in ensuring an appropriately sized and competent workforce. During the next five years, approximately one-half of the Commerce workforce will become eligible for retirement, leading to the potential for significant loss of experience and institutional memory. During the coming decade, we will also face requirements that our workforce become increasingly specialized and expert in several fields in which prospective hires will be in high demand. At the same time, we must ensure that our employees are representative of the Nation’s population. To meet these diverse challenges, the Department will examine and modify its hiring practices, explore options for more effectively competing with private sector employers, and seek any appropriate changes in laws and regulations needed to allow the Department to enhance its appeal to America’s workforce.

Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the Department of Commerce

The Honorable Donald L. Evans
Secretary of Commerce
Washington, D.C.

We herewith submit, in accordance with the Reports Consolidation Act of 2000, summaries of issues we have determined to be the most crucial management and performance challenges facing the Department of Commerce, to be included in the Department's Performance and Accountability Report for FY 2002.

The challenges listed reflect what the Office of Inspector General considers to be significant impediments to the Department's efforts to promote economy, efficiency, and effectiveness in its agencies' management and operations. We view these issues as Commerce's top challenges because they meet one or more of the following criteria: they are important to the Department's mission or the nation's well-being; they are complex; they involve sizable expenditures; or they require significant management improvements. Given the diverse nature of Commerce activities, many of these issues cut across bureau and program lines. We believe that by addressing these challenges the Department can enhance program efficiency and effectiveness; prevent or eliminate serious operational problems; decrease fraud, waste, and abuse; and achieve substantial savings. Our recent work in these areas is described in our recent Semiannual Reports to Congress.

① Strengthen Financial Management Controls and Systems

A number of statutes mandate that federal agencies prepare financial information that enables Congress, agency executives, and the public to assess the agency's performance and stewardship. Required information includes audit reports of financial statements. The Department has received unqualified (clean) opinions on its consolidated financial statements for four consecutive years despite continuing obstacles, including the absence of a single, integrated financial management system.

Maintaining a clean audit opinion remains a major challenge, especially under the accelerated financial reporting dates mandated by the Office of Management and Budget (OMB). Additional improvements in financial management systems and operations will better enable the Department and its entities to correct material weaknesses and provide reliable financial and performance information that complies with federal laws and regulations. Therefore Commerce continues to focus on strengthening financial management systems by implementing the Department-wide Commerce Administrative Management System (CAMS). The Department expects to have CAMS replace its outdated and fragmented financial systems by October 2003. Most operating units will use CAMS; however, three—International Trade Administration, U.S. Patent and Trademark Office (USPTO), and National Technical Information Service (NTIS)—will not, but will submit data along with all other units into a Commerce-wide financial database that will serve as the source for the Department's consolidated financial reports. The Department expects that CAMS, in conjunction with the database, will bring Commerce into compliance with federal financial systems requirements, including that for a single, integrated financial management system.

We will continue to monitor the Department's efforts in this regard and report our findings accordingly.

2 Strengthen Department-Wide Information Security

Some Commerce's information technology systems and the data they process and store are among the Department's and the nation's most critical assets. For example,

- the National Oceanic and Atmospheric Administration's satellite, radar, and other weather forecasting data and systems protect lives and property;
- Bureau of Industry and Security (BIS) export license data helps control the release of dual-use commodities to foreign lands;
- the National Institute of Standards and Technology's research and measurement methods, tools, and data operate technologies from automated teller machines to x-ray equipment to semiconductors;
- USPTO's patent and trademark information promotes industrial and technical progress and helps strengthen the national economy.

Loss of or serious damage to any one of Commerce's critical systems could have devastating effects; thus identifying information security weaknesses and recommending solutions remain top priorities for this office. The Department has made significant progress in establishing an effective information security program, yet our evaluations completed under the Government Information Security Reform Act (GISRA) revealed that weaknesses continue.

3 Enhance Export Controls for Dual-Use Commodities

The adequacy of U.S. export controls must be an ongoing concern, given their importance to national security. Five agencies participate in the licensing of dual-use commodities (goods and technologies that have both civilian and military uses)—the Departments of Defense, Energy, State, and the Treasury, and the Central Intelligence Agency. However, Commerce's Bureau of Industry and Security oversees the federal government's export licensing and enforcement system for dual-use commodities and directs Commerce's authority in this area. This year, in compliance with the National Defense Authorization Act, we conducted our annual follow-up on the status of recommendations we made in previous reports regarding dual-use export controls. We reviewed all three reports issued thus far (March 2000, March 2001, February 2002).

But dual-use export licensing also involves and depends on multiple automated systems owned and operated independently by the five licensing and review agencies. A joint review by the five IG offices calls for greater interagency cooperation on export license systems development. Progress has been made in modernizing the automated systems; however, systems limitations we found include (1) differing security standards among agencies, (2) cumbersome manual and paper-based processes, and (3) lack of a comprehensive export-information database that can be used to assess the cumulative effect of multiple exports.

The interagency OIG review team will continue its work under the National Defense Authorization Act until 2007, as mandated by the act, and this office will continue to conduct our assessments in conjunction with these agencies. We will also follow up on our previous work in this area, which includes assessment of license approvals, interagency cooperation, commodity classification and appeals, and export compliance with license conditions.

4 Effectively Manage Departmental and Bureau Acquisition Processes

Commerce annually spends more than \$1 billion on goods and services bought through contracts and other procurement instruments. Acquisition legislation in the 1990s, however, mandated sweeping changes to procurement procedures for federal agencies. With acquisition reform now well under way, Commerce must successfully manage the processes it has fostered. Problems with the implementation of some procurement practices have been reported by oversight organizations such as the General Accounting Office (GAO) and OMB's Office of Federal Procurement Policy (OFPP), along with the IG community. Problems include purchase card abuse, primarily through weak internal and administrative controls, as well as failure to obtain competitive quotes in awarding government-wide agency contracts and other multiple award instruments.

In past reports we identified Department-wide problems with performance-based service contracting, specifically the failure to use performance-based task orders where appropriate; insufficient planning for contract administration and monitoring; and the need for increased training of contracting officer's technical representatives (COTRs). In our review of IT service contracts throughout the Department, we found that provisions to safeguard sensitive but unclassified systems and information were either missing or inadequate. We have recommended that the Department develop policy, incorporate appropriate contract provisions, and require training to help ensure that contracts provide for adequate information security and that acquisition, program, and technical personnel know how to plan, implement, and manage such contracts. The Department concurred with our recommendations and is taking actions to address them.

Further, Commerce has continued to implement a variety of reform initiatives and improve acquisition management. The Department's Office of Acquisition Management (OAM) has focused its attention on automating the procurement process, strengthening overall management of the procurement function, and upgrading training for procurement staff. OAM has reportedly also launched an initiative to restructure the Department-wide certification program for COTRs that would include training to enhance COTR performance and a performance plan to improve their accountability. In addition, OAM has taken steps to provide oversight and performance measures for acquisition activities, completed a review of procedures used by operating units to issue task and delivery orders under GSA Federal Supply Schedules, and is working on reviews of interagency agreements, memorandums of understanding, and purchase card policy. Finally, OAM is collaborating with the Office of the Chief Information Officer and the Commerce budget office to integrate budget and planning for IT acquisitions.

Our office is reviewing purchase card activities on an ongoing basis. In addition, we will continue to assess the status of the Department's other acquisition efforts to ensure they meet the goals of acquisition reform and, when necessary, make recommendations for improvement.

5 Enhance Emergency Preparedness, Safety, and Security of Commerce Facilities and Personnel

As the threat of terrorism against U.S. interests continues, the need to strengthen security and emergency preparedness in both the public and private sectors has taken on new urgency. Homeland Security Presidential Directive-3 established a Homeland Security Advisory System for the nation and requires executive branch agencies to implement protective physical security measures to reduce vulnerability or increase response capability during periods of heightened alert. Effectively complying with this, and related, directives is an important, yet complex, resource-intensive undertaking for Commerce, given the size of its workforce, its diverse and important missions, and the geographical spread of its approximately 500 facilities across the 50 states and 160 offices overseas.

Heightened security requires a variety of measures: infrastructure risk assessments, emergency backup sites, upgraded physical security, and employee awareness and training, to name a few. The Department has rededicated itself to ensuring the integrity of its operations and its ability to continue essential services and operations during a crisis, the protection of its people, and the suitability of risk and sensitivity designations¹ for personnel in positions of public trust. We believe that Commerce is making progress on many of these fronts, but the challenge is formidable.

Given the heightened awareness of U.S. vulnerability to acts of terrorism, the Department will have to regularly revisit its procedures for ensuring the safety and security of its employees and operations and modify them as needed. We will continue to monitor its efforts in this regard and report our findings accordingly.

6 Successfully Operate U.S. Patent and Trademark Office as a Performance-Based Organization

The American Inventors Protection Act of 1999 (AIPA) established USPTO as a performance-based organization, giving it broader responsibility for managing its operations and expanded control over its budget, personnel processes, and procurement operations. Despite this empowerment, USPTO's transformation remains a formidable challenge. The agency strives to keep pace with increasingly complex technology and customer demands while simultaneously trying to develop personnel, procurement, and administrative policies, performance-oriented processes, and cost-effectiveness evaluation standards, at the same time attempting to meet GPRa performance goals as well as AIPA timeliness standards. Major challenges for the bureau include the following:

Staffing. The number of patent application filings skyrocketed in recent years. In FY 2001 USPTO received more than 326,081 applications for patents—an 8.9 percent increase over the number received in FY 2000. To address the expanding workload, USPTO hired 789 patent examiners, but lost 700 through attrition during fiscal years 2000 and 2001, virtually negating its efforts to increase staffing. Trademark filings, on the other hand, peaked in 2000 at 375,000 applications, but declined by 21 percent (to 296,000) in FY 2001. Because this downward trend is expected to continue, the bureau has started to downsize its trademark staff.

New Facility Construction. When completed in 2005, USPTO's 5-building Alexandria, Virginia, complex will house all USPTO employees and operations currently scattered among 18 buildings in nearby Crystal City. We will be monitoring USPTO's efforts to contain project costs, supervise construction progress, and ensure on-time completion.

IT Capabilities. Although USPTO's information security policies and procedures were consistent with accepted practices, in too many instances requirements were not implemented and responsibilities were not carried out. The bureau's response to recommendations we made in March, however, indicates genuine concern about its IT systems security and a commitment to a stronger security program.

In June 2002 the bureau issued its *21st Century Strategic Plan*. USPTO believes that in moving to implement the plan, it will be better prepared to address and overcome many of the challenges it faces. It should be noted, however, that several of the initiatives envisioned in the plan—outsourcing preexamination reviews and changing fee structures, for example—require congressional approval.

We plan to continue to monitor USPTO's efforts to operate as a performance-based organization to aid in ensuring its success.

¹ Risk designations reflect the potential damage an individual in a position of public trust could cause to the efficiency and integrity of government programs and operations. Sensitivity designations reflect the potential adverse impact on national security associated with a position.

7 Increase International Compliance with Trade Agreements and Expand Market Access for American Exporters

Commerce, through various offices within the International Trade Administration (ITA), works with a number of federal agencies to monitor and enforce trade agreements, the number and complexity of which have escalated substantially in recent years. To help enforce compliance with export agreements, ITA created the Trade Compliance Center, which monitors U.S. trade agreements and reviews complaints from a variety of sources. When warranted, it forms a compliance team to bring a case to satisfactory conclusion. ITA's approach to trade compliance and market access is to try to solve problems at the lowest level possible—avoiding formal dispute settlement structures such as the World Trade Organization, which can take years to resolve trade disagreements.

On the import side, ITA's Import Administration (IA) works with the International Trade Commission, investigating complaints from U.S. industries about subsidization of or dumping foreign products on U.S. markets. If both agencies determine that injury has occurred, IA instructs the U.S. Customs Service to assess duties against imports of those products.

We intend to review aspects of TA's approach to market access and trade compliance, as well as its administration of the antidumping and countervailing duty regulations.

8 Increase the Effectiveness of Marine Resource Management

For nearly 30 years Commerce's National Marine Fisheries Service (NMFS) has had to balance competing interests: promoting commercial and recreational fishing as vital elements of our national economy and preserving populations of fish and other marine life. The Department has reported that overfishing and overcapitalization in commercial and recreational fisheries have resulted in estimated losses of billions of dollars in economic growth, thousands of jobs, and countless fishing opportunities. While certain fisheries appear to be well managed and produce positive benefits, others are severely depleted and must be restored and properly managed to realize their long-term potential. At the same time, threatened or endangered fish species need to be replenished. Among 52 distinct groups of Pacific salmon, for example, 26 are threatened or endangered. NMFS has recently taken steps to restore Pacific salmon runs through research at the Northwest Fisheries Science Center in the Columbia River Basin.

We are currently evaluating methods used to enforce fisheries management plans. We also intend to monitor NOAA's efforts to increase the effectiveness of its data collection and marine resource management.

9 Continue to Improve the Department's Strategic Planning and Performance Measurement in Accordance with the Government Performance and Results Act

Congress and agency managers require relevant performance measures and credible performance data to effectively fulfill their oversight responsibilities with respect to federal programs. The Government Performance and Results Act of 1993 (GPRA) was designed to ensure the availability of such data by mandating that agencies set goals for program performance and report outcomes measured against those goals. As the administration moves toward integrating budget and performance information and using performance data to make funding decisions, the credibility of reported performance results will be critical.

To ensure the collection and reporting of accurate, appropriate, reliable, and useful data to decision makers, this office has (1) provided implementation advice and assistance, (2) monitored reviews by certified public accounting firms of performance data contained in the annual financial statements, (3) made presentations to departmental officials on the importance of ensuring that performance-related information is reliable, (4) given informal comments to the Department on various GPRA-related documents, and (5) audited internal controls for selected data on bureau performance.

Although the Department has made progress toward determining how best to plan and measure its performance, significant opportunities for improvement remain. Our audits of several performance measures used by BIS, NIST, National Telecommunications and Information Administration, and USPTO indicate a widespread need for stronger internal controls to ensure accurate reporting of performance data and improved explanations and disclosures of results. For example, procedures should be established to ensure that reported information is reconciled against supporting data and only data from the appropriate time period is included in performance results.

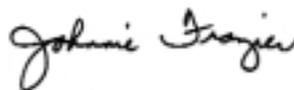
We will continue to evaluate performance measurement and reporting and, as warranted, make recommendations to the Department and its operating units regarding the accuracy, appropriateness, reliability, and usefulness of its performance data.

10 Effectively Manage Major Commerce Renovation and Construction Projects

Effective renovation and construction management is a critical challenge for the Department because of the numerous inherent risks involved in planning and managing large, costly, and complex capital improvement and construction projects. The Department has plans for numerous major² renovation and construction projects:

- NOAA has 27 projects scheduled or in process. These include modernization of the National Ocean Service's Marine and Environmental Health Research lab in South Carolina, and a National Marine Fisheries Service lab in Hawaii.
- NIST will continue its multimillion-dollar program to upgrade existing laboratories in Gaithersburg, Maryland, and Boulder, Colorado, and to complete construction of the Advanced Measurement Laboratory building, a state-of-the-art facility in Gaithersburg, Maryland.
- USPTO is implementing its billion-dollar plan to consolidate employees and operations in a new, five-building facility under construction in Alexandria, Virginia.
- The Census Bureau intends to construct two buildings at its headquarters in Suitland, Maryland, to provide employees with safe, modern facilities.
- Commerce plans to modernize its headquarters building in Washington, D.C.

Departmental leadership and OIG oversight are needed to maximize Commerce's return on its investment in these projects. Past OIG reviews of major renovation and construction ventures have demonstrated that up-front oversight—that is, close monitoring during planning and implementation—is essential. Detecting and addressing potential problems during the developmental stages rather than after a project is completed saves time and money. For this reason, we plan to actively monitor the progress of some of the Department's current and planned construction projects.



Johnnie E. Frazier
Inspector General
December 20, 2002

² Projects costing \$2 million or more are considered major.

The Department of Commerce's FY 2004 Budget

The Department of Commerce's budget request of \$5.4 billion supports the President's budget plan to focus resources on several core Commerce services, including:

- Fostering the U.S.'s economic growth
- Securing the U.S. homeland and enhancing public safety
- Upgrading the Department's facilities and infrastructure to support innovation
- Improving and streamlining the U.S.'s fishery management system to better meet commercial, recreational, and conservation objectives
- Implementing the Administration's Climate Change Research Initiative (CCRI) to reduce present uncertainties in climate science, and support policy and management decisions to benefit public safety and quality of life.

To enhance these services, resources are shifted from various lower priority programs.

Economic Growth

Economic growth is a central theme for the FY 2004 President's Budget and to the mission of the Department of Commerce's bureaus. The Bureau of Economic Analysis (BEA) seeks to strengthen the understanding of the U.S. economy and its competitive position. BEA accomplishes this task by providing accurate economic accounts data in a timely and cost-effective manner, and by supplying the U.S.'s key economic statistics, including gross domestic product (GDP). The Department of Commerce requests increased funding of \$5.4 million for BEA to accelerate the release of major economic estimates, to incorporate new international economic data classifications, and to acquire real-time data to improve the quality and timeliness of economic statistics. In conjunction with BEA's request, the Department of Commerce requests an increase of \$9.3 million for the Census Bureau to fill gaps in data collection, to improve methodologies for collecting that information, and to improve the measurement of the U.S.'s service sector. During FY 2004, the Census Bureau requests funds to process and to review data from the Economic Census, and to continue planning and designing the 2010 Decennial Census.

To enhance the competitiveness of U.S. businesses in the global economy, the International Trade Administration's (ITA) request for FY 2004 focuses on promoting U.S. exports, fighting unfair foreign trade barriers, and negotiating and implementing multilateral and bilateral trade agreements. The Economic Development Administration (EDA) request will help to accelerate the U.S.'s economic growth by promoting a favorable business environment to attract private capital investments and higher-skill, higher-wage jobs. For example, a program increase of \$13.8 million is requested for EDA to assist communities that have been severely impacted by plant closures and other mass layoffs. The Minority Business Development Agency (MBDA) will continue to focus on accelerating the competitiveness and growth of minority-owned businesses by closing the gap in economic opportunities and capital access.

As part of the Administration's economic growth policy initiative for FY 2004, the Administration requests \$9.2 million for the National Institute of Standards and Technology (NIST) to implement a program that will provide the U.S.'s measurement and standards infrastructure in such emerging areas as nanotechnology, quantum computing, and health care quality assurance. Consistent with the Administration's emphasis on shifting resources to reflect changing needs, the FY 2004 budget proposes to terminate the Advanced Technology Program (ATP), and to maintain the FY 2003 policy of significantly reducing federal funding for the Manufacturing Extension Partnership (MEP). The U.S. Patent and Trademark Office (PTO) request will support a new strategic plan to keep pace with workload growth and to enhance the quality of products and services. The Administration proposes an increase of \$8.9 million to improve patent application processing, and will propose legislation to restructure PTO fees.

Homeland Security

The FY 2004 Budget proposes a \$2.3 million increase for the Bureau of Industry and Security (BIS) to advance national security and foreign policy interests. Specifically, the budget request addresses vulnerabilities in regulating exports of critical goods and technologies. The request also proposes activities to encourage the growth of legitimate U.S. exports to maintain U.S. global economic leadership. This budget increase will enable BIS to strengthen export enforcement with additional agents and capabilities, and to enhance the Bureau's analysis of U.S. export control regulations to ensure they reflect the dynamics of twenty-first century market and technological changes.

The Commerce budget requests a \$10.3 million program increase for NIST to provide the measurement infrastructure necessary for homeland security. This includes developing and disseminating standards for safety and security of buildings, for biometric identification systems, and for radiation systems.

To address increased security issues subsequent to September 11, 2001, the National Oceanic and Atmospheric Administration (NOAA) requests a program increase of \$7.7 million. These funds will facilitate cooperation between the National Weather Service (NWS) and local officials in the development of an All Hazards Weather Radio Warning Network, which will disseminate all types of emergency warnings, not just warnings for severe weather. NOAA will also use these funds to upgrade physical security at NWS facilities.

The Department of Commerce requests an increase of \$3.7 million to secure core aspects of ITA's worldwide communications network, to defend against unauthorized access, and to create recovery mechanisms should damaging events occur.

Facilities, Infrastructure and Safety

The Department of Commerce, in coordination with the General Services Administration, is initiating a major renovation of the seventy-year-old Herbert C. Hoover Building. This initiative will extend the useful life of this historic building. In addition to establishing a Renovations Office in FY 2004, the Department will focus on safety issues by instituting a new Occupational Safety and Health Program targeted toward preventing accidents and injuries through incident tracking and proactive prevention.

Important priorities for NIST in FY 2004 are to upgrade facilities and laboratories, to protect critical research data from degradation, and to maintain employee safety and security. The Commerce budget proposes a program increase of \$35.2 million for NIST to address inefficiencies and safety problems at its facilities in Boulder, Colorado and Gaithersburg, Maryland. Valuable research continues to be lost or interrupted by power outages, spikes, and fluctuations. The budget also requests a net increase of \$8.2 million to equip, maintain, and operate NIST's Advanced Measurement Laboratory, and to fund time scale and time dissemination backup elements.

This budget includes a \$21.2 million increase to enable NOAA to address safety and security concerns associated with its buildings, aircraft, and ships; to upgrade weather forecast offices in the continental U.S., Alaska, and the Pacific Islands; to modernize the primary NWS telecommunications gateway; to continue construction of the NOAA Satellite Operations Facility in Suitland, Maryland; and to initiate plans for replacement of the World Weather Building to be co-located with a major research institution. During FY 2004, NOAA will continue the tri-agency acquisition (with the Department of Defense and NASA) of the next-generation polar-orbiting satellites, and systems design and development for the next-generation geostationary satellite series (GOES R).

To meet increasing demand for federal wireless communication systems and services, the Department of Commerce requests an increase of \$1 million for the National Telecommunications and Information Administration (NTIA) to establish a paperless system for spectrum issue resolutions, certification, satellite coordination, and frequency authorization. The FY 2004 budget also proposes to suspend the Public Telecommunications Facilities Planning and Construction (PTFPC) grants, a program reduction of \$41.1 million for NTIA during FY 2004. The Administration is proposing to target funding of \$80 million for digital transition grants for public television stations within the Corporation for Public Broadcasting.

Fisheries

The FY 2004 budget proposes a \$15.9 million increase to modernize and improve the U.S.'s fishery management system. Specifically, the requested funding addresses the Administration's needs to expand stock assessments, improve socioeconomic data collection, to reduce bycatch in targeted fisheries, to increase fishery observer coverage, to streamline the current fisheries regulatory process, and to implement the Columbia River Biological Opinion effectively. These efforts will increase the understanding of the effects of climate change on marine and coastal ecosystems, and build a national observer program for the collection of high quality fisheries and environmental data. The FY 2004 budget includes a reduction of \$20 million for the Pacific Salmon Treaty for which all U.S. obligations have been met.

The Administration also proposes to restore the National Sea Grant College Program (\$57.4 million) in NOAA's budget.

Climate Change

The Commerce budget request for FY 2004 includes an increase of \$16.9 million for the President's multi-agency CCRI to reduce the present uncertainties in climate science and advance climate-modeling capabilities, and to develop research and data products that will facilitate the use of scientific knowledge to support policy and management decisions.



Departmental Management

Mission Statement

The Department of Commerce promotes job creation and improved living standards for all Americans by creating an infrastructure that supports economic growth, technological competitiveness, and sustainable development.

Departmental Management (DM) includes the Offices of the Secretary and Deputy Secretary, Office of the Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA), Office of the Chief Information Officer (CIO), and Office of General Counsel, as well as other Departmental offices. DM supports the management infrastructure needed to carry out the Department's mission. While certain of its activities involve the public, e.g., contract management and small business utilization, DM's principal interaction is with entities internal to the Department. Its activities benefit the public by contributing to the efficiency with which the operating units administer their programs and the Department's overall mission is carried out.

DM provides executive direction and coordination for program activities as well as centralized services to the bureaus. It also oversees promulgation and implementation of Departmental and government-wide policies and initiatives.

President's Management Agenda

The President's Management Agenda (PMA), issued in August 2001, establishes five government-wide initiatives to address many of the most serious, crosscutting management challenges facing federal agencies:

- Improving financial management.
- Competitive sourcing.
- Strategic management of human capital.
- Expanded electronic government (E-government).
- Budget and performance integration.

In the months since President Bush issued his directive, Commerce has aggressively pursued its implementation. The Deputy Secretary routinely meets with senior bureau managers to review progress and discuss alternative approaches, and the Department's Chief Financial Officer and Assistant Secretary for Administration (CFO/ASA), and Chief Information Officer oversee day-to-day activities. To ensure accountability, individual performance plans have been modified to assign responsibility to Commerce's senior executives. Additionally, the performance measures for DM, as reflected in this document, were modified in FY 2001 to incorporate the five government-wide management initiatives.

Improving Financial Management

Accurate and timely financial information is integral to optimum performance and critical to providing full accountability to the American people. The Department must continue to receive unqualified audit opinions to support effective management.

The Department has received unqualified opinions on its consolidated financial statements since FY 1999. A key factor in continuing to maintain clean audit opinions and accelerate the timeliness of providing financial information is the deployment of the Commerce Administrative Management System (CAMS), a financial management system that will integrate financial data throughout the entire Department. CAMS will be fully implemented in October 2003. The Department is moving aggressively toward meeting this goal with the deployment of CAMS at ten Departmental entities, including the National Oceanic and Atmospheric Administration (NOAA), Commerce's largest bureau.

The Department has made significant progress in reducing the number of material weaknesses identified during the financial statement audits from eleven in FY 1996 to one in FY 2002. The remaining material weakness will be resolved with implementation of CAMS and the Department's aggressive efforts toward resolving IT security weaknesses.

Competitive Sourcing

Many of the tasks carried out by federal employees can readily be conducted by service providers in the commercial marketplace. Historically, the government has realized cost savings in the range of 20 to 50 percent when federal and private sector service providers compete to perform such functions. The objective of the competitive sourcing initiative is to increase the cost-effectiveness of the Department's programs by applying the principles of the Federal Activities Inventory Reform (FAIR) Act and Office of Management and Budget (OMB) Circular A-76, "Performance of Commercial Activities."

DM has made considerable progress in reinvigorating its competitive sourcing program, which is centrally overseen by the Office of the CFO/ASA, by:

- Establishing a cross-functional working group to update Department-wide guidance and ensure an integrated approach to implementing all government-wide initiatives.
- Employing the CFO Council to serve as a coordinative body, maintain momentum across Commerce, and aid communication between organizational units.
- Working closely with bureau staff to enhance the FAIR Act inventory, helping to consistently and appropriately classify activities across the Department.
- Adopting a practical and realistic management plan for achieving government-wide targets, which is recommended by OMB as a model for other agencies.
- Developing a new two-hour training module to educate managers about the fundamentals of competitive sourcing.

Recent highlights include the selection of a private sector firm to deliver workmen's compensation services, which will reduce program costs by 64 percent. The Bureau of the Census recently released a request for proposals to obtain "mixed tour" clerical support services. Currently, 225 full-time, part-time and intermittent employees fill these temporary assignments throughout the Census Bureau. The upcoming competition will help ensure that they are carried out as efficiently as possible. Additionally, NOAA's National Weather Service is conducting a competition for its Internet gateway function.

Strategic Management of Human Capital

The world of federal employment faces significant challenges. Overall projections show that more than half of the federal workforce will be eligible for retirement within the next few years. To meet this potential surge in prospective retirement levels, the Department must ensure that it retains the knowledge, skills, and management capabilities needed to achieve its mission-critical activities. The Department also faces difficulty in attracting and retaining highly qualified workers in specific fields, such as information technology and selected scientific disciplines. To counter this trend, it must effectively employ human resources flexibilities to adapt to labor market realities and allow DM to compete for the nation's best talent.

During FY 2002, Commerce completed a comprehensive five-year Workforce Restructuring Plan, which will assist DM in increasing the percentage of employees who provide front-line service delivery, reducing the proportion of its employees in supervisory positions, eliminating unnecessary organizational layers, and improving spans of management controls. The Plan, which is now being implemented, identifies three Commerce-wide human capital challenges: (1) high turnover in mission-critical occupations; (2) an impending retirement wave, especially among the Senior Executive Service (SES); and (3) the need to reshape workforce competencies to address the impact of e-government, competitive sourcing, and re-engineering initiatives.

Over the past year, Commerce has established a strong infrastructure for strategic human capital management, which includes leadership by the Deputy Secretary, CFO Council and Human Resources Officers Council. Critical positions were filled by hiring an Accountability Officer, a Training and Knowledge Management Officer, and a Program Manager for the SES Candidate Development Program. Commerce established new performance measures for its senior executives, revised and revitalized its training policies, acquired an online Learning Management System, enhanced the Commerce Opportunities Online automated hiring system to improve recruitment, developed an automated Commerce Performance and Award System, improved collaboration with the bureaus through the use of counterpart groups, revitalized the employee safety program, and enhanced diversity recruitment efforts.

Expanded E-government

Expanded e-government is the keystone to fostering citizen-centered government and providing the U.S. taxpayer with the same level of service that they expect from the private sector. In doing so, DM must ensure that its investment in information technology (IT) resources is wisely used to safeguard the security and integrity of its IT systems; dissolve bureaucratic divisions and increase productivity through the virtual consolidation of diverse functions such as payroll processing; implement applications to address common requirements such as e-grants, e-regulation, and e-signatures; provide citizen-centered service by creating easy-to-find single points of access to its programs; reduce reporting burdens on the public by sharing information between federal agencies and state, local, and tribal governments; increase the ease of electronic access for persons with disabilities; increase the transparency of DM's program operations; and reemphasize the importance of customer satisfaction so that the Department's service delivery compares favorably with state-of-the-art providers located elsewhere in government and the private sector.

Commerce is working collaboratively with other agencies on the cross-agency e-government initiatives, including Geospatial One-Stop, Disaster Management, and e-Grants. ITA sponsors the International Trade Process Streamlining initiative, whose export.gov portal offers a wide range of information to potential exporters and is being expanded to include forms and services. DM has expanded the number of Commerce services available through the Internet by converting an additional thirty-nine transactions from paper-based to Web-based formats, bringing the total number of transactions converted under the Government Paperwork Elimination Act to sixty-seven.

In support of e-government, DM continues to strengthen its information technology capital planning and investment control processes to ensure that proposed investments contribute to the Secretary's strategic vision and mission requirements, employ sound IT investment methodologies, comply with Departmental systems architectures, ensure security of the data and systems, and provide the highest return on the investment. Commerce's Information Technology Review Board, composed of senior departmental managers, reviews and makes recommendations for approval or disapproval of funding and recommends continuation or termination of projects. Commerce has developed a Federated IT Architecture, which includes an overarching component for the Department for all common business functions and IT services, and a component for each operating unit that addresses business-specific systems. This approach allows the operating units flexibility in their varied needs and requirements, while providing greater efficiency and reduced cost for those functions that are common to all operations. Commerce has made significant progress in improving the security of its IT systems and the data they house. Specific accomplishments include providing IT security awareness training to all computer users, developing security plans for all IT systems, updating the IT Security Program Policy, and establishing both a compliance review program and a computer incident response capability.

Budget and Performance Integration

Results offer the most persuasive accounting of the Department's use of taxpayer funds. Some of the challenges involved in making a full and accurate accounting include the structure of the federal budget, which inhibits identification of the full cost of individual programs. DM supports government-wide efforts to identify all costs and seeks to assess its performance with easily understood, accurate performance and cost data. Managers often do not have control over the resources they use or have the flexibility to use them efficiently, and DM supports government-wide efforts to align authority with accountability.

As part of this effort, the CFO/ASA issued guidance instructing bureaus on integrating performance information in the preparation of their FY 2004 budget requests. Budget development meetings between the Secretary and bureau managers during the summer also used a combined approach for addressing budget and performance issues. DM also worked closely with OMB to assess the effectiveness of approximately 50 percent of the Department's activities during preparation of the Department's FY 2004 budget proposal.

Through the Deputy Secretary's regular meetings with the senior managers of the bureaus, DM also re-examined the performance measures that it relies on to assess its progress in carrying out its mission. The Department continues striving to improve the accuracy, completeness, and reliability of the data by which it measures and reports its performance. DM is also working with our bureaus to refine the integration of budget and performance data in its budget and planning documents such as this performance and accountability report, its annual performance plans, and its annual budget justifications. In FY 2003, DM will continue these efforts, as it monitors program performance and develops its performance plans for FY 2004.

Priorities/Management Challenges

By implementing cross-cutting reforms, DM works to minimize the burden associated with administrative functions that are common to all program areas across the Department while maintaining appropriate controls and accountability. DM directs significant effort toward carrying out the government-wide initiatives established under the PMA as well as addressing those areas identified by the Inspector General as being of specific concern. Semiannually, the Inspector General identifies the top ten administrative functions and programmatic activities that merit special attention because they are important to the Department's mission or the nation's well-being, they are complex, they involve sizable expenditures, or they require significant management improvements. To some extent, the PMA and the Inspector General's Top Ten List of Management Challenges address related issues.

In the year since the President issued his management agenda, Commerce has made significant progress in implementing the five government-wide initiatives as reflected in the scorecard issued by the OMB. Quarterly, OMB assesses each agency's progress in achieving the goals of the PMA using a "stoplight" scoring system, and two ratings are assigned for each of the five initiatives. "Progress" ratings reflect the agency's adherence to milestones and schedule of deliverables. A green progress rating means that implementation is proceeding as planned, yellow means that there has been some slippage in planned activities and adjustments are needed, and red means that an initiative is in jeopardy. "Status" ratings reflect the extent to which the agency has met the standards for overall success. Green means that all standards have been met, yellow means mixed results, and red means that serious flaws exist.

As of the end of FY 2002, Commerce had achieved green "progress" ratings for all but one initiative, expanding e-government. DM received a yellow "progress" rating in that area. During FY 2003 and FY 2004, DM will devote focused effort to achieving the targets established in the PMA-related performance measures with the ultimate objective of improving the red and yellow ratings received in the "status" of these five areas.

Particular attention is being given to completing implementation of CAMS, which will provide the Department with an integrated financial management system. This achievement, planned for FY 2003, is crucial to eliminating financial management as a material weakness under the Federal Managers Financial Integrity Act (FMFIA).

Information security, representing the Department's one other material weakness under FMFIA, continues to be a priority. In FY 2002, Commerce and its bureaus conducted assessments of all automated systems and identified and undertook corrective actions to improve IT security (primarily focused on eliminating system and network vulnerabilities). DM anticipates completing shortly security plans for all systems. Targets for related performance measures for FY 2003 and FY 2004 are set at levels that require continued improvement in IT security throughout the Department.

In the aftermath of September 11, 2001, DM determined that the Department's emergency preparedness needed significant enhancement. During FY 2002, it concluded a cross-functional effort to develop and adopt a comprehensive continuity of operations plan (COOP) for the Department as a whole. In FY 2003 and FY 2004, DM will further strengthen COOP planning and emergency preparedness efforts by establishing a permanent oversight program that will test and evaluate bureau COOP plans. DM is also exploring ways of addressing the Commerce-specific requirements of its marine and air operations, special compartmented information activities and facilities, and joint activities undertaken with other agencies.

Acquisition reform, the goal of recent legislation such as the Federal Acquisition Streamlining Act and the Clinger-Cohen Act, is intended to improve the timeliness and quality of goods and services acquired to help Commerce and its bureaus carry out their missions. DM, through the Commerce Procurement Executive, has lead responsibility for carrying out acquisition reform. While DM is actively working with the bureaus to implement the innovative tools that are available to streamline and simplify the procurement process, it recognizes that this effort must be balanced by the need to maintain proper controls.

To address this challenge, DM has adopted a comprehensive approach for managing and minimizing the risks inherent in such an undertaking. DM has adopted a balanced scorecard approach to establishing goals and measuring performance for procurement offices throughout the Department, has developed a program for providing training and tools to front-line employees to equip them to meet new procedural requirements, and is conducting focused program reviews on the use of new procurement tools. DM is also developing special control levers for large dollar or particularly complicated acquisitions.

The Department is also involved in multiple large and complex construction projects. These include thirty-three renovation and construction projects for NOAA, a multi-million dollar program to upgrade NIST laboratories and construct a new advanced measurement laboratory, development of a new facility for the U.S. Patent and Trademark Office, and plans for two new buildings for the Census Bureau. Additionally, DM is in the planning stages for a complete renovation of the seventy-year old Herbert C. Hoover Building, which houses the headquarters offices for the Department of Commerce.

In addition to the day-to-day involvement of bureau expertise, these efforts are subject to oversight by the Department and, because of their importance, monitoring by the Office of the Inspector General. The Department is working collaboratively with its bureaus to address the risks inherent to these undertakings. Before any major real estate project is initiated, the Department reviews the proposal and provides advance approval. Once work begins, Departmental personnel monitor progress through site visits, project meetings, periodic status reports, and continued interaction with project, budget and General Services Administration staff.

The Secretary, as the Department’s chief executive officer, Deputy Secretary, as the chief operating officer, and Departmental offices also exercise managerial oversight and provide policy direction for the conduct of program activities carried out by the bureaus. In addition to Department-wide management reform, Departmental priorities include programmatic concerns identified by the Inspector General. Routinely, senior managers and staff at the Department and bureau levels consult on establishing and evaluating progress in achieving long-term strategic goals and short-term performance goals. For example, the Deputy Secretary meets annually with senior bureau managers to discuss their performance, priorities and challenges. Also, the Department has initiated a collaborative process through which our strategic plan is periodically updated. Departmental staff and managers also work closely with the bureaus to identify and secure the resources needed to effectively carry out their missions.

FY 2004 Program Changes

(Dollars in Thousands)

Salaries and Expenses

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Executive direction	89	\$14,335	+12	+\$1,668
Transfer of White House liaison & external affairs offices from A&R to S&E			+12	+\$1,668

This transfer will move the Office of White Liaison and the Office of External Affairs from the Advances and Reimbursements (A&R) account (funded by DOC bureaus) to the Salaries and Expenses (S&E) account. There will be a commensurate change in the A&R account. These offices are within the Office of the Secretary’s Immediate Office. DOC bureaus receive no “direct” benefit from these offices and should not be charged for them. These charges are not part of the bureau’s budget

requests and bureaus have been forced to absorb these costs. This increase will provide the funding for these two offices within S&E. The Office of White House Liaison reports directly to the Chief of Staff. It oversees the appointment process for executive positions throughout the Department, prepares special reports, and manages specific projects at the request of Secretarial Officers. The Office of External Affairs plans and coordinates the external scheduling for the Secretary of Commerce. This office is responsible for logistical support for the Secretary’s domestic and international meetings, conferences, and special activities and initiatives.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Departmental Staff Services	134	\$35,553	+4	+\$5,635
Herbert C. Hoover building renovations & modernization project			+2	+\$993

This program increase will establish a Renovations Project Management Office to oversee renovations within the 70-year old Herbert C. Hoover Building (HCHB). The proposed HCHB renovations will bring the facility into compliance with Federal codes, industry standards, public laws, and GSA policy, and will extend the useful life and utility of the structure for the next 30 years. GSA is responsible for the design and construction of the base building and systems. The remaining design responsibilities and construction costs are the responsibility of the DOC. DOC is responsible for some of the interior tenant improvement construction costs; contractor space planning, architect, engineer, communications and relation planning support services; and furniture requirements.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Transfer of GPRA from A&R to S&E			+2	+\$485

This transfer will move the Government Performance and Results Act (GPRA) project from the Advances and Reimbursements (A&R) account (funded by DOC bureaus) to the Salaries and Expenses (S&E) account. There will be a commensurate change in the A&R account. The GPRA office is within the Office of Budget. DOC bureaus receive no “direct” benefit from this office and should not be charged for it. These charges are not part of the bureau’s budget requests and bureaus have been forced to absorb these costs. This increase will provide the funding for this office within S&E. The GPRA office fulfills the three mandates set forth in the GPRA including the Department’s Strategic Plan, Annual Performance Plan, and Annual Performance and Accountability Report. The office works closely with all bureaus to draft, provide quality control, and complete necessary documentation.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
E-Government initiatives			0	+\$4,157

This increase will fund initiatives related to expanding Electronic Government. The President has made expanding E-Government integral to a five-part Management Agenda for making government more focused on citizens and results. These initiatives integrate agency operations and IT investments. Other E-Government initiatives, directly relating to NOAA activities are being funded in the NOAA accounts. Department-wide coordination and oversight is provided by the Department’s CIO.

- 1 *International Trade Process Streamlining Program*— \$1,474 – Will provide a one-stop web portal for U.S. Government export promotion services and reduce the paperwork burden on businesses seeking international trade.
- 2 *E-Training*— \$590 - Will result in a premier e-training web portal for enhanced one-stop access to high quality training and development opportunities for government employees, and provide increased access to common need e-training courses (i.e., computer security, ethics, prevention of sexual harassment, and diversity).
- 3 *E-Travel*— \$546 - To establish a government-wide, web-based, end-to-end travel management service that reduces capital investment and total cost per transaction based on best travel management practices.
- 4 *Integrated Acquisition*— \$400 - Will allow agencies to begin sharing common data elements to enable more informed procurement, logistical, payment and performance assessment decisions.
- 5 *E-Authentication*— \$1,147 - Will provide a systematic means of “e-Authentication,” that is, authenticating the identity of the remote party to an E-government transaction over the Internet and World Wide Web. Many Government services require that agencies know with some certainty with whom they are dealing with over the Internet, thus requiring authentication.

Working Capital Fund

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Departmental Staff Services	476	\$95,560	+1	+\$3,382
Occupational safety & health program			+1	+\$544

This program increase in the Occupational Safety and Health Program supports the Secretary’s commitment to provide a comprehensive occupational safety and health program to prevent accidents and injuries. It focuses on implementing a program that includes major initiatives in workplace surveys and assessments, behavior-based accident prevention, ergonomics and training, accident and injury reporting, and expanded health services.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Acquisition career management program				+\$95

This program increase in the Office of Acquisition Management will help develop, coordinate, and maintain the policies and procedures that govern acquisition of all supplies and services required by the Department through the recruitment and training of acquisition personnel.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
WEB-based time & attendance system				+\$159

This program increase supports report development, licenses and on-going maintenance for full implementation of a web-based Time and Attendance system (WebTA). This increase supports the Administration’s initiatives for Strategic Management of Human Capital, Expanded Electronic Government, and Improved Financial Performance. This initiative improves efficiency, data access, and service delivery to clients, enhances data exchange, and assists in modernizing the human resources information system infrastructure.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Learning management system & online training				+\$148

This program increase will provide in excess of 1,000 courses including business, professional development, human resources, performance management courseware, and information technology. It will reduce or eliminate redundancies in training and provide cost-effective economies for the delivery of e-training services. This program increase includes the purchase and testing of all software, set up fee, training, class scheduler, courseware, and customer support, and is available for employees with disabilities.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Commerce Standard Acquisition Reporting System (CSTARS)				+\$700

This program increase will provide for a financial interface between the Commerce Administrative Management System (CAMS) Core Financial System and Commerce Standard Acquisition Reporting System (CSTARS). This initiative includes costs for license renewal and maintenance to support over 500 users and increased costs related to migration to a web-enabled application. The CSTARS Program supports e-Commerce activities promoted by Executive Order, the President’s Management Council, the Department’s Chief Information Officer, and the Chief Financial Officer. Plans are underway to interface CSTARS with the Department’s CAMS/Core Financial System to help ensure “clean financial audits.”

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
National Finance Center				+\$1,558

This program increase will support the e-payroll effort to transform the current Federal payroll service delivery environment. The National Finance Center (NFC) is one of the major cross-servicing payroll providers. It is one of the most experienced and successful franchising service providers in the Federal government. NFC provides centralized, automated, integrated systems and support services for payroll, personnel, accounts receivable, administrative payments, property management, budget, and accounting activities. This initiative will cover costs to conduct an intensive payroll data integrity review and undergo massive data analyses.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Integrated Acquisition Environment				+\$178

This program increase will fund Commerce’s participation in the Integrated Acquisition Environment (IAE) which consolidates the Federal government’s common acquisition functions within a shared services environment. The IAE will create a common, integrated business process and increased data sharing to enable better business decisions in procurement, logistics, payment and performance assessment. The IAE will create a secure business environment for acquisition that will facilitate and support the cost-effective acquisition of goods and services to meet the Department’s mission needs. This increase will cover anticipated costs to support implementation of these initiatives within the Department during FY 2004.

Targets and Performance Summary

The Department's performance measures are intended to assist it in monitoring its progress in providing policy oversight and administrative support services, which represent the bulk of its activity under DM. Beginning with the FY 2003 APP, DM measures were refocused to better reflect its most significant activities and to more closely correspond to the government-wide management initiatives established in the President's Management Agenda.

Performance Goal 1: Ensure effective resource stewardship in support of the Department's programs

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Clean audit opinion obtained on Department consolidated financial statements	100%	100%	100%	Yes	Yes	Yes	Yes
Deploy Department-wide integrated financial management system	System deployed in 1 bureau.	System deployed in 4 bureaus.	System deployed in 8 bureaus.	Deploy system in 10 bureaus.	System deployed in 10 bureaus.	Deploy system in 13 bureaus; complete Department-wide deployment.	Discontinued
Implement competitive sourcing	Inventory submitted on 7/9/99.	Inventory submitted on 6/30/00.	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 2002/2003.	Convert or complete competitions on 10% of commercial FTE Positions.	Pending OMB guidance.
Funds obligated through performance-based contracting	N/A	N/A	25% of total procurement funds.	25% of total procurement funds.	31% of \$795M	30% of Total procurement funds.	40% of total procurement funds.
Small purchases made using credit cards	288,268 transactions	88% of actions below \$25,000	92% of actions below \$25,000	90% of actions below \$25,000	95% of actions below \$25,000	90% of Actions below \$25,000	90% of Actions below \$25,000
Use of online procurement to publish synopses and solicitations for proposals to contract with the Department	N/A	N/A	98% of synopses published online.	100% of synopses and 100% of solicitations	100% of synopses and 100% of solicitations	Discontinued	Discontinued
Increase percentage of total obligations awarded as contracts to small businesses	Small businesses: 42%	Small businesses: 34%	Small businesses: 50%	Small businesses: 35%	Small businesses: 51%	Small businesses: 40%	Small businesses: 42%
	Minority-owned businesses: 14%	Minority-owned businesses: 20%	Minority-owned businesses: 18%	Discontinued	Discontinued	Discontinued	Discontinued
	Women-owned businesses: 5%	Women-owned businesses: 6%	Women-owned businesses: 9%	Discontinued	Discontinued	Discontinued	Discontinued
Reduce energy consumption per square foot from 1985 baseline	33%	34%	34%	35%	35%	Discontinued	Discontinued

(continued)

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Department's Programs (cont.)

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Ensure a secure workplace for all Department of Commerce employees	Conducted 12 studies to ensure physical security of Department of Commerce facilities.	Conducted 10 studies to verify proper maintenance of safes for classified materials.	Conducted 32 studies of classified computer systems.	Establish Department-wide continuity of operations plan (COOP) and conduct 10 compliance reviews of security programs and classified systems.	DOC COOP established; 47 risk assessments completed.	Conduct 30 compliance reviews of security programs and classified systems, and complete testing and evaluation of bureau COOP plans.	Conduct 40 compliance reviews of security programs and classified systems, develop comprehensive COOP compliance and oversight program, and identify Department-specific concerns.
Ensure a safe workplace for all Department of Commerce employees	N/A	N/A	N/A	Safety infrastructure accountability systems, and supervisory training programs are in place.	Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new <i>Designated Agency Safety and Health Official</i> to spearhead safety efforts, established performance element for senior executives, and developed Web-based safety awareness training program.	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.

Performance Goal 2: Strategic Management of Human Capital

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Strategic Competencies— Ensure competency in leadership and in mission critical occupations	Vacancies monitored	Plan developed and tools identified.	Automated tools used by 3 pilot test offices.	Develop comprehensive Department-wide workforce restructuring plan that addresses competency gaps.	Completed final work-force restructuring plan in June 2002. Mission critical competencies identified. Candidate development program implementation plan developed which provides for the identification of gaps.	Develop succession plans and staffing or retention targets for mission critical occupations; announce SES candidate development program.	Enrollment of new SES candidate development program participants.

(continued)

Performance Goal 2: Strategic Management of Human Capital (cont.)

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Strategic Competencies—Ensure comprehensive training and development strategies	New	New	New	Analyze and update training and development policies to enhance competencies.	General and supervisory training policy implemented.	Institute annual assessment program.	Implement learning management on-line system in the Office of the Secretary.
Strategic Competencies—Ensure diverse candidate recruitment	Greatest diversity voids determined and workforce has 3% staff of Hispanic origin.	Finalized memoranda of understanding with 9 Hispanic serving institutions and marketed 121 resumes with Department managers.	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.	Assess efficacy of recruitment approaches.
Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	COOL Phase I created.	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Create COOL Phase IV and reduce fill time to 32 days.	Incomplete data	Reduce fill time to 30 days and assess quality of candidates processed by the system.	Maintain fill time standard of 30 days and assess applicants' and bureaus' satisfaction with COOL.
Increase the alignment of performance management with mission accomplishment	Information entered with 95% accuracy.	Combined performance management and awards handbook completed.	Tracking system for aligning ratings with mission accomplishment or overall recognition designed.	Implement a new senior executive service 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 and annual performance plan measures.	Implement the ComPas system Department-wide.
Implement a telecommuting program	Managers made aware.	3 pilot programs established.	13.5% of total workforce ¹ currently telecommuting	50% of eligible workforce is involved in program	18.9% of total workforce participate in regular or episodic teleworking. ¹	75% of eligible workforce is involved in program.	100% of eligible workforce is involved in the program.

¹ The portion of the workforce eligible to participate in this program depends on the Departmental telework policy, which is under development and will be issued shortly. Because this baseline figure was not available for FY 2001 or FY 2002, we reported on the proportion of the total workforce that telecommuted.

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Transactions converted to electronic format	N/A	16 (13% of 123 total)	28 (23% of 123 total)	43 (35% of 123 total)	67 (54% of 123 total transactions)	90 (42% of 214 ¹ transactions)	116 (54% of 214 transactions)
IT planning and investment review program maturity (on a Scale of 0-5) ²	N/A	1	2	50% at 3 or higher	41% at 3 or higher	55% at 3 or higher 20% at 4 or higher	65% at 3 or higher 30% at 4 or higher
IT architecture program maturity (on a Scale of 0-5) ²	N/A	1	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	95% at 2 or higher 20% at 4 or higher
IT security program maturity (on a scale of 0-5) ²	N/A	<1	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	85% at 3 or higher 33% at 4 or higher
Percentage of IT system security plans completed	N/A	21%	61%	100%	98%	100%	100%
Percentage of unsuccessful intrusion attempts	N/A	N/A	85% (1,380 of 1,620 intrusion attempts)	85% (2,150 of 2,530 projected intrusion attempts)	87% (1,441 of 1,665 intrusion attempts)	85% (2,678 of 3,160 projected intrusion attempts)	85% (5,620 of 6,611 projected intrusion attempts)

¹ The number of total transactions to be converted was changed from 123 to 214 transactions in accordance with revised OMB guidance.

² Maturity models are industry-accepted standards to assess progress toward achieving IT goals. See the description provided for Performance Goal 3.

Resource Requirements Summary

(Dollars In Millions. Funding Amounts Reflect Total Obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Department's Programs

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Executive Direction	15.0	14.0	18.0	20.0	14.0	14.0	2.0	16.0
Departmental Staff Services	16.0	15.0	13.0	18.0	17.0	19.0	1.0	20.0
Advances and Reimbursements	1.0	2.0	5.0	5.0	6.0	6.0	0.0	6.0
Total Funding	32.0	31.0	36.0	43.0	37.0	39.0	3.0	42.0
IT Funding ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	161	149	129	139	171	171	16	187

Performance Goal 2: Strategic Management of Human Capital

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Executive Direction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	2.0	3.0	4.0	4.0	4.0	0.0	4.0
Total Funding	2.0	2.0	3.0	4.0	4.0	4.0	0.0	4.0
IT Funding ¹	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	22	17	24	23	25	25	0	25

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Executive Direction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Departmental Staff Services	2.0	2.0	7.0	7.0	13.0	13.0	4.0	17.0
Total Funding	2.0	2.0	7.0	7.0	13.0	13.0	4.0	17.0
IT Funding ¹	2.0	2.0	7.0	7.0	13.0	13.0	4.0	17.0
FTE	24	19	18	21	27	27	0	27

DEPARTMENTAL MANAGEMENT

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Executive Direction	15.0	14.0	18.0	20.0	14.0	14.0	2.0	16.0
Departmental Staff Services	20.0	19.0	23.0	29.0	34.0	36.0	5.0	41.0
Advances and Reimbursements	1.0	2.0	5.0	5.0	6.0	6.0	0.0	6.0
Total Funding	36.0	35.0	46.0	54.0	54.0	56.0	7.0	63.0
Direct	35.0	33.0	41.0	49.0	48.0	50.0	7.0	57.0
Reimbursable ²	1.0	2.0	5.0	5.0	6.0	6.0	0.0	6.0
IT Funding ¹	2.0	2.0	7.0	7.0	13.0	13.0	4.0	17.0
FTE	207	185	171	183	223	223	16	239

¹ IT funding included in total funding.

² Reimbursable funding reflects external sources only.

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.

FY 2002 Performance Goals

Performance Goal 1: Ensure Effective Resource Stewardship in Support of the Commerce Department's Programs

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

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 it identify, adopt, and maintain the business practices needed to successfully operate any such organization; use its resources wisely; and effectively implement the laws that affect it. Because this performance goal inherently encompasses a wide range of administrative and operational tasks, the measures used to assess DM's progress are by necessity highly diverse. DM is continuing efforts begun in FY 2003 to ensure that these measures are meaningful and reflect particularly significant activities.

Measure 1a: Clean Audit Opinion Obtained on Department Consolidated Financial Statements

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	100%	100%	100%	Yes	Yes	Yes
Actual	100%	100%	100%	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 its 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 U.S. taxpayer for the expenditure of federal funds. DM's success is measured by its ability to obtain the unqualified opinion of its auditors on its consolidated financial statements, which it has maintained since FY 1999.

FY 2003 & FY 2004 Targets

In FY 2003 and FY 2004, DM plans to maintain an unqualified opinion on the Department's consolidated financial statements.

Measure 1b: Implement Competitive Sourcing

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Inventory of commercial FTE ¹ positions due by 6/30/99	Complete inventory of commercial FTE ¹ positions due by 6/30/00	Complete inventory of commercial FTE ¹ positions due by 6/30/01	Convert or complete competitions on or convert 5% of commercial FTE ¹ positions	Convert or complete competitions on or convert 10% of commercial FTE ¹ positions	Pending OMB guidance
Actual	Inventory submitted on 7/9/99	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/FY 2003		
Met/Not Met	Not Met	Met	Met	Not Met		

¹ FTE = Full-time equivalents

Explanation of Measure

The Federal Activities Inventory Reform (FAIR) Act requires that the federal government avoid unfairly competing with private industry in providing the products and services the federal government needs. The Act requires that agencies provide the Office of Management and Budget (OMB) with a timely inventory of the activities they perform that could be carried out by commercial sources. To comply with this requirement, the Department has developed an annual reporting process that is timely and complete.

FY 2003 & FY 2004 Targets

In its FY 2002-2003 Combined Competitive Sourcing Management Plan, Commerce laid out its plan for meeting OMB’s 5 percent goal for FY 2002 and 10 percent goal for FY 2003 for competing or converting commercial activities appearing in its FAIR Act inventory. Commerce plans to exceed the cumulative government-wide goal of 15 percent for the two-year period.

Guidance from OMB on the FY 2004 Competitive Sourcing Management Plan has been delayed as a result of discussions at various levels of how best to achieve the objectives of the FAIR Act. The General Accounting Office-led Commercial Activities Panel has made multiple recommendations for modifying the competitive sourcing process employed by the federal government. One such change, revision of OMB Circular A-76, is expected to be completed during calendar year 2003.

Measure 1c: Funds Obligated through Performance-based Contracting

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	10%	25%	30%	40%
Actual			25% of \$1.624B	31% of \$795M		
Met/Not Met			Met	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 establishes the standards against which contractor performance will be measured and the incentives it will use.

FY 2003 & FY 2004 Targets

The goals of 30 percent and 40 percent for FY 2003 and FY 2004, respectively, are government-wide targets established by the Procurement Executives Council. These targets are based on annual increments of 10 percent toward the ultimate government-wide goal of awarding 50 percent of total procurement dollars through performance-based contracts in FY 2005.

Measure 1d: Small Purchases Made Using Credit Cards

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	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
Actual	288,268 transactions	88% of actions below \$25,000	92% of actions below \$25,000	95% actions below \$25,000		
Met/Not 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.

FY 2003 & FY 2004 Targets

Recognizing the heightened congressional and public scrutiny placed on the government's use of credit cards for small purchases, the Department has implemented more guidelines, controls and conditions for their use. Notwithstanding these increased controls, DM is retaining the FY 2003 goal of 90 percent of transactions below \$25,000 as its FY 2004 goal.

Measure 1e: Increase Percentage of Total Obligations Awarded as Contracts to Small Businesses

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Small busi- nesses	Target	35%	40%	40%	35%	40%	42%
	Actual	42%	34%	50%	51% ¹		
	Met/Not Met	Met	Not Met	Met	Met		

¹ Based on preliminary data. Finalized data maintained in GSA's Federal Procurement Data System will be available late in the second quarter, FY 2003.

Measure 1e: Increase Percentage of Total Obligations Awarded as Contracts to Small Businesses (Cont.)

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Women-owned businesses	Target	5%	5%	5%	Discontinued	Discontinued	
	Actual	5%	6%	9%			
	Met/Not Met	Met	Met	Met			
Minority-owned businesses	Target	15%	18%	18%	Discontinued	Discontinued	
	Actual	14%	20%	18%			
	Met/Not Met	Not Met	Met	Met			

Explanation of Measure

This measure monitors the Department of Commerce's ability to increase opportunities for small businesses, which include small disadvantaged, "8(a)," woman-owned, historically underutilized business zone (HUBZone), veteran-owned, and service-disabled veteran-owned businesses, to participate in Commerce acquisitions. Annually, the Small Business Administration (SBA) negotiates procurement goals with each federal agency in an effort to increase contract and subcontract awards to small businesses.

Historically, this included small businesses, small disadvantaged, 8(a), and women-owned businesses. In FY 2001, three new categories were added. These include HUBZone businesses, veteran-owned small businesses and service-disabled veteran-owned businesses, which is a subset of veteran-owned small businesses.

Through FY 2001, DM reported under the Government Performance and Results Act (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, Commerce simplified the method used to track its progress in this area, for purposes of GPRA, beginning with FY 2002. It now reports on the percentage of procurement funds awarded to the umbrella group described as small businesses.

FY 2003 & FY 2004 Targets

The FY 2003 small business target established in last year's APP remains unchanged at 40 percent. Based on its assessment of bureau achievements over the past six years, DM has established a small business goal of 42 percent for FY 2004.

Measure 1f: Ensure a Secure Workplace for All Department of Commerce Employees

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Conduct 12 physical security reviews.	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 and conduct 10 compliance reviews of security programs and classified systems.	Conduct 30 compliance reviews of security programs and classified systems, and complete testing and evaluation of bureau COOP plans.	Conduct 40 compliance reviews of security programs and classified systems, develop comprehensive COOP compliance and oversight program, and identify Department-specific security concerns.
Actual	12 physical security reviews conducted.	All security containers at 10 field facilities inspected.	32 inspections of classified computer systems conducted.	DOC COOP established; 47 risk assessments completed.		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

The Department of Commerce ensures security for headquarters and field staff, visitors, facilities, resources, and information. This is achieved in a variety of ways. In FY 1999, DM completed twelve physical security reviews for regional census centers. This reduced security-related risks and incidents and helped increase employee satisfaction and productivity. In FY 2000, all safes and other security containers at ten Department of Commerce field facilities were inspected and found to be in compliance. In FY 2001, DM inspected thirty-two classified computer systems to ensure that they were secure. All thirty-two systems were accredited for processing classified data at the designated level.

DM's security program is now under review in order to determine how it may better measure the impact it has on the security of its employees and facilities. DM anticipates revising this measure in the FY 2005 Annual Performance Plan.

FY 2003 & FY 2004 Targets

The safety and security of our workforce, facilities, and information technology systems are of paramount importance. In FY 2003 and FY 2004, DM will continue conducting compliance reviews of security programs and classified systems. DM plans to conduct a minimum of thirty and forty compliance reviews in FY 2003 and FY 2004, respectively. The FY 2003 target has been increased since publication of the FY 2003 APP to reflect the increased emphasis DM is placing on security in its workplace.

DM will be further strengthening its continuity of operations (COOP) planning and emergency preparedness efforts. In FY 2004, a permanent oversight and evaluation program will be institutionalized, which will oversee testing and evaluation of bureau COOP plans that were developed and put in place in FY 2002. Also, in FY 2004, DM will identify and examine security concerns that are unique to Commerce. These include special considerations related to the Department's marine and air operations, special compartmented information activities and facilities, and joint activities undertaken with other agencies.

Measure 1g: Ensure a Safe Workplace for All Department of Commerce Employees

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	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; 2 industrial hygiene surveys at DOC facilities, and provide safety training for 100 DOC employees.
Actual				Safety action plan developed, reinvigorated the Commerce Safety Council to communicate safety issues, appointed a new <i>Designated Agency Safety and Health Official</i> to spearhead safety efforts, established performance element for Senior Executives, and developed a Web-based safety awareness training program.		
Met/Not 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.

FY 2003 & FY 2004 Targets

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 DM's efforts also focus on several important safety training programs. They include behavior-based safety, ergonomics, personal protective equipment, electrical safety, and first aid. Additionally, in FY 2003, the Department will institute an aggressive response procedure to follow up with corrective action for all reported accident cases.

Program Evaluation

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, DM works closely with OMB on implementing the five government-wide management initiatives established in the President’s Management Agenda and is rated quarterly on its 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.

Discontinued Measures

Use of Online Procurement to Publish Synopses and Solicitations for Proposals to Contract with the Department

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	50% of synopses	100% of synopses 100% of solicitations	Discontinued Discontinued	Discontinued Discontinued
Actual			98% of synopses	100% of synopses 100% of solicitations		
Met/Not Met			Met	Met		

Explanation of Measure

The President is committed to increasing the government’s use of the Internet to acquire goods and services, and to promoting increased competition among firms interested in doing business with the government. In FY 2001, 98 percent of all synopses, or notices of intent to enter into a contract to fulfill a specific need, issued by Commerce were posted through www.FedBizOpss.gov, the single point-of-entry Web site for all government agencies. As of FY 2002, online procurement was the only option available for publicizing procurement opportunities. As a result, there will be no need to track this measure in FY 2003 and beyond.

Reduce Energy Consumption per Square Foot from 1985 Baseline

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	24%	25%	26%	35%	Discontinued	Discontinued
Actual	33%	34%	34%	35%		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

Federal agencies are required by law and executive order to reduce energy consumption by 30 percent by 2005 and 35 percent by 2010. The Energy Policy Act of 1992 established 1985 as the baseline against which all agencies measure their progress. For three consecutive years, Commerce has exceeded interim goals.

In FY 2002, DM achieved the long-term, government-wide goal of 35 percent. The Department also received a Presidential Award for Leadership in Energy Management in the category of “Institutionalization.” This award recognizes the Department’s efforts to institutionalize the goals of Executive Order 13123, *Greening the Government through Efficient Energy Management*. As a result of achieving the long-term goal, DM believes that energy consumption no longer requires monitoring under the Government Performance and Results Act and will discontinue reporting this measure beginning in FY 2003.

Deploy Department-wide Integrated Financial Management System

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target ¹	1	4	8	10	13	Discontinued
Actual	1	4	8	10		
Met/Not Met	Met	Met	Met	Met		

¹ Office of Computer Services Franchise Fund was previously considered to be, for this purpose, an independent bureau. It is now considered to be a part of the Office of the Secretary. Targets and performance levels have been modified to reflect this adjustment.

Explanation of Measure

This measure tracks the Department’s progress in implementing the requirements of the Chief Financial Officers Act, the joint financial management improvement program, and other standards for an integrated financial system. A modern, department-wide financial management system is urgently needed to enable DM to improve financial management overall. Full deployment of the Commerce Administrative Management System will ensure fiscal accountability and provide program managers with the timely, accurate financial data needed for sound decision-making.

The targets for FY 2002 and FY 2003 have been modified as a result of a change in the definition of the Office of the Secretary as a bureau. Previously, the Office of the Secretary and Office of Computer Services (OCS) Franchise Fund were reported as two separate bureaus. OCS is now considered to be part of the Office of the Secretary. This does not alter the final goal, i.e., establishment of a Department-wide integrated financial management system. Since the system will be fully deployed across the Department in FY 2003, this measure will be discontinued beginning in 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.

External Factors and Mitigation Strategies

- 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 its 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.

Performance Goal 2: Strategic Management of Human Capital

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

By 2007, 71 percent of the Department’s existing Senior Executive Service corps and 39 percent of the senior staff in grades 13 through 15 will become eligible for retirement. Departures from the Department due to retirement only represent approximately 21 percent of overall turnover. In the prior fiscal year, transfers to other federal agencies represented approximately 23 percent of separations and resignations comprised another 49 percent. Commerce is further analyzing the resignation data to learn more about those losses. These conditions could produce an unprecedented drain on its institutional memory, on our capacity to provide mature leadership to the next generation of employees, and, thus, on its capacity to serve the public.

There is no issue more critical to the Department’s continued effective functioning than that of current and projected turnover in mission-critical positions, and the domino effect it precipitates. Separation projections are high among economists, fish biologists, mathematicians, statisticians, meteorologists, and engineers.

Measure 2a: Strategic Competencies—Ensure Competency in Leadership and in Mission Critical Occupations						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Monitor vacancies	Develop workforce analysis plan and research and automate tools.	Automated tools used by 3 pilot test offices.	Complete comprehensive Department-wide workforce restructuring plan that addresses competency gaps in all bureaus.	Develop succession plans and staffing or retention targets for mission critical occupations; announce SES candidate development program.	Enrollment of new SES candidate development program participants.
Actual	Vacancies monitored	Plan developed and tools identified.	Automated tools used by 3 pilot test offices.	Completed final workforce restructuring plan in June 2002. Mission critical competencies identified. Candidate development program implementation plan developed, which provides for the identification of gaps.		
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 2003 & FY 2004 Targets

Compounding the seriousness of the impending SES departures is the fact that Commerce’s 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, its SES leaders have typically gained their technical, managerial and leadership expertise within a single bureau. The future will require, however, that its leaders have 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 is also 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 path. The FY 2003 and FY 2004 targets to develop succession plans and conduct an SES candidate development program will ensure that DM meets these challenges.

Measure 2b: Strategic Competencies—Ensure Comprehensive Training and Development Strategies

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Analyze and update training and development policies to enhance competencies.	Institute annual assessment program.	Implement learning management on-line system in the Office of the Secretary.
Actual				General and supervisory training policies implemented.		
Met/Not 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 2003 & FY 2004 Targets

Both the FY 2003 and FY 2004 targets serve as means of ensuring that necessary strategic competency development is undertaken. 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 opportunities to access a learning management system and online training on demand and just-in-time. As the foundation for a comprehensive LMS that will retain its currency over time, DM will institute an annual assessment program in FY 03 instead of FY 04, as originally projected. The training and development tracking system that was initially planned for FY 03 will be accomplished in FY 04 as part of LMS. 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.

Measure 2c: Strategic Competencies—Ensure Diverse Candidate Recruitment

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Determine greatest diversity voids.	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 Commerce managers.	Assess effectiveness of recruitment activities and determine hiring baseline.	Assess efficacy of recruitment approaches.
Actual	Greatest diversity voids determined, and workforce has 3% staff of Hispanic origin.	Finalized memoranda of understanding with 9 Hispanic serving institutions and marketed 121 resumes with Department of Commerce managers.	Resume database developed and implemented, 19 recruitment activities sponsored, and more than 352 resumes marketed.	Completed refining resume database, participated in 25 recruitment activities, implemented awareness campaign with Commerce managers.		
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 the 11 percent in the civilian labor force. Considering the impending retirements of many of the Department’s workers and its goal to become an employer of first choice, that is, that individuals seeking jobs will seek out a position at the Department of Commerce, the Department needs to develop a steady supply of high-quality, diverse candidates to ensure appropriate recruitment pools.

Currently, the Department 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 2003 & FY 2004 Targets

The objective of the FY 2004 target is to determine whether DM’s employment outreach efforts have advanced the goal of enhancing diversity in employment. In FY 2003, DM’s focus in assessing the effectiveness of its recruitment activities will be directed to the initial stages of the process, i.e., the identification of its sources and applicants. This assessment will help to determine whether the process was an effective one and will establish the utility of the resulting resume database. That determination will serve as critical input to the subsequent assessment of the effectiveness of the Department’s overall recruitment approaches and how they may be enhanced.

Measure 2d: Efficiency and Effectiveness of Hiring Systems Using the Commerce Opportunities Online (COOL) System

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Create Commerce Opportunities Online (COOL) Phase I.	Create COOL Phase II and identify average fill time.	Create COOL Phase III and reduce till time to 34 days.	Create COOL Phase IV and reduce fill time to 32 days.	Reduce fill time to 30 days and assess quality of candidates produced by the system.	Maintain fill time standard of 30 days and assess applicants’ satisfaction with COOL.
Actual	COOL Phase I created.	COOL Phase II created and fill time identified at 44 days.	COOL Phase III created and fill time of 38 days.	Incomplete data		
Met/Not Met	Met	Met	Not Met	Not 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 thirty-two days.

FY 2003 & FY 2004 Targets

As DM has progressed in the development and implementation of COOL since FY 1999, it has learned more about its operation in the day-to-day working environment. In assessing the performance indicators relating to COOL and examining system statistics, DM determined that data regarding numerous extraneous factors were being captured and were distorting the fill time measure. DM has been working to purge the system of the effects of the data that were neither critical nor

particularly informative in helping it to achieve its goal of an efficient and effective hiring system. As a result of these analyses and what it has identified as key system indicators for its merit staffing activity, DM has modified its FY 2003 fill time target to a more realistic, but still challenging, level. DM will focus its efforts in FY 2004 on maintaining the fill time standard and assessing the perception of candidates who use COOL. While the fill time targets remain the same in FY 2003 and FY 2004, the measurement methodology is being refined to focus upon the specific points in the hiring process in which opportunities exist for Human Resources staff and managers to make improvements. For example, COOL enhancements are underway to further automate residual manual processes.

Measure 2e: Increase the Alignment of Performance Management with Mission Accomplishment

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Enter performance ratings and awards into National Financial Center database with 95% accuracy.	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 measures.	For each bureau general schedule or equivalent performance system, ensure each system explicitly links employee performance plans with strategic goals and annual performance plan measures.	Implement the ComPas system Department-wide.
Actual	Information entered with 95% accuracy.	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 PMA, individual and organizational performance and results.		
Met/Not Met	Met	Met	Not Met	Not 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 the organization’s strategic and operating plans and individual performance plans for employees. For example, the General Accounting Office’s High-Risk Series, An Update, published in January 2001, stated that agencies should instill 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. To provide guidance to the Department regarding these linkages, the Office of Human Resources Management combined two related systems (performance management and incentive awards) into one Web-based document. With the receipt of the U.S. Office of Personnel Management’s new SES performance rating regulations, DM designed a new SES performance management system. This measure will ensure that a definitive linkage is created, tested, documented, and tracked so that performance management is integral to mission accomplishment.

FY 2003 & FY 2004 Targets

Based on an assessment of its performance management system, the Department has implemented or will implement several Web-based systems to allow broad access to information across the Department. These systems 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. Included among these systems is the Commerce Performance and Awards System (ComPAS), which will be introduced in FY 2004 and will track all aspects of performance management from the creation of the elements and standards to the summary rating.

Measure 2f: Implement a Telecommuting Program						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Make managers aware of telecommuting flexibilities.	Provide advice to managers in establishing pilot programs.	25% of eligible workforce ¹ is involved in program.	50% of eligible workforce is involved in the program.	75% of eligible workforce is involved in the program.	100% of eligible workforce is involved in the program.
Actual	Made managers aware.	3 pilot programs established.	13.5% of total workforce ¹ currently telecommuting.	18.9% of total workforce participate in regular or episodic teleworking ¹ .		
Met/Not Met	Met	Met	Not Met	Not Met		

¹ The portion of the workforce eligible to participate in this program depends on the Departmental telework policy, which is under development. Because this baseline figure was not available for FY 2001 or FY 2002, DM was not able to report on the percent of eligible employees involved in the telework program. Pending issuance of the policy, DM reported on the percent of the total workforce that telecommuted. Because it could not verify that the target was achieved, DM indicated that it was not met.

Explanation of Measure

Public Law 106-346 supports implementation of telecommuting programs throughout the federal government and requires agencies to establish telecommuting policies. The law also requires the Office of Personnel Management to provide for the application of the law to 25 percent of the eligible federal workforce within six months (by April 23, 2001) and to an additional 25 percent each year thereafter. The Department has supported implementation of this law by re-examining its telework policy, which is pending implementation. Once implemented, the telework policy will define the eligible workforce.

FY 2003 & FY 2004 Targets

These targets reflect implementation levels established in the Public Law to encourage telework and increase employee participation.

Program Evaluation

The Department of Commerce uses reviews and reports of the Office of Inspector General, the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), the General Accounting Office, 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 FY2002, Commerce worked closely with the OPM and OMB to develop an infrastructure for improving human capital management, assessments, training and knowledge management, and accountability programs. Utilizing performance indicators, OMB rated Commerce progress in strategic human capital management as “green” and indicated that a change in status “red” to “yellow” could be expected once results were achieved.

Cross-cutting Issues

Intra-Department of Commerce

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.

External Factors and Mitigation Strategies

- A large portion of the workforce is approaching retirement age and will have to be replaced.
- The growing technological orientation of its work means DM is increasing its engagement in a highly competitive marketplace for individuals with skills in science, technology, and related fields.
- The increasing diversity in the U.S. workforce requires DM to recruit, train, and retain workers in new ways.
- DM has a need to attract new workers to the public sector, which has been portrayed as unattractive and lacking the flexibility sought by new professionals.

Many of the activities described in this section are intended to assist the Department 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 its existing workforce.

Performance Goal 3: Acquire and Manage the Technology Resources to Support Program Goals

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 DM develop and implement new approaches to electronic communication and that its existing systems are able to perform at the highest levels.

Measure 3a: Transactions Converted to Electronic Format						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	N/A	16 (13% of 123 transactions)	25 (20% of 123 transactions)	43 (35% of 123 transactions)	90 (42% of 214 ¹ transactions)	116 (54% of 214 transactions)
Actual	N/A	16 (13% of 123 transactions)	28 (23% of 123 transactions)	67 (54% of 123 transactions)		
Met/Not Met		Met	Met	Met		

¹ The number of total transactions to be converted was changed from 123 to 214 transactions 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, by October 2003. 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 transaction types 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 DM's baseline through 2002. Starting in 2003, the new baseline is 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 twenty-four e-government initiatives.

FY 2003 & FY 2004 Targets

As the Department strives to achieve its e-government goals, DM is working to make processes, not just forms, electronic. Making processes electronic typically involves business process reengineering and is inherently more complex than making a form electronically fillable. The Department Chief Information Officer (CIO) plans to closely monitor the operating units' GPEA transaction completions in 2003 by instituting a monthly reporting process and holding a mid-year review of progress toward meeting the 2003 goal.

The FY 2003 and 2004 targets continue to increase the number and percentage of appropriate transactions that will be made available electronically. As noted on the chart, the target total number of transactions to be made available online has been revised from 123 to 214, per revised OMB guidance.

Measure 3b: IT Planning and Investment Review Program Maturity (Scale of 0-5)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	N/A	N/A	2	50% at 3 or higher	55% at 3 or higher 20% at 4 or higher	65% at 3 or higher 30% at 4 or higher
Actual	N/A	1	2	41% at 3 or higher		
Met/Not Met			Met	Not Met		

Explanation of Measure

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. These plans form the foundation for analysis of specific IT investments.

To assist operating unit CIOs in continually improving their IT processes and to achieve a level of comparability across operating units, the Office of the CIO has provided them with maturity models, which is an industry-wide accepted approach to objectively assessing 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 area 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. Definition of each level (0-5) of the models is 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.
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.

FY 2003 & FY 2004 Targets

The Commerce Chief Information Officer continues to work with the operating units to improve the management of IT. The targets established in the FY 2003 APP were to have 60 percent of the operating units at Level 3 and 30 percent at Level 4 by the end of this year. The FY 2003 targets have been adjusted downward slightly to reflect the FY 2002 results while still providing challenging goals. The FY 2003 and 2004 targets reflected in this document, like the 2002 target, are still challenging “stretch” goals set at levels to encourage and require continued improvement throughout the Department in IT planning and investment review and control. By establishing specific objectives with each operating unit and monitoring progress regularly throughout the year, DM anticipates achieving its FY 2003 and FY 2004 performance goals.

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. Definition of each level (0-5) of the models is as follows:

Measure 3c: IT Architecture Program Maturity (Scale of 0-5)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	N/A	N/A	2	75% at 2 or higher 50% at 3 or higher	90% at 2 or higher 66% at 3 or higher	95% at 2 or higher 20% at 4 or higher
Actual	N/A	1	1.5	82% at 2 or higher 59% at 3 or higher		
Met/Not Met	N/A	N/A	Not 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 for similar business practices across operating unit lines and thereby eliminating duplication, improving information-sharing abilities, enhancing the Department’s ability to respond to changing business needs, and reducing costs because of economies of scale.

An IT Architecture Affinity Group, composed of members from across the Department, has established IT architecture guidelines, evaluation criteria, and a maturity scale. A high-level enterprise architecture plan serves as the overarching driver for Commerce’s architecture efforts. Each Commerce operating unit is developing its own IT architecture, in line with the Departmental plan, and is following the guidelines and criteria prepared by the IT Architecture Affinity Group. Together, these plans form Commerce’s federated IT enterprise architecture. Concurrently linkages are being established between the Commerce enterprise architecture and the government-wide architecture.

The maturity models:

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.
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.

FY 2003 & FY 2004 Targets

The target established in the FY 2003 APP was to have 80 percent operating at Level 2 or higher and 40 percent operating at Level 3 or higher by the end of the year. The upward adjustment to the FY 2003 target and the newly established FY 2004 target reflected here are set at levels to encourage and require continued improvement throughout the Department in the area of IT Architecture. The FY 2004 target is especially ambitious, as it requires 20 percent of the operating units to achieve a managed and measured set of architecture processes, ready to move into a mode of continuous improvement and optimization.

Measure 3d: IT Security Program Maturity (Scale of 0-5)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004
Target	N/A	N/A	50% at 1 or higher	80% at 2 or higher	90% at 2 or higher 70% at 3 or higher	85% at 3 or higher 33% at 4 or higher
Actual	N/A	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		
Met/Not Met			Met	Not 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 certification and accreditation IT systems to ensure the confidentiality, availability, and integrity of the Department’s IT resources.

The maturity models:

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.
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 architecture process.	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.

FY 2003 & FY 2004 Targets

The targets established in the FY 2003 APP were to have 95 percent of the operating units at Level 2 and 50 percent at Level 3 by the end of this year. These have been adjusted to have 85 percent of the operating units at Level 2 by the end of the year. The slight downward change reflects the FY 2002 results while still providing challenging goals.

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 will provide those operating units currently at a Level 2 or below a roadmap to achieving Level 3 maturity by the end of FY 2003. The FY 2003 and 2004 targets are set at levels to encourage and require continued improvement throughout the Department in the area of IT Security.

Measure 3e: Percentage of IT System Security Plans Completed

	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004
Target	N/A	N/A	N/A	100%	100%	100%
Actual	N/A	21%	61%	98%		
Met/Not Met				Not 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 information technology systems. As such, they are key to management’s understanding and acceptance of the risks to the information and the information technology systems, and the measures taken to mitigate these risks.

FY 2003 & FY 2004 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 percent level. Additional related measures are being formulated for the next reporting period.

Measure 3f: Percentage of Unsuccessful Intrusion Attempts						
	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004
Target	New	New	New	85% (2,150 of 2,530 projected intrusion attempts)	85% (2,678 of 3,160 projected intrusion attempts)	85% (5,620 of 6,611 projected intrusion attempts)
Actual			86% (1,380 of 1,620 intrusion attempts)	87% (1,441 of 1,655 intrusion attempts)		
Met/Not Met				Met		

Explanation of Measure

Intrusion detection software run 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 Commerce at serious risk, affecting the confidentiality, availability, and integrity of information technology systems. While all intrusion attempts cannot be thwarted, successful compromises must be minimized; that is, the number of unsuccessful attempts must be increased as the overall number of attempted intrusions increases.

FY 2003 & FY 2004 Targets

The FY 2002 target was met even though the increase in intrusion attempts was not as great as projected. 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.

Program Evaluation

The Department of Commerce uses reviews and reports generated by the Office of Inspector General, Office of Management and Budget, General Accounting Office, 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.

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.

External Factors and Mitigation Strategies

The rapidly changing IT environment, including changes in hardware, software, applications, Internet use, and the user community, all impact DM's IT function. The activities that are described above will assist the Department in responding to these challenges by deliberately planning how it will invest IT funds, ensuring that it has a cohesive and well constructed IT architecture, and safeguarding the integrity and availability of the Department's IT systems.

DM Data Validation and Verification

To a great extent, DM measures depend on input provided by many sources – typically, Commerce's thirteen bureaus – and a combination of techniques are used to validate and verify the data received.

For example, financial performance at all levels is subject to review by DM's 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 Chief Information Officer 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 its hiring systems, it is continuing to refine its reporting structure. The DM Data Validation and Verification table can be found starting on the following page.

DM Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Clean audit opinion obtained 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.
Measure 1b: Implement competitive sourcing	Inventory transmittal letters and competitive sourcing management plan.	Annual	Office chronology files.	Executive Secretariat	None	Measure trends over time.
Measure 1c: Funds obligated through performance-based contracting	Commerce procurement data system.	Annual	Commerce procurement data system.	Supervisory audit	N/A	None
Measure 1d: Small purchases made using credit cards	Commerce bankcard center.	Annual	Commerce bankcard center.	PEC process	None	Continue to gather and review data.
Measure 1e: Increase percentage of total obligations awarded as contracts to small businesses	Small Business Administration (SBA) and the Department of Commerce's Office of Small and Disadvantaged Business Utilization (OSDBU).	Annual	SBA and OSDBU.	SBA and OSDBU.	None	Continue outreach efforts.
Measure 1f: Ensure a secure workplace for all Commerce employees	Site visits	Annual	Computer systems	Compliance reviews	Technology decentralizes data.	Continued monitoring and evaluation.
Measure 1g: Ensure a safe workplace for all Commerce employees	Office of Human Resources Management.	Annual	Office of Human Resources Management.	Reporting to senior managers.	N/A	Continued monitoring and evaluation.
Measure 2a: 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.	Office of Human Resources Management (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.
Measure 2b: Strategic Competencies – Ensure comprehensive training and development strategies	Department plan for strategic employee training and development.	Annual and bureaus.	OHRM	Review of manual records and availability of updated policies that support mission-critical employee competency development.	Manual review required.	Ensure that new policies are in place and that tracking system is created and implemented.
Measure 2c: Strategic Competencies – Ensure diverse candidate recruitment	Inventory transmittal letters.	Annual	Office chronology files.	Executive Secretariat	None	Measure trends over time.

DM Data Validation and Verification (Cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2d: Efficiency and effectiveness of hiring systems using the Commerce Opportunities Online (COOL) System	Staffing timeliness measure system.	Semi-annual	Staffing timeliness measure system.	Staffing timeliness studies.	Some manual sorting required	Refine system, provide training and oversee issuance of certificates to managers.
Measure 2e: 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 manu record-keeping.	Implement new performance management policy and complete analyses.
Measure 2f: Implement a telecommuting program	Management data on number of employees participating.	Quarterly	OHM database, created via reports from the bureaus.	Review of bureau records.	Manual information gathering.	Develop Department- wide telecommuting plan, track number of participants, and determine if the program is supporting mission accomplishment.
Measure 3a: Transactions converted to electronic format	Bureau information technology (IT) offices.	Annual	Bureau files and departmental management Chief Information Officer (CIO) files.	Departmental	None	Review transactions to assess need for transition to electronic process and provide for electronic signature.
Measure 3b: IT planning and investment review program maturity (scale of 0-5)	Bureau IT offices	Annual	Bureau IT offices	Departmental and outside review.	None	Review systems to assess need for corrective action.
Measure 3c: IT architecture program maturity (scale of 0-5)						
Measure 3d: IT security program maturity (scale of 0-5)						
Measure 3e: Percentage of IT system security plans completed	Bureau IT offices	Annual	Bureau files and departmental management CIO files.	Departmental and outside review.	None	Review plans for completeness and conformance to NIST SP 800-18.
Measure 3f: Percentage of unsuccessful intrusion attempts	NOAA	Annual	NOAA files	Departmental and outside review.	None	Review statistics for completeness and accuracy.

Office of Inspector General

Mission Statement

The Office of Inspector General has the mission of providing a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in combating fraud, waste, abuse, and mismanagement and in improving the efficiency, effectiveness, and economy of Department operations. The office has authority to inquire into all programmatic and administrative activities of the Department, including individuals or organizations performing under contracts, grants, or other financial assistance agreements.

The Office of Inspector General (OIG) was established in FY 1979 in accordance with the Inspector General Act of 1978. OIG provides a unique, independent voice to the Secretary, other senior Commerce managers, and Congress for combating fraud, waste, abuse, and mismanagement and for improving the efficiency and effectiveness of Department operations. OIG has authority to inquire into all programmatic, management, and administrative activities of the Department, including individuals and organizations performing under contracts and grants, and other forms of financial assistance.

OIG's work is primarily conducted through audits (performance and financial), inspections, program and systems evaluations, and investigations. OIG presents the findings of its audits, inspections, and evaluations to operating officials and agency heads for their review and comment before it releases the information in a final report. Investigations are referred to the Department of Justice for prosecution if evidence of criminal wrongdoing is found or civil recoveries are possible. Investigative findings may also be referred to the appropriate agency official for administrative action.

OIG is headquartered in Washington, D.C. Its Office of Audits has personnel at several sites in the metropolitan Washington, D.C. area, plus regional offices in Atlanta, Denver, and Seattle. The Office of Investigations has field offices in Atlanta, Denver, Silver Spring, Maryland, and Washington, D.C.

OIG accomplishes its mission through five principal activities:

Executive Direction

Includes the Immediate Office of the Inspector General (IG) and the Office of Counsel. The IG provides overall leadership and policy direction, including reviews of proposed and existing departmental legislation and regulations. The Office of Counsel provides legal assistance and review on the work of auditors, inspectors, and investigators.

Audits

The Office of Audits (OA) performs audits of internal Department operations (performance audits and financial statements audits) and external activities funded by or through the Department (contracts, grants, and other forms of financial assistance). OA also follows up on recommendations made in its reports to (1) evaluate agency responses and proposed actions, (2) resolve disputes between OIG auditors and management officials, and (3) identify cases in which recommendations have been ignored or circumvented and suggest specific corrective actions.

OA's performance audits are of two types: (1) economy and efficiency audits and (2) program audits. Economy and efficiency audits examine whether the subject entity is acquiring, protecting, and using its resources economically and efficiently; determine the causes of any identified deficiencies; and assess whether the entity has complied with laws and regulations. Program audits determine a program's effectiveness as well as the extent to which it is achieving legislatively intended benefits and complying with applicable laws and regulations.

OA's financial statements audits assess the accuracy and reliability of financial information provided for Department entities. They determine whether (1) reported information presents fairly the entity's financial position and results of operations, (2) the entity has a sound internal control structure, and (3) the entity has complied with laws and regulations. Major programs of audited entities are evaluated for costs, benefits, and effectiveness. In addition, an entity's cumulative financial data is analyzed to provide an overall picture of the efficiency of its operations.

OA reviews external entities that have received contracts, grants, cooperative agreements, and loan guarantees from the Department. These audits check compliance with laws, regulations, and award terms; adequacy of accounting systems and internal controls; allowability of costs; and project outcomes.

OA also reviews audit reports of recipients of Commerce financial assistance that are prepared by state and local governments or by independent public accountants in accordance with the Single Audit Act and OMB Circular A-133.

Inspections and Evaluations

These activities are handled by two OIG components, the Office of Inspections and Program Evaluations (OIPE) and the Office of Systems Evaluation (OSE). OIPE conducts inspections of departmental programs and operations, and performs evaluations of specific program, policy, or management issues. OSE perform evaluations that exclusively focus on information technology.

The Office of Inspections and Program Evaluations maintains a diverse technical and analytical staff with the skills necessary to critically assess program performance, analyze policy and management issues and operations, and perform other important oversight functions. Staff members include economists, procurement experts, management and program analysts, auditors and evaluators, and persons with expertise in international business and business development.

OIPE's inspections (1) provide agency managers with timely information about operations, including current and foreseeable problems; and (2) detect and prevent fraud, waste, and mismanagement while encouraging effective and efficient operations. The office also prepares cross-cutting reports on management and program issues that pertain to multiple sites or entities.

Because of their in-depth nature, OIPE's program evaluations usually require substantially more time to complete than inspections, and offer recommendations to address major program or management concerns. These reviews sometimes address government-wide or multi-agency issues, programs, or operations, and are thus conducted cooperatively with other OIGs.

OIPE's recent inspections and evaluations include emergency preparedness at Commerce headquarters and field offices, trade promotion and compliance efforts at overseas posts and domestic commercial offices, export licensing, major construction programs, safety and security issues, the Department's trade mission policy, the Department's billion-dollar portfolio of interagency agreements, and decennial census real estate leasing operations.

The Office of Systems Evaluations' focus on information technology includes its oversight responsibility for the Department's many mission-critical systems. OSE's systems evaluations review information technology acquisition, development, operations, and all related aspects (such as information security) for Commerce computer hardware, communications systems, environmental satellites, and other major systems. Work is carried out by a staff of computer scientists, engineers, mathematicians, evaluators, and contracting specialists who have extensive experience with the technical, management, and contractual issues relating to these systems. The objectives of OSE's evaluations are to ensure that information technology investments are well managed and maintain an appropriate balance between achieving technical requirements and managing cost, schedule, and other risks.

Investigations

The Office of Investigations (OI) investigates alleged or suspected fraud, waste, abuse, or mismanagement by Department of Commerce employees, contractors, recipients of financial assistance, and others involved in the Department's programs and operations. Such wrongdoing may result in criminal and/or civil prosecution, as well as administrative sanctions for violations of Department regulations and employee standards of conduct.

To support its fraud investigations, OI conducts a variety of proactive activities, including outreach to educate Department employees about fraud and its indicators and to assure the various operating components within Commerce that OIG shares their commitment to excellence in program operation and administration. Investigating e-crime in the world of electronic information processing and the Internet requires specialized training and equipment. OI is thus preparing its criminal investigators to address any threats posed to the Department by those engaged in hacking, system intrusion, or manipulation of electronic data.

OI investigates matters referred to the Department's operating units for inquiry and administrative action when the unit's inquiry discloses potential criminal and/or civil violations. OI also conducts background checks on potential financial assistance recipients to determine whether there are any legal or other issues that would preclude them as candidates for grants, loans, and cooperative agreements.

Compliance and Administration

The Office of Compliance and Administration (OCAD) conducts OIG's quality assurance and internal control program and provides the full range of administrative support to all OIG units.

OCAD's administrative services include development, coordination, and implementation of all policies and activities involving OIG budget formulation and execution; human resources management, policy, and operations; acquisitions; management information and computer support; security; and publications, including the IG's *Semiannual Report to Congress*.

On the departmental level, OCAD provides technical assistance to the Department to ensure its compliance with the Federal Managers' Financial Integrity Act (FMFIA), evaluates Commerce's compliance with OMB Circular A-123, and monitors its identification of material weaknesses and subsequent actions to correct them.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Strengthen information technology security	170	\$22,334	6	+\$1,044

This program increase (+\$1,044, +6 FTE) will allow us to address information security in six of the Department's bureaus or line offices. Last year's work by OIG and the General Accounting Office in identifying numerous weaknesses in Commerce security and management of IT projects underscored the importance and enormity of this task. This funding would enable us to test and evaluate more systems, including increasing "penetration" testing, and to provide greater focus on protecting the Department's essential systems under the critical infrastructure protection program. Various secure systems and data maintained by the Department are essential components of the nation's critical infrastructure. For example, NOAA's satellite, radar, and other weather forecasting systems are critical to protecting lives and property; BIS's export license data is essential in controlling export of dual-use commodities; and USPTO's patent and trademark data is essential to administering patent and trademark laws and promoting industrial and technical progress. Loss of or serious damage to any one of the Department's critical systems could have massive and devastating impacts. It is also important to emphasize that our assessments leverage the investments made throughout the Department in information security activities and improvements. With the requested program increase we can conduct reviews to ensure that line offices and operating units are spending information security funding efficiently and effectively and to ensure the CIO's program provides effective oversight and complies with applicable laws, policies and guidelines.

IGs are required by the law succeeding GISRA, the Federal Information Security Management Act of 2002 (FISMA), to test the effectiveness of information security policies, procedures, and practices of a representative subset of the agency's information systems. With the requested resources, we will enhance our ability to adequately test systems, including financial systems, in FY 2004. We will also validate the corrections that have been made to Commerce's systems in response to last year's GAO audit. The OIG takes seriously its responsibility to report on IT security to the Administration and the Congress.

Targets and Performance Summary

OIG's performance measures are intended to help it monitor its progress in providing a unique, independent voice to the Secretary and other senior Commerce managers, as well as to Congress, in combating fraud, waste, abuse, and mismanagement and improving the efficiency, effectiveness, and economy of Department operations.

Performance Goal 1: Ensure that OIG's Work and Related Activities Emphasize Maximal Efficiency and Effectiveness of the Critical Programs and Operations of the Department of Commerce

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of annual planning surveys of the Department's operating units	New	New	New	New	New	New	5	6
The number of strategic contacts with key stakeholders and other targeted activities conducted to ensure that OIG's work continues to place appropriate emphasis on critical DOC programs and operations	New	New	New	New	New	New	250	300

Performance Goal 2: Perform Quality Audits, inspections, Evaluations, and investigations and Performance Complete Them within Appropriate Time Frames

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Percentage of work products issued within planned time periods	New	New	New	New	New	New	80%	80%
Percentage of recommendations and corrective actions from OIG work agreed to by Commerce Department	New	96%	90%	95%	90%	95%	95%	95%
Percentage of recommended funds to be put to better use agreed to by Commerce Department	New	45%	40%	43%	40%	73%	75%	80%
Percentage of questioned costs disallowed	New	45%	45%	48%	45%	50%	55%	55%
Number of investigative actions and issues resolved	New	35	35	45	35	38	40	40

Performance Goal 3: Effectively Communicate with DOC Officials, Congress, and Other Stakeholders, as Appropriate, to Keep Them informed of OIG’s Work Plans, Activities, and Results

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Target	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of briefings, meetings, conferences, and other forums to exchange information with stakeholders	New	New	New	New	New	New	100	120
Percentage of publicly releasable reports posted to the Web site within 30 working days after issuance	New	New	New	New	New	New	80%	85%
Percentage of feedback from key stakeholders that indicates OIG keeps them adequately informed of its plans and activities	New	New	New	New	New	New	80%	85%

Resource Requirements Summary

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

Full-Time Equivalent (FTE)

Performance Goal 1: Ensure that OIG's Work and Related Activities Emphasize Maximal Efficiency and Effectiveness of the Critical Programs and Operations of the Department of Commerce

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Total Funding	2,105	2,036	1,988	2,012	2,267	2,246	104	1,869
FTE	18	16	14	13	17	17	1	18

Performance Goal 2: Perform Quality Audits, inspections, Evaluations, and investigations and Performance Complete Them within Appropriate Time Frames

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Request	FY 2004 Request
Total Funding	16,420	15,881	15,513	16,498	17,883	17,715	1,015	18,904
FTE	138	121	108	105	133	133	4	137

Performance Goal 3: Effectively Communicate with DOC Officials, Congress, and Other Stakeholders, as Appropriate, to Keep Them informed of OIG's Work Plans, Activities, and Results

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Request	FY 2004 Request
Total Funding	2,526	2,443	2,386	2,414	2,720	2,695	125	2,805
FTE	21	19	17	16	20	20	1	21

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Request	FY 2004 Request
Total Funding	21,051	20,360	19,887	20,924	22,870	22,656	1,244	23,578
FTE	177	156	139	134	170	170	6	176

FY 2004 Performance Goals

Performance Goal 1: Ensure that OIG's Work and Related Activities Emphasize Maximal Efficiency and Effectiveness of the Critical Programs and Operations of the Department of Commerce

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

The Department of Commerce must have the capacity to successfully do business with other entities and the public—both on a global level as a worldwide enterprise, and on a parochial or issue-specific level, as an integrated set of individual programs. To achieve this balance, Commerce must identify, adopt, and maintain the best practices that promote operational soundness and efficiency; use its resources wisely; and effectively implement laws that affect all Americans. Therefore, it becomes critical that OIG's work and related activities emphasize the maximal efficiency and effectiveness of the Department's critical programs and operations. Because this performance goal inherently encompasses a wide range of administrative and operational tasks, measures for assessing OIG's progress are by necessity diverse. OIG will continue efforts begun in FY 2003 to ensure that these measures are meaningful and reflect particularly significant activities.

Measure 1a: Number of Annual Planning Surveys of the Department's Operating Units

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	5	6
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

A comprehensive OIG Work Plan is a management tool that identifies the critical activities OIG must undertake—it translates its mission, goals, and performance as contained in the OIG Strategic Plan into the actual work that needs to be performed and provides a baseline against which to measure its accomplishments. The plan must be regularly updated and properly maintained to ensure maximum relevance and usefulness. OIG will perform these updates by (1) formally surveying about a third of the Department's operating units each year, and (2) making adjustments to the plan on an as-needed basis.

Measure 1b: Number of Strategic Contacts with Key Stakeholders and Other Targeted Activities Conducted to Ensure That OIG's Work Continues to Place Appropriate Emphasis on Critical DOC Programs and Operations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	250	300
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

Commerce's diverse mission and critical operations are conducted in a dynamic environment – one that is greatly influenced by ever-changing conditions. If the Department is to remain effective, it is essential that OIG closely monitor and understand the numerous changes that impact the Department's mission and priorities. This means that OIG must (1) constantly communicate and work with Commerce's key officials and other stakeholders; (2) monitor relevant rules, legislation, and other policy initiatives; and (3) inquire, both formally and informally, into certain matters. Among other benefits, these strategic activities help OIG improve and modify, as necessary, its plans and activities to ensure that the needs of its numerous stakeholders are well served. All of these efforts are geared to provide mechanisms to better ensure that OIG is appropriately addressing critical Commerce programs and operations.

Performance Goal 2: Perform Quality Audits, Inspections, Evaluations and Investigations and Complete Them Within Appropriate Time Frames

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

To ensure that OIG effectively detects and prevents waste, fraud, and abuse of Commerce programs and operations, it must execute thorough and high-quality audits, inspections, evaluations, and investigations within appropriate time frames. OIG must routinely issue reports that meet planned schedules as well as internal and external quality standards; OIG must obtain feedback from key stakeholders on the effectiveness and usability of its work. OIG will continue efforts begun in FY 2003 to ensure that the measures of its performance are meaningful and reflect particularly significant activities.

Measure 2a: Percentage of Work Products Issued Within Planned Time Periods

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	80%	80%
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

OIG reports and other work products must be timely to have maximum impact on Commerce programs and operations. It is therefore critical to strategically target delivery of these products to the appropriate stakeholders to their maximum effect and where appropriate prompt corrective actions follow. OIG must maintain a system for tracking OIG performance in issuing reports and other products within planned time frames.

Measure 2b: Percentage of Recommendations and Corrective Actions from OIG Work Agreed to by Commerce Department

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	90%	90%	90%	95%	95%
Actual	New	96%	95%	95%		
Met/Not Met		Met	Met	Met		

Explanation of Measure

The extent to which its recommendations are accepted by Commerce Department is a key measure of the quality of OIG audits, inspections, evaluations, and investigations.

Measure 2c: Percentage of Recommended Funds to Be Put to Better Use Agreed to by Commerce Department

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	40%	40%	40%	75%	80%
Actual	New	45%	43%	73%		
Met/Not Met		Met	Met	Met		

Explanation of Measure

OIG's desire for quality work reflects the belief that high-quality work will identify funds, especially those associated with financial and other types of audits, that can be put to better use, and that Commerce Department will agree with its recommendations concerning such funds. At the same time, it is important to note that these recommendations are often very difficult for Commerce Department to accept, regardless of their validity, because they can sometimes lead to funding reductions.

Measure 2d: Percentage of Questioned Costs Disallowed

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	45%	45%	45%	55%	55%
Actual	New	45%	48%	50%		
Met/Not Met		Met	Met	Met		

Explanation of Measure

For financial assistance audits, a measure of OIG's performance is the degree to which Commerce Department accepts its recommendations that questioned costs be disallowed.

Measure 2e: Number of Investigative Actions and Issues Resolved

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	35	35	35	40	40
Actual	New	35	45	38		
Met/Not Met		Met	Met	Met		

Explanation of Measure

One measure of quality investigative work is its results—that is, numbers of referrals for prosecution, indictments, convictions, and personnel actions (e.g., removals, suspensions, reprimands, and demotions). OIG can also identify and capture some of the systematic improvements, additional safeguards and internal controls implemented as a result of its investigative work. And finally, quality and timely work can also be measured in terms of problems that are “prevented.” The IG Act promotes prevention as an important part of OIG’s mission. Unfortunately, with the exception of some stakeholder feedback, it is difficult, if not impossible, to capture and document OIG’s contributions in this regard. Nonetheless, it considers this measure to be a surrogate that indicates the value of the preventive aspects of its mission.

Performance Goal 3: Effectively Communicate with DOC Officials, Congress, and Other Stakeholders, as Appropriate, to Keep Them Informed of OIG's Work Plans, Activities, and Results

Corresponding Strategic Goal

Management Integration Goal: Strengthen management at all levels.

Rationale for Performance Goal

OIG must effectively convey to its stakeholders, including Commerce officials, Congress, the Office of Management and Budget, the President's Council on Integrity and Efficiency, the Executive Council on Integrity and Efficiency, and interested public, full information about the meaning and purpose of its agenda. Effective communication is critical for acceptance of its mission and the work associated with it. OIG will continue efforts begun in FY 2003 to ensure that these measures are meaningful and reflect particularly significant activities.

Measure 3a: Number of Briefings, Meetings, Conferences, and Other Forums to Exchange Information With Stakeholders

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	100	120
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

Often at the request of stakeholders, as well as through its own initiative, OIG staff participates in briefings, meetings, conferences, and other forums to share and/or exchange information. This does not include entrance conferences, exit conferences, or meetings held during the normal course of audit, inspection, or investigative fieldwork.

Measure 3b: Percentage of Publicly Releasable Reports Posted to the Web Site Within 30 Working Days After Issuance

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	80%	85%
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

Keeping key stakeholders adequately informed about the results of its work enhances the success of OIG and furthers the Department's mission. The OIG Web site is a major source of information for a wide segment of its stakeholders; therefore, the timely posting of reports to the site is extremely important.

Measure 3c: Percentage of Feedback from Key Stakeholders that Indicates OIG Keeps Them Adequately Informed of Its Plans and Activities

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	80%	85%
Actual	New	New	New	New		
Met/Not Met						

Explanation of Measure

Keeping stakeholders adequately informed about OIG's plans and the results of its work is critical to maintaining their support and interest. OIG must therefore regularly and routinely assess stakeholder feedback regarding how well it keeps them informed and ways the communication process can be enhanced.

OIG Data Validation and Verification

OIG's Office of Compliance and Administration (OCAD) conducts quarterly reviews of the performance data to ensure that they are 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 OIG's performance goals.

The actual validation process is conducted following traditional auditing techniques. Workload 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 (when available) to ensure the accuracy of information in the management information systems. Additionally, documentation supporting performance measures is reviewed to determine that it is adequate and sufficient to support claims that outcomes and outputs have been achieved. The OIG Data Validation and Verification table can be found starting on the following page.

OIG Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Number of annual planning surveys of the Department's operating units	OIG work plan.	Annual	OIG files	OIG review	None	Conduct surveys of the Department's operating units and line offices. For the purposes of this measure, individual surveys will be conducted of each of the major line offices in NOAA, ESA, and TA.
Measure 1b: Number of strategic contacts with key stakeholders and other targeted activities conducted to ensure that OIG's work continues to place appropriate emphasis on critical DOC programs and operations	Weekly reports of OIG organizational units; planning files.	Weekly	OIG files	OIG review	None	Monitor and report on strategic contacts and other targeted activities.
Measure 2a: Percentage of work products issued within planned time periods	Project assignment and tracking system (PATS).	As reports are issued.	OIG servers	Data accuracy as documented by review of project managers.	None	Continue data collection and reporting.
Measure 2b: Percentage of recommendations and corrective actions from OIG work agreed to by Commerce Department	OIG audit resolution system, databases, reports, and related correspondence.	As issued	OIG database	OIG review	None	Continue collecting measure.
Measure 2c: Percentage of recommended funds to be put to better use agreed to by Commerce Department	OIG audit resolution system, inspection and evaluation reports and related correspondence.	As issued	Oracle database in OIG files.	OIG review	None	Continue collecting measure.
Measure 2d: Percentage of questioned costs disallowed	OIG audit resolution system.	As audits are resolved.	Oracle database	OIG review	None	Continue collecting measure.
Measure 2e: Number of investigative actions and issues resolved	OIG semiannual reports.	Semiannual	OIG semiannual reports.	OIG review	None	Continue collecting measure.

OIG Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 3a: Number of briefings, meetings, conferences, and other forums to exchange information with stakeholders	OIG records of briefings, meetings, conferences, and other forums.	As held	OIG files	OIG review	None	Continue to exchange information with stakeholders.
Measure 3b: Percentage of publicly releasable reports posted to the Web site within 30 working days after issuance	Project assignment and tracking system; OIG report processing logs.	As each report is issued.	OIG report tracking.	OIG review of report tracking.	None	Continue tracking posting of public release reports.
Measure 3c: Percentage of feedback from key stakeholders that indicates OIG keeps them adequately informed of its plans and activities	Analysis of feedback from key stakeholders.	Biennial	OIG files	OIG review	None	Conduct periodic stakeholder assessments.



Economics and Statistics Administration

Mission Statement

Help maintain a sound federal statistical system that monitors and measures America's rapidly changing economic and social arrangements; Improve understanding of the key forces at work in the economy and the opportunities they create for improving the well-being of Americans; Develop new ways to disseminate information using the most advanced technologies; Support the information and analytic needs of the Commerce Department, the Executive Branch, and the Congress.

The United States is the world's economic information leader, due in large part to the timely and accurate data and analyses produced by the agencies of the Economics and Statistics Administration (ESA). These agencies, the Bureau of the Census and the Bureau of Economic Analysis (BEA), collect vital demographic and economic data through the decennial census and other surveys and produce key economic measures such as the gross domestic product and the balance of payments. The data produced by BEA and the Census Bureau and the analyses produced by ESA headquarters affect the lives of all Americans by providing the President, Congress, local communities, and businesses with the information they need to make sound decisions.

ESA Headquarters

ESA headquarters (comprised of the Office of the Under Secretary, the Chief Economist, the Policy Support staff, and STAT-USA) has four main roles: (1) to provide executive direction, management, financial analysis, and administrative support to all ESA agencies; (2) to evaluate current economic conditions; (3) to provide economic policy analysis; and (4) to provide data dissemination services.

The Office of the Under Secretary provides leadership and executive oversight of all activities of ESA. The Chief Economist and the Office of Economic Conditions monitor and interpret major new economic statistics with the goal of anticipating the future directions of the economy. The economists of the Policy Support Office conduct research on the factors contributing to U.S. industrial strength and the relationship between industry performance and economic growth, including recent major studies on the scope and economic impacts of electronic commerce. Data dissemination services are provided by STAT-USA, an easy-to-use, "one-stop shop" that provides a focal point for business, economic, and trade statistics. STAT-USA is a revolving fund account that requires no government funding.

All resource requirements of ESA headquarters, including STAT USA, are shown on page 97. These resources contribute directly to our performance goal, "To develop relevant, accurate, and timely GDP and economic accounts statistics."

STAT-USA

STAT-USA provides the public with access to key business, economic, and international trade information. STAT-USA's mission is to produce, distribute, and assist other government agencies in producing world-class business, economic, and government information products that U.S. businesses and the public can use to make intelligent, informed decisions. It accomplishes this goal through two primary products and services: (1) STAT-USA/Internet and (2) USA Trade Online.

With over eighteen years of sustained performance in producing and delivering business information, STAT-USA has acquired the reputation as a model for federal agencies. STAT-USA builds effective yet inexpensive government data dissemination systems that effectively and efficiently provide business, economic, and international trade information to U.S. businesses and the public.

STAT-USA operates on a revolving fund, obtaining all financial support for its activities through the fee sales of information products and services, and receives no congressional funding.

The most important issue facing STAT-USA is the need to attract and retain customers for its products. In light of the rapid growth of the Internet and increased availability of economic data, STAT-USA works constantly to identify ways to improve information delivery and enhance product content as a means to enhance its value to consumers.

As cited in the Department of Commerce FY 2000-2005 Strategic Plan, STAT-USA plans to:

Identify New Markets For Products and Services To Increase The Customer Base

- The information distributed by STAT-USA is critical to sound economic decision-making in a variety of business venues. STAT-USA plans to expand the customer base beyond the export and trade industries to support other related business areas such as investment and financial management. For these new business markets to be viable, the information must be shown to support their needs.
- STAT-USA will analyze information provided in STAT-USA products and develop additional market opportunities by increasing the customer base by 5 percent.
- STAT-USA has a business and marketing plan that links employee evaluations to how well it meets its annual goals and objectives. Evaluations of ways STAT-USA will meet those goals and objectives are accomplished by conducting analysis of customer contacts and related sales.

Increase Customer Involvement To Improve Customer Satisfaction.

- To meet the economic information needs that contribute to effective decision-making for businesses involved in exporting activities, STAT-USA must disseminate economic and trade information for e-commerce. The usefulness of the data can be measured by the total fee sales generated from STAT-USA/Internet and USA Trade Online, and by the level of customer satisfaction reported in customer surveys. The goal is to obtain over 90 percent customer satisfaction ratings for FY 2003 and FY 2004. STAT-USA has also initiated an Office of Management and Budget-approved customer survey and is utilizing results to identify actions that might be taken to improve STAT-USA products and services in support of increased sales.

Increase Supplier Involvement

- STAT-USA data suppliers need to be kept abreast of the types of statistical data that are collected, and the composition of the customer markets that utilize the data. These data suppliers will then understand that timeliness of receipt and accuracy of the data they supply are paramount to STAT-USA's ability to maintain its position in a competitive e-marketplace. STAT-USA will establish Memorandums of Understanding for major STAT-USA data suppliers that update database content for accuracy and improve methods of data collection for on-time delivery. STAT-USA will contact major data suppliers to discuss its content requirements and pursue the potential to provide enhanced access to other related data supportive of agency missions and the public need for expansion of e-commerce.

The Bureau of Economic Analysis

BEA is the nation's economic accountant, developing measures and systems for collecting and interpreting vast amounts of diverse data from both government and private sources. BEA combines and transforms the data into a consistent and comprehensive picture of economic activity, which is summarized by estimates of gross domestic product (GDP). BEA's national, regional, industry, and international economic accounts form much of the core of the federal statistical system and are critical for informed decision making by businesses; individuals; and federal, state, and local governments. These data, which provide the yardstick by which the health and potential of the economy are measured, are vital ingredients in major decisions affecting such areas as interest and exchange rates, tax and spending policies, and social security projections. They also affect every American who runs a business, saves for retirement, or borrows to buy a house.

The Bureau of the Census

The Bureau of the Census chronicles societal and demographic change. The Bureau fulfills the constitutionally-mandated requirement to conduct a decennial census, and the Bureau collects a wide range of economic and demographic data. The data provided by the Census Bureau shape important policy decisions that help improve the nation's social and economic conditions.

Summary

ESA's staff and programs provide vital information, analysis, and advice to Department of Commerce officials and other executive branch departments, agencies, and officials. Many of the nation's decisions are based upon the economic and demographic information the Agency produces.



Bureau of Economic Analysis

Mission Statement

The Bureau of Economic Analysis (BEA) seeks to strengthen understanding of the U.S. economy and its competitive position by providing the most accurate and relevant GDP and economic accounts data in a timely and cost effective manner.

BEA is one of the world's leading statistical agencies. Although it is a relatively small agency, BEA produces some of the most closely-watched economic statistics that influence the decisions made by government officials, business leaders, households, and individuals. BEA's economic statistics, which provide a comprehensive, up-to-date picture of the U.S. economy, are key ingredients in critical decisions affecting monetary policy, tax and budget projections, and business investment plans. The cornerstone of BEA's statistics is the National Income and Product Accounts (NIPA), which feature the estimate of GDP and related measures. The President's FY 2003 budget request highlighted BEA's statistical programs as an example of an effective government program. Since the NIPAs were first published, BEA has developed and extended its estimates to cover a wide range of economic activities. Today, BEA prepares national, regional, industry, and international accounts that present essential information on such key issues as economic growth, regional economic development, inter-industry relationships, and the nation's position in the world economy.

Priorities/Management Challenges

The past decade has witnessed rapid, widespread changes in the size and complexity of the U.S. economy. These changes reflect the increasing role of services relative to goods, technological advances, new modes of communication, and the introduction of new goods, services, and types of financial transactions. These and other new factors challenge BEA in its efforts to produce accurate and comprehensive economic statistics.

BEA must adapt and change in order to continue to accurately measure the dynamic U.S. economy. To help facilitate this change, BEA recently updated its Five-year Strategic Plan. While the plan outlines specific requirements to improve the work of BEA, it is also a fluid document which allows BEA to adjust to the demands of a dynamic economy. Past funding increases provided for the research and data acquisition were needed to improve the quality of BEA statistics and make them more timely. The FY 2004 funding request will help build on the work already done and bring the BEA statistical programs up to the standards being demanded by users.

- **Objective 1. Make BEA's economic accounts and services more responsive to the needs of its customers and partners.** BEA is concentrating on improving its relationships with its customers and partners. Specific actions are identified in the plan that address such objectives as: establishing and improving two-way communication with customers through regular customer surveys and other sources of feedback; expanding outreach efforts to data users, the Congress, the business community, and the news media through the more effective use of technology, partnerships, and informational materials; upgrading the technology used to collect and disseminate information; and redesigning BEA's Web site to provide more explanations, background information, searchable links to metadata, and other interactive features.

- **Objective 2. Attract, develop, and retain a highly qualified, diverse workforce prepared to innovate and improve BEA's statistics.** BEA faces a variety of workplace challenges. The plan provides for specific actions that address such workplace objectives as improving employee retention and recruitment by: more effectively using the flexibility of the Personnel Management Demonstration Project; supporting continuous career development for all employees; aiming employee training plans toward future workforce needs; and improving the system for recognizing and rewarding employees for their work.
- **Objective 3. Upgrade resource management to support BEA's strategic goals.** Support for the initiatives outlined in the strategic plan will come from the more effective use of existing resources (through productivity-enhancing IT investments and changes in work processes and products). To manage its resources effectively, BEA will have to better account for the costs and benefits of existing and proposed work. By using new financial accounting support and by stepping up its interaction with customers, the Department, and statistical agency partners, BEA will more effectively conduct its programs, allocate resources, and plan for the provision of resources to achieve the Bureau's goals.
- **Objective 4. Upgrade BEA's economic statistics by improving statistical methodologies and source data and by using new technologies.** The strategic plan identifies statistical program priorities for FY 2003 through FY 2008. These priorities are summarized in detail in the strategic plan by program area and are accompanied by an across-the-board review of source data improvements.

In FY 2004, BEA's funding request builds on the challenges identified in the Five-year Strategic Plan. The Bureau is requesting funding to:

- Complete FY 2003 obligations to:
 - Generate more timely economic data by accelerating gross domestic product (GDP), U.S. personal income and outlays, and county personal income.
 - Continue to meet U.S. international obligations for data comparability by beginning to fully implement the Special Data Dissemination Standards developed by the International Monetary Fund (IMF).
- Incorporate real-time data into the premier BEA statistics in order to provide data users more current economic measures so they can make better informed business, policy and monetary decisions.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Bureau of Economic Analysis	470	\$72,844	+25	+\$5,448

The recent economic uncertainties facing our nation have challenged BEA to provide economic measures that are more relevant, accurate, and timely than ever before. Federal, State and local government budget forecasts; interest and exchange rate changes; and business investment strategies rely on these measures as the foundation for their decisions. To meet these challenges, BEA has implemented a 5-year Strategic Plan to drive activities that will significantly improve the accuracy of our most important estimates, accelerate the release of our key economic measures, and continue to meet our international obligations.

Funds provided in FY 2002 allowed BEA to accomplish all of its stated goals to improve the quality of our measures and repair our failing processing systems. During the year, BEA incorporated better estimates of wages and salaries and improved indexes for brokerages services and federal consumption expenditures into the Gross Domestic Product (GDP) and related accounts which significantly improved their accuracy. IT funding allowed BEA to begin replacing its antiquated and stovepiped processing systems and begin the multi-year implementation of a comprehensive, integrated system to handle the more complex and difficult calculations being required of it.

The FY 2004 budget request for BEA mirrors the activities laid out in BEA's 5-year Strategic Plan. The request builds on past improvements and seeks to meet the challenges being made of BEA to provide the essential tools to make fundamental decisions that affect the economic lives of all Americans.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Generate more timely economic data/ Met U.S. international obligations			+18	+\$3,830

Generate More Timely Economic Data: The economic data produced by BEA are among the most timely economic statistics in the world. Even as the world leader, BEA must meet the demands of its own users that require more accurate, timely and relevant data at home. The recession of 2001 demonstrated this need. Policymakers and business leaders alike scrambled to fully understand the macro-economic picture in order to set monetary and fiscal policy and determine investment strategies. More timely and accurate measures from BEA are required. This challenge is being met head-on by BEA in its FY 2004 initiatives. BEA seeks to build on the work planned for FY 2003 and accelerate its hallmark GDP measure by two weeks as well as accelerate personal income and outlays and county area personal income estimates. Incorporating this acceleration with the plan to acquire real-time data to improve the accuracy of these measures (see following page) will dramatically improve the usefulness of these measures.

Met U.S. International Obligations: The second component of this multi-year initiative seeks to ensure the Nation’s compliance with international statistical obligations. The U.S. and the IMF have stated that past debt crises resulted in large part because timely and accurate data about worsening economic conditions were unavailable. U.S.’s leadership to comply with the “Special Data Dissemination Standards” (SDDS) will help ease this data gap and encourage other nations to maintain their compliance. The SDDS were developed under an international agreement to increase the transparency of data on economic conditions, particularly of country that wish to borrow internationally.

FY 2004 funds will allow BEA to meet this U.S. commitment as well by updating the U.S. Balance of Payments to recognize derivatives and other new financial instruments important to the U.S. and world financial markets.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Acquire real-time data to improve quality			+7	+\$1,618

Investments in purchasing real-time data have shown large potential to dramatically improve macro-economic measures such as the GDP. For example, the July 2002 revisions of the GDP and National Accounts incorporated a new method for estimating brokerage receipts using a mix of monthly public and private real-time data that better captured changes in pricing practices. This additional data significantly lowered measured growth in that dynamic industry. As a result, BEA’s revision showed a recession that started earlier and lasted longer than BEA had initially estimated. Incorporating real-time data is a simple, proven method of improving the GDP and national accounts. FY 2004 funds will improve the economic accounts by allowing BEA to acquire monthly real-time data from private sources to fill data gaps in current measures.

Targets and Performance Summary

See individual Performance Goal section for further description of each measure.

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Reliability of delivery of economic data (number of scheduled releases issued on time) ¹	100%	100%	100%	50 of 50	50 of 50	48 of 48	TBD ²
Customer satisfaction with quality of products and services (mean rating on a 5-point scale)	N/A (survey postponed to 2000)	4.3	N/A (survey postponed to 2002)	Greater than 4.0	4.3	Greater than 4.0	Greater than 4.0
Percent of GDP estimates correct	New	New	New	New	83%	Greater than 84%	Greater than 84%
Improving GDP and the economic accounts	New	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.	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 NAICS into regional accounts, and update international accounts.	Successful completion of related Strategic Plan milestones, including update of national accounts.
Accelerating economic estimates	New	New	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, including accelerate the release of Gross Domestic Product, personal income and outlays, and county area personal income.

¹ Prior to FY 2003 this measure was worded as "Reliability of delivery (% of scheduled releases issued on time)."

(Continued)

² Once the release schedule is developed in the Fall of 2003, the FY 2004 target will be determined.

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics (Cont.)

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Meeting U.S. international obligations	New	New	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 SDDS compliance; and publish annual supplemental ownership-based accounts.	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	New	Develop new systems, including design and prototype phase of new NIPAA2 core processing system; develop improved interactive features on BEA's Web site; extend electronic reporting for international surveys.	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.	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, including complete national accounts system redesign and proceed with upgrades to international and industry account processing systems, continue to enhance BEA web applications.

Resource Requirements Summary

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

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Develop Relevant, Accurate, and Timely GDP and Economic Accounts Statistics

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
STAT-USA								
Total Funding	5.0	2.0	3.4	2.5	1.7	1.9	0.0	1.9
FTE	19	19	27	12	15	15	0	15
Salaries and Expenses:								
Policy Support:								
Total Funding	5.6	6.5	5.9	7.1	6.2	6.5	0.0	6.5
FTE	50	40	44	58	52	52	0	52
BEA:								
Total Funding	44.5	46.0	48.6	57.1	65.5	72.8	5.4	78.3
IT Funding ¹	6.0	6.1	6.2	10.2	10.4	11.4	0.0	11.4
FTE	414	409	403	418	448	470	25	495
Grand Total								
Salaries and Expenses	50.1	52.5	54.5	64.2	71.7	79.3	5.4	84.8
Total Funding ²	55.1	54.5	57.9	66.7	73.4	82.7	5.8	88.6
Direct	53.3	52.8	56.5	62.5	69.9	79.3	5.4	84.8
Reimbursable ²	1.8	1.7	1.4	4.2	3.5	3.4	0.4	3.8
IT Funding ¹	6.0	6.1	9.3	10.2	10.4	11.4	0.0	11.4
FTE ³	483	468	474	488	515	537	25	562

¹ IT funding included in total funding.

² FY 2003 and FY 2004 out includes reimbursable funding in Total Funding under the Grand Total only (includes STAT-USA and ESA/BEA direct and reimbursable funds).

³ Total FTE includes ESA/BEA reimbursable FTE.

Skill Summary:

Economists, accountants, statisticians, and computer specialists.

FY 2004 Performance Goals

Performance Goal 1: Develop Relevant, Accurate, and Timely Gross Domestic Product (GDP) and Economic Account Statistics

Corresponding Strategic Goal

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

Rationale for Performance Goal

The economic statistics produced by the Bureau of Economic Analysis (BEA) enable government and business decision makers, researchers, and the public to follow and understand the performance of the U.S.'s economy; thus, they are critical to sound economic decision-making at all levels, from individuals to the highest-level policymakers. BEA prepares national, regional, industry, and international economic accounts that present essential information on such key issues as economic growth, regional economic development, inter-industry relationships, and the U.S.'s position in the world economy. The national economic accounts include the national income and product accounts (NIPAs), which provide a quantitative view of the production, distribution, and use of the U.S.'s output and feature GDP, one of the most closely followed of all economic measures. The national accounts also include estimates of the U.S.'s stock of fixed assets and consumer durable goods. The regional economic accounts provide estimates and analyses of personal income and earnings by industry for regions, states, metropolitan areas, and counties. They also include estimates of gross state product by industry. The industry economic accounts include the input-output tables, which show how industries interact to provide input to and take output from each other, and the gross product by industry data, which measure the contributions of private industry and government to GDP. The international economic accounts include the international transactions accounts (balance of payments) and the estimates of U.S. direct investment abroad and foreign direct investment in the United States.

BEA's current estimates usually appear first in news releases, and they also are available on the BEA Web site and in BEA's monthly journal of record, the *Survey of Current Business*.

BEA's statistics must be as relevant, accurate, and timely as possible in order to provide a clear and comprehensive picture of economic activity. By meeting these goals, BEA estimates are most useful to data consumers. In addition, BEA estimates must be provided when expected and be readily accessible in easy-to-use formats. The first three measures reported below are aggregate indicators of BEA's success in producing data that are consistently released on schedule, useful and readily available to the public to satisfy their data needs, and as accurately estimated as possible given current data limitations.

The final four performance measures are budget-based measures closely tied to the milestones of BEA's Five-year Strategic Plan. The BEA annually reviews, assesses, and updates its Strategic Plan to provide direction and guidance to its long-term goals of providing relevant, accurate, and timely economic estimates. Data users and other stakeholders are invited to comment on the milestones to insure future efforts are targeted toward areas of user need, and the Strategic Plan is made public on BEA's Web site. As a living document, BEA's budget initiatives are developed from this plan and performance measures are used to track agency success. Funding consistent with the President's FY 2003 and FY 2004 Budgets is critical for achieving the targets in these performance measures.

Measure 1a: Reliability of Delivery--Economic Data (Number of Scheduled Release Issued on Time)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target ¹	100%	100%	100%	50 of 50	48 of 48	TBD ²
Actual	100%	100%	100%	50 of 50		
Met/Not Met	Met	Met	Met	Met		

This measure was changed for FY 2002 from percentage to number of releases that me delivery dates.

¹ BEA's scheduled release is published annually in the Survey of Current Business in the fall.

² Once the release schedule is developed in the Fall of 2003, the FY 2004 target will be determined.

Explanation of Measure

BEA has issued all of its economic data releases on schedule and on time since this performance measure was instituted. In FY 1999, all forty-seven scheduled releases were issued on time, and in FY 2000 and FY 2001 all forty-eight scheduled releases were issued on time each year. FY 2002 followed suit with all of its scheduled fifty data releases provided to the public on schedule and on time. The importance of these data as an ingredient of 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. BEA has achieved this goal in recent years despite serious concerns over GDP computer processing systems that were at risk of failure. BEA anticipates that it will continue its perfect record of issuing its data releases on schedule and on time. The target for FY 2003 is set at forty-eight releases to be delivered reliably. Targets for FY 2004 and out years cannot be determined until the release schedule is set, which occurs in the fall of the year preceding the releases.

FY 2003 & FY 2004 Targets

For FY 2003, BEA expects to issue forty-eight data releases with a target to release them each on time as scheduled. The FY 2004 target cannot be determined until the release schedule is developed in the fall of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
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	N/A (survey postponed to 2000)	4.3	N/A (survey postponed to 2002)	4.3		
Met/Not Met	Not Met	Met	Not Met	Met		

Explanation of Measure

Each year, BEA conducts a survey of users of BEA products and services through a mail and on-line survey. The BEA customer survey was conducted in FY 2002. BEA's customers again gave the Bureau high marks on their satisfaction with BEA products and services. On a scale of one to 5 with 5 being "very satisfied," respondents rated BEA with a 4.3. This score was identical to the score given BEA in FY 2000. In eight of nine questions related to BEA's services and products, a noticeable increase was reported. The greatest increase in satisfaction was recorded in the ease of access and use of BEA data, which is directly related to the significant improvements undertaken by BEA to upgrade and enhance data available online. Other areas of important increase were reported in customer perception of the accuracy of BEA data, availability of background documentation, and access and helpfulness of BEA staff. The one area that did not experience an increase in customer satisfaction was in the adaptation of new methodologies. Improvements in methodologies will be made as part of the benchmark work on the national accounts during FY 2003. More details from the customer satisfaction survey can be found in the report which is available on the BEA Web site at www.bea.gov.

FY 2003 & FY 2004 Targets

BEA has set its FY 2003 and FY 2004 target for customer satisfaction to achieve a rating greater than 4.0 percent.

Measure 1c: Percent of GDP Estimates Correct						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Greater than 84%	Greater than 84%
Actual				83%		
Met/Not Met						

Explanation of Measure

The accuracy of the GDP estimate is a top priority of BEA. As a foundation measure used by policymakers and businesses to help determine fiscal and monetary policy and investment strategies, the accuracy of a measure of national economic activity is critical to the U.S. economy. To provide an indicator of BEA's success at accurately estimating GDP, the Bureau has developed this new quantitative measure. It is based on long-standing research studies by BEA and consists of an average of six indicators. 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) the trend in GDP growth rate, (5) the average quarterly GDP growth rate, and (6) the level of current-dollar GDP. A methodology is applied using three-year rolling averages to develop a single measure of the correctness of the GDP estimate. The closer the measure is to 100 percent, the more accurate BEA is at estimating GDP. A number of factors can affect the success of accurately measuring GDP and affect the level of the measure. Turning points are a clear example of when accuracy drops due to the lack of real-time data and data source gaps. BEA seeks to improve access to these data with its FY 2004 budget proposal.

FY 2003 & FY 2004 Targets

BEA seeks to correctly estimate the GDP estimate, in terms of the six indicators, more than 84 percent of the time in both FY 2003 and FY 2004.

Measure 1d: Improving GDP and the Economic Accounts

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	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, including update of national 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.		
Met/Not Met				Met		

Explanation of Measure

The economic accounts are the core products of BEA. In order to maintain their relevance, they must continually be upgraded to keep pace with our increasingly complex and rapidly changing economy and to provide public and private policymakers with the best possible economic information. BEA's Five-year Strategic Plan for 2003-2008 lays out the steps BEA will take to achieve needed improvements and produce the high-quality data that its users expect and rely upon. This measure tracks BEA's success in achieving these milestones and highlights some of the more important issues. During FY 2002, BEA met all of the most important Strategic Plan milestones. It seeks to achieve a similar record in FY 2003 and FY 2004.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. BEA expects to continue its efforts to improve its core economic measures by developing new measures for specific economic activity. In FY 2004, BEA plans to bring in real-time data to significantly improve the quality and timeliness of GDP and the national accounts, as well as better integrate the national accounts with industry, international, and regional measures.

Measure 1e: Accelerating Economic Estimates

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	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, including accelerate the release of Gross Domestic Product, personal income and outlays, and county area personal income.
Actual						
Met/Not Met						

Explanation of Measure

BEA was challenged by the Secretary of Commerce and its data users to provide important economic measures more quickly after the reference period. This acceleration of major economic estimates will make these data significantly more useful to decision makers in both the public and private sectors. This measure tracks BEA's success at meeting critical milestones in BEA's Five-year Strategic Plan for 2003-2008 related to accelerating economic measures.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003, BEA committed to accelerate five measures, including international trade estimates (with the Census Bureau), GDP by Industry, annual input-output tables, gross state product, and metropolitan area personal income. Building on the work from FY 2003, the target for FY 2004 includes accelerating the release of the GDP, personal income and outlays, and county area personal income.

Measure 1f: Meeting U.S. International Obligations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	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 SDDS compliance; and publish annual supplemental ownership-based accounts.	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						
Met/Not Met						

Explanation of Measure

The North American Industry Classification System (NAICS) was developed jointly by the United States, Canada, and Mexico to provide a uniform basis for identifying, compiling, and presenting industry data. This new system reflects the increasing importance of new industries, especially services and new technologies, while improving the comparability of statistics among countries. These comprehensive benchmark accounts, which are prepared every five years, provide detailed data on the interactions among industries and are the basis for subsequent comprehensive revisions of GDP and the other economic accounts. This measure indicates BEA's progress in achieving the planned incorporation of NAICS.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003 and FY 2004, BEA will work to incorporate NAICS into its accounts and meet its international obligations with the IMF and United Nations.

Measure 1g: Upgrading Information Technology Systems

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Develop new systems, including design and prototype phase of new NIPA ¹ 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, including complete national accounts system redesign and proceed with upgrades to international and industry account processing systems, continue to enhance BEA Web applications.
Actual				Developed new systems, including implementation of prototype phase of new NIPA ¹ core processing system; developed improved interactive features on BEA's Web site; extended electronic reporting for international surveys.		
Met/Not Met				Met		

¹ NIPA - National Income and Product Accounts.

Explanation of Measure

One of BEA's major priorities is the upgrading of its information technology systems. BEA's statistical processing systems are essential elements in the production of the economic accounts. Because these systems have been pieced together over time in a patchwork of cumbersome and inefficient elements, it is critical that they be redesigned and upgraded to take full advantage of current information technology capabilities. This will improve the speed, reliability, and accuracy of the statistical production process. It is also important that BEA improve users' access to BEA data by incorporating the latest technological tools to upgrade its Web site. BEA's latest customer survey showed that user-friendly electronic access is very important to customers. Improvements to the Web site will dramatically increase the usability of BEA data and should have a positive effect on customer satisfaction ratings in future surveys. A third element of the information technology improvements is the

provision of an electronic reporting option for respondents to BEA's surveys of multinational companies. 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 measure indicates BEA's progress in achieving the planned information technology system improvements.

FY 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets for this performance measure reflect commitments made by BEA in its Five-year Strategic Plan. For FY 2003 and FY 2004, BEA will upgrade the hardware and software of each of the divisions of BEA to bring them into an integrated system that will allow for better data manipulation, sharing, and calculations.

Program Evaluation

Strategic Program Evaluation BEA's most important evaluation of its programs was the development and publication of a new strategic plan. The initial evaluation and draft were conducted in FY 2001 and FY 2002 with the support of an outside consultant and BEA staff. Subsequent drafts were vetted with BEA's statistical agency partners, its customers, and its Advisory Committee. The final plan was published in May of 2002. Based on the evaluation of its programs, BEA plan goals consist of making its economic accounts and services more responsive to customers; improving the methodologies, source data, and technologies used to prepare the national, international, industry, and regional accounts; attracting, developing, and retaining a top-notch workforce; and upgrading resource management to support these initiatives.

Human Capital Management In March 2002, BEA 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 assessment results were very positive for BEA with BEA employees ranking BEA above other federal agencies in sixteen of seventeen broad categories. Among the categories in which BEA employees rated BEA significantly above average were in use of resources, performance measures, diversity, and rewards and recognition. However, the survey also revealed a number of important challenges. The two challenge areas identified are (1) training and career development and (2) job security and commitment to workforce. In both cases, BEA fell at or below the other federal agency medians. The employee assessment survey also pointed out a need to address employee health and safety issues.

Information Technology In the information technology area, several evaluations were completed. In FY 2002 three independent reviews were conducted focusing on information technology security.

- KPMG performed a security assessment of BEA's internal and external technology infrastructure. No major vulnerabilities were found.
- The DOC Office of Inspector General performed a compliance review of BEA's security plans and security operating procedures. No major deficiencies were found.
- The DOC Office of the CIO performed a security review of International Investment systems and the supporting BEA local area network. No security weaknesses were discovered and no recommendations were made. The BEA IT security system level documentation, policies, and procedures that were reviewed met or exceeded DOC standards. In addition, through intrusion detection scanning BEA's network was determined to be very secure.

In addition:

- BEA completed an annual self-assessment of management processes and procedures followed for IT capital planning, IT security and IT architecture. Our programs received above average rankings based on levels provided by DOC.
- Three 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.
- CompuCom Corporation performed an assessment of BEA data storage requirements in order to streamline network backup and restore capabilities. The assessment led to the FY 2002 major upgrade to network backup system that reduced the time window required for backup of critical data by 50 percent.
- Digicon Corporation performed an evaluation of BEA's data transmission infrastructure in order to make recommendations for major upgrades. From this evaluation BEA was able to plan a significant FY03 upgrade to its LAN and desktop information technology infrastructure. This upgrade will improve the performance and productivity of BEA estimation systems.

Discontinued Measure

Timeliness of Release of GDP (As Compared with Other Countries)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	1st	1st	N/A	N/A
Actual		1st	1st			
Met/Not Met			Met			

Explanation of Measure

This measure has been discontinued beginning in FY 2003 due to concerns about its relative narrowness in scope. Timeliness remains important to BEA's statistics and it is covered in the BEA strategic plan and in its budget initiatives.

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 the Census Bureau is a key factor in the scheduling of BEA release dates.

Other Government Agencies

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.

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 relevant, accurate, and timely 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.

BEA Data Validation and Verification

BEA's Director 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 is collected from independent sources and BEA's Five-year Strategic Plan and compared to actual outcomes to determine the success or failure of the agency to meet its specific goals. All data is maintained and publicly available for additional outside review. The BEA Data Validation and Verification table can be found starting on the following page.

BEA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	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 Survey of Current Business and is posted on BEA's 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 BEA's 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 2004 target to be determined after the release schedule is developed in the Fall of 2003.
Measure 1b: Customer satisfaction with quality of products and services (mean rating on a 5-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 will provide a copy of the survey to the Economics and Statistics Administration.	Data are not available for years, such as FY 2001, in which survey is not conducted.	Survey will be conducted in FY 2003 and FY 2004.
Measure 1c: Percent of GDP estimates correct	Background research studies published in BEA's Survey of Current Business. Annual report will be submitted to OMB and available to the public on BEA's Web site.	Annually	The Survey of Current Business is published monthly and available for free online and for a fee through subscription. Statistical report will be made available on BEA's Web site.	The Survey of Current Business 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 BEA's 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.
Measure 1d: Improving GDP and the economic accounts	BEA's 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 BEA's strategic plan.

BEA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1e: Accelerating economic estimates	BEA's 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 BEA's 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 BEA's strategic plan.
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 BEA's strategic plan.



Bureau of the Census

Mission Statement

To be the preeminent collector and provider of timely, relevant, and quality data about the people and economy of the United States. We will succeed by valuing our employees, innovating in our work, and responding to our customers.

The Census Bureau's mission is built around its large-scale surveys and censuses. This involves the full range of activities required to produce data, including survey and questionnaire design and data collection, processing, and dissemination. Research and data analysis will directly support the Bureau's capabilities to conduct large-scale surveys and censuses. Through strategic planning, the Census Bureau evaluates how best to accomplish this mission. The strategic plan provides a framework for articulating program goals and builds these goals through consensus. The strategic plan provides a framework for articulating program goals built through consensus that are linked to accomplishment of the overall mission.

The goal of the Census Bureau is to provide the best mix of timeliness, relevancy, quality, and cost for the data collected and services provided. The data provided by the Census Bureau shape important policy decisions that help improve the U.S.'s social and economic conditions:

- Census data are used to distribute hundreds of billions of dollars in federal funding.
- Census data provide the basis for estimating the gross domestic product and leading economic indicators.
- Census data determine the apportionment of congressional seats, as mandated in the Constitution.
- Census data inform about education, income, poverty, and health insurance coverage.
- National, state, and local governments use Census data to formulate policy.
- Large corporations and local businesses use Census data to devise their business plans.

To accomplish its mission, the Census Bureau depends on actions now that:

- Provide the United States' official measures on monthly unemployment, income, poverty, and health insurance coverage; as well as economic indicators that include housing starts; retail and wholesale trade sales; international trade; manufacturers' shipments, orders, and inventories; and quarterly estimates of corporate profits.
- Provide the statistical foundation and benchmark measures against which most data-based decisions and activities take place.
- Re-engineer the 2010 Decennial Census of Population and Housing to be more efficient and cost-effective, provide richer and more timely data, and reduce risk in meeting constitutional and legislative mandates.

- Invest in statistical methodological research and new technologies to improve current operations and prepare for the future.
- Continue to provide strict security of census information, address privacy issues, and foster program goals while maintaining confidentiality of census information.

The four performance goals for the FY 2004 Annual Performance Plan are to:

- 1 Meet the needs of policy makers, businesses and nonprofit organizations, and the public for current measures of the U.S. population, economy, and governments.
- 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.
- 3 Meet constitutional and legislative mandates by implementing a re-engineered 2010 Census that is cost-effective, provides more timely data, improves coverage accuracy, and reduces operational risk.
- 4 Foster an environment that supports innovation, reduces respondent burden, and ensures individual privacy.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Current Economic Statistics	1,465	\$148,982	+45	+\$7,300
Improved measurement of services			+39	+\$4,000

The first phase of this initiative included activities covered in the FY 2003 budget request for Improved Measurement of Services in the New Economy. Phase 2, covered by this FY 2004 initiative, will provide the Bureau of Economic Analysis (BEA) with new key source data on the service sector needed to improve the critical quarterly and annual estimates of the U.S.'s GDP. This initiative will expand annual coverage of services industries, increase coverage of the new quarterly principal economic indicator of service industry activity, and provide annual merchandise line data for selected retail and wholesale trade industries. This expansion provides a comprehensive framework for gathering information on services and improves the periodicity and detail of service sector statistics.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Electronic government			+6	+\$3,300

This initiative responds to business demands for e-government services by permitting businesses to file electronically in any one of almost 100 economic surveys. This initiative provides new tools for collecting data and improving data quality. The Bureau expects electronic reporting to increase response rates in its principal economic indicators and estimates that it can reduce the annual business-reporting burden by at least 5 percent or 50,000 hours starting in FY 2005, with an additional 5 percent reduction thru FY 2007.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Economic Census	932	\$90,958	-385	-\$17,209

The Economic Census provides data on manufacturing, mining, retail and wholesale trade, service industries, construction, and transportation. The censuses are conducted every fifth year. FY 2004 is the fifth year in the 2002 Economic Census Cycle. The focus in FY 2004 is on headquarters processing, including editing, review, and product preparations associated with data dissemination of results from the core census programs. In addition, information about the characteristics of almost 2.5 million businesses will be collected during FY 2004 as part of the Survey of Business Owners.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Census of Governments	72	\$6,837	-5	-\$504

The Census of Governments provides information on state and local government taxes, tax valuations, governmental receipts, expenditures, indebtedness, and number of employees. This census is taken every five years. Fiscal year 2004 is the fifth year in the five-year cycle of the 2002 Census of Governments. The focus for 2004 will be on completing the employment and finance phases of the census, including production of both printed and Internet products.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
2000 Decennial Census	524	\$93,210	-524	-\$93,210

No funds are requested for the 2000 Decennial Census in FY 2004, as all activities will be completed in FY 2003 as planned.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
2010 Decennial Census	2,362	\$216,248	-94	+\$56,115

In order to take advantage of Census 2000 assessments and build on improvements made for Census 2000, the Census Bureau has begun a major testing and development process for the next decennial census. The re-engineered plan for the 2010 Census features three key components that focus on reducing operational risks, improving accuracy, providing more relevant data, and containing cost:

- Establishment of an early design and planning process that will allow the Census Bureau to test major elements of a simplified, streamlined census designed to collect the basic “short form” data needed to fulfill important constitutional and legal mandates.
- Implementation of the American Community Survey (ACS) to collect long form data on an on-going basis rather than waiting for once-a-decade decennial long form data.
- Enhancing the Census Bureau’s geographic database and associated address list, referred to as MAF/TIGER, by replacing the internally developed MAF/TIGER system with one that uses street and address information from state, local, and tribal governments, Global Positioning System technology and aerial photography to update and improve the address and street information gathered manually at great expense for Census 2000.

Activities in these three areas are highly integrated, complement each other, and form the basis for re-engineering the 2010 Census.

In FY 2004, the Census Bureau will focus its early testing and development efforts on conducting the 2004 Census Test and other critical testing and development activities, continuing implementation of the ACS, and on correcting the accuracy of map feature locations in 600 of the U.S.’s 3,232 counties.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Demographic survey sample redesign	108	\$15,901	-42	-\$2,788

While the budgetary needs of the Sample Redesign program for FY 2004 decrease, it is essential that the program be fully funded in FY 2004 to allow for work in several vital activities. These activities include: programming and production work to select and maintain sample households within selected geographic areas; enhancing/modifying new automated systems and procedures to collect address, map feature, group quarters information, and other metadata for the surveys; and the training of field representatives for the introduction of new systems for address listing.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Data Processing Systems	0	\$29,099	0	+\$2,000

Funds requested for FY 2004 provide for the purchase and renting of hardware and software needed for the Bureau’s general purpose computing facilities. The requested increase will provide funding to prevent disruptions to critical data systems in the event of a disaster and protect sensitive data.

Targets and Performance Summary

See Individual Performance Goals Section for further description of each measure

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 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
(1) Household response rate for the Current Population Survey (CPS), the National Crime Victimization Survey (NCVS), and the American Housing Survey (AHS)	100%	100%	100%	100%	100%	(1) 90%	(1) 90%
(2) Response rate for the National Health Interview Survey (NHIS)						(2) 87%	(2) 87%
(3) Response rate for the Survey of Income and Program Participation (SIPP)						(3) 62%	(3) 75%
(1) Release data products from the Survey of Income and Program Participation (SIPP)	9% time decrease	Maintained FY 1999 actual time achieved	Maintained FY 1999 actual time achieved	Maintain FY 1999 actual time achieved	Maintain FY 1999 actual time achieved	(1) Two data products by 9/30/03.	(1) Seven data products by 9/30/04.
(2) Release data products from the Survey of Program Dynamics (SPD)						(2) One data product by 9/30/03.	(2) Two data products by 9/30/04.
(See Explanation of Measure section for data products list)							
Release principal economic indicators	New	New	New	100% on time	100% on time	Release all 116 monthly and quarterly principal economic indicators according to pre-announced time schedule.	Release all 116 monthly and quarterly principal economic indicators according to pre-announced time schedule.
Unit response rates for annual economic surveys used to update benchmark data during intercensal years (includes Annual Survey of Manufacturers (ASM), the Annual Trade Survey (ATS), the Annual Retail Trade Survey (ARTS), and the Service Annual Survey (SAS).	New	New	New	New	New	New	New

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 Funding Of Federal, State, And Local Programs.

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Conduct the Economic Census and Census of Governments	New	New	New	New	New	(1) Complete initial mailing for the finance phase of the 2002 Census of Governments by 10/31/02 and 5 million Economic Census forms by 12/20/02. (2) Completion of initial mailing 2002 Survey of Business Owners forms to 1 million businesses with paid employees by 9/30/03.	(1) Complete initial mailing of 2002 Survey of Business Owners forms to 1.5 million businesses without paid employees by 7/31/04. (2) Obtain an 80% response rate for the employment phase of the Census of Governments and an 82% response rate for the finance phase.
(1) Release Decennial Census	New	New	100% of scheduled releases	100% of scheduled releases	100% of scheduled releases	(1) Four data products by 9/30/03.	(1) None
(2) Release Census of Governments						(2) Two data products by 9/30/03.	(2) Four data products by 9/30/04. This represents a more than 15% improvement in delivery time over the previous census.
(3) Release Economic Census products						(3) None	(3) Issue by March 2004, the 2002 Economic Census advance report. This first report shows a snapshot of the economy at broad NAICS levels.
(See Explanation of Measure section for data products list)							(4) 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.

Performance Goal 3: Meet Constitutional And Legislative Mandates By Implementing A Re-Engineered 2010 Census That Is Cost-Effective, Provides More Timely Data, Improves Coverage Accuracy, And Reduces Operational Risk

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Implement the American Community Survey (ACS)	New	New	New	Complete field activities supporting the release of 2001 data from the long form transitional database in Summer of 2002.	Complete 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.	At least 92% overall weighted response rate for the ACS, using three modes of data collection – mail, telephone, and personal visit. 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.
Implement MAF/TIGER modernization	New	New	New	Prepare 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.	Prepare 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.	TIGER features are within 5 meters of true GPS location for 7.7% of the Nation's counties by 9/30/03.	TIGER features are within 5 meters of true GPS location for 26.3% of the Nation's counties by 9/30/04.

(continued)

Performance Goal 3: Meet Constitutional And Legislative Mandates By Implementing A Re-Engineered 2010 Census That Is Cost-Effective, Provides More Timely Data, Improves Coverage Accuracy, And Reduces Operational Risk (Cont.)

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Conduct early 2010 Census planning, development, and testing	New	New	New	New	New	(1) Test sites by 12/31/02. (2) Develop and document design requirements for 2004 Census test by 12/31/02. (3) Develop detailed operational schedule for the 2004 Census test in April 2004 by 9/30/03.	Implement the activities that support the following objectives of the 2004 Census test: <ul style="list-style-type: none"> • Questionnaire content • Mobile computing devices for field work • Coverage improvements • Special place/group quarters • Residence rules

Performance Goal 4: Foster An Environment That Supports Innovation , Reduces Respondent Burden, And Ensures Individual Privacy

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Response to the annual boundary and annexation survey	New	New	81%	New	81%	83%	83%
Meet milestone dates for Web-enabled portal technology project	New	New	New	New	New	100%	100%
Segment score for overall customer satisfaction on the American Customer Satisfaction Index	New	New	New	New	New	New	72%

Resource Requirements Summary

(Dollars In Millions. Funding Amounts Reflect Total Obligations.)

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Meet The Needs Of Policy Makers, Businesses And Non-Profit Organizations, The Public For Current Measures Of The U.S. Population, Economy, And Governments

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses								
Current Surveys And Statistics								
Current Economic Statistics	92.1	88.9	102.7	111.3	141.9	149.0	7.3	156.3
Current Demographic Statistics	49.7	47.5	49.8	53.5	58.7	60.1	0.0	60.1
Mandatory								
Survey Of Program Dynamics	10.0	9.9	10.0	9.9	10.0	10.0	0.0	10.0
Children's Health Insurance Program	0.0	10.0	10.0	10.0	10.0	10.0	0.0	10.0
Reimbursable Obligations	173.4	170.7	205.2	226.9	234.5	237.3	0.0	237.3
Total Funding	325.2	327.0	377.7	411.6	455.1	466.4	7.3	473.7
IT Funding ¹	110.1	110.1	110.1	116.5	121.0	121.0	27.6	148.6
FTE	4,538	4,510	4,928	5,161	5,583	5,629	45	5,674

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 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Periodic Census And Programs								
Economic Statistics Programs								
Economic Censuses	53.3	47.5	41.4	52.1	87.4	91.0	-17.3	73.7
Census Of Governments	3.8	3.6	3.1	5.7	6.6	6.8	-0.5	6.3
Demographic Statistics Programs								
Intercensal Demographic	5.4	5.4	5.7	6.3	9.1	9.5	0.0	9.5
2000 Decennial Census	1,084.0	4,116.5	441.5	147.9	141.8	93.2	-93.2	0.0
Continuous Measurement	20.2	19.9	21.2	26.4	0.0	0.0	0.0	0.0
Demographic Surveys Sample Redesign	5.5	5.1	7.9	12.4	15.4	15.9	-2.8	13.1
Total Funding	1,172.2	4,198.0	520.8	250.8	260.3	216.4	-113.8	102.6
IT Funding ¹	271.5	322.5	181.9	118.2	87.9	87.9	-44.2	43.7
FTE	15,735	81,604	5,105	2,243	1,724	1,724	-956	768

Performance Goal 3: Meet Constitutional And Legislative Mandates By Implementing A Re-Engineered 2010 Census That Is Cost-Effective, Provides More Timely Data, Improves Coverage Accuracy, And Reduces Operational Risk

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Periodic Census and Programs								
2010 Decennial Census	New	New	New	64.3	214.5	216.2	56.1	272.4
Total Funding	New	New	New	64.3	214.5	216.2	56.1	272.4
IT Funding ¹	New	New	New	36.1	131.9	131.9	76.1	208.0
FTE	New	New	New	598	2,362	2,362	-94	2,268

Performance Goal 4: Foster An Environment That Supports Innovation, Reduces Respondent Burden, And Ensures Individual Privacy

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries And Expenses								
Survey Development And Data Services	3.5	3.5	3.8	4.1	4.4	4.5	0.0	4.5
Periodic Census And Programs								
Electronic Information Collection	8.1	5.8	6.1	6.2	6.4	6.5	0.0	6.5
Geographic Support	41.7	32.5	34.8	37.3	39.1	40.6	0.0	40.6
Data Processing System	25.3	22.7	23.5	23.1	28.8	29.1	2.0	31.1
Suitland Federal Center Reconstruction	0.0	0.0	0.3	2.1	40.0	0.0	0.0	0.0
Total Funding	78.6	64.5	68.5	72.8	118.6	80.7	2.0	82.7
IT Funding ¹	47.4	47.4	47.4	38.6	47.8	47.8	-2.8	45.0
FTE	366	285	347	418	451	451	0	451

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries And Expenses	145.3	139.9	156.3	168.9	205.0	213.6	7.3	220.9
Periodic Census And Programs	1247.3	4,259.0	585.5	383.8	588.9	508.8	-55.6	453.2
Mandatory Programs	10.0	19.9	20.0	19.9	20.0	20.0	0.0	20.0
Total Funding	1576.0	4,589.5	967.0	799.5	1,048.4	979.7	-48.3	931.4
Direct	1402.6	4,418.8	761.8	572.6	813.9	742.4	-48.3	694.1
Reimbursable ²	173.4	170.7	205.2	226.9	234.5	237.3	0.0	237.3
IT Funding ¹	419.0	470.0	347.5	291.4	388.6	388.6	56.7	445.3
FTE	20,639	86,399	10,380	8,420	10,120	10,166	-1,005	9,161

¹ IT Funding Included In Total Funding.

² Reimbursable Funding Included In Total Funding.

FY 2004 Performance Goals

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

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2002 Annual Performance Plan. This goal was previously worded as "Provide and Improve Current Measures of the U.S. Population, Economy, and Governments that Meet the Needs of Policymakers, Businesses, and the Public.")

Corresponding Strategic Goal

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 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 determine the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, 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 on 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 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.

Measure 1a: (1) Household Response Rate for the Current Population Survey, the National Crime Victimization Survey, and the American Housing Survey; (2) Response Rate for the National Health Interview Survey; and (3) Household Response Rate for the Survey of Income and Program Participation

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	100%	100%	100%	100%	(1) 90% (2) 87% (3) 62%	(1) 90% (2) 87% (3) 75%
Actual	100%	100%	100%	100%		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

Maintaining a high response rate for household surveys ensures that the 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 rates, Bureau target measures are different: (1) The Current Population Survey (CPS), the National Crime Victimization Survey, and the American Housing Survey, can maintain a 90% or better response rate. These households 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 ten to forty minutes depending on the household size, is conducive to maximizing response rates. However, response rates across all surveys, regardless of design and content, have been declining in recent years as the Bureau competes with other surveys and demands on the public's time. (2) The National Health Interview Survey (NHIS) uses a different design in that a household is in sample only once, the FR has a short interval of time to conduct the interview, and the average interview length is sixty minutes, hence the lower target response rate of 87 percent. (3) The Survey of Income and Program Participation (SIPP) is on average a sixty-minute household interview and collects information on income, assets, transfer program participation, and various other socio-economic topics. 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, i.e., there is no replenishment of sample as in the CPS, NCVS, and AHS designs. In addition, respondents are interviewed every four 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 three to four years. These design features, particularly the requirement to follow original household members, have contributed to sharp declines in panel response rates in recent years. The Census Bureau has taken several steps to maximize response such as monetary incentives, redesigned introductory letters and materials, and enhanced FR training. The target response rates consider the age of the panel in the appropriate year.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 targets since the publication of the FY 2003 Annual Performance Plan. For FY 2004, the measure for the Survey of Income and Program Participation was changed to track the 2004 Panel instead of the 2001 Panel, which has been completed.

Measure 1b: (1) Release Data Products from the SIPP and (2) Release Data Products from the Survey of Program Dynamics (See the Explanation of Measure Section for Data Products List)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	5% time decrease	Maintain FY 1999 actual time achieved	Maintain FY 1999 actual time achieved	Maintain FY 1999 actual time achieved	(1) Two data products by 9/30/03. (2) One data product by 9/30/03.	(1) Seven data products by 9/30/04. (2) Two data products by 9/30/04.
Actual	9% time decrease	Maintain FY 1999 actual time achieved	Maintain FY 1999 actual time achieved	Maintain FY 1999 actual time achieved		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

The Bureau has achieved optimal release times for many long-standing household surveys; for example, the Bureau releases data from the American Housing Survey nine months after collection. Other household surveys have different schedules based on their designs. This measure addresses newer surveys and survey supplements, such as SIPP and the Survey of Program Dynamics (SPD). The FY 1999 performance target was to decrease the time before data release by 5 percent. The Bureau exceeded that target, reducing the time by 9 percent. The FY 2000 and FY 2001 performance goals to maintain the FY 1999 level were met. For SIPP, the Bureau was able to maintain the 9 percent time reduction that was established in FY 1999 (the SPD was not part of the measure in FY 2001 or FY 2002). For FY 2003, the Bureau slightly modified the measure to provide a list of data products from these surveys that it would release during the year. The Bureau is continuing this approach for FY 2004.

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.

SPD— The SPD is a follow-on survey conducted with SIPP respondents from the 1992 and 1993 panels who were last interviewed in 1995 and 1996, respectively, to comply with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, commonly known as the 1996 Welfare Reform Act.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 targets since the publication of the FY 2003 Annual Performance Plan.

By September 30, 2004, the Census Bureau will release the following data products for the Survey of Income and Program Participation:

Waves 5-7 Core Data Longitudinal File from the 2001 Panel

Core data longitudinal files are used to measure and model federal benefit programs and are valuable because they allow longitudinal studies of dynamic changes in the same households over time. The following lists some of these uses:

- The Social Security Administration uses these data to model social security insurance benefits, measure the effects of social security benefits for couples versus surviving spouses, and project baby boomer retirement incomes.
- The Congressional Research Service uses these data to conduct policy research and microsimulations of periods of unemployment, of periods with and without health insurance, and of participation rates for programs such as AFDC and Medicaid.
- The National Academy of Sciences uses these data to explore alternative measures of poverty.
- Numerous educational institutions use these data to study job turnover statistics, job transitions and family instability, demographic characteristics and labor force turnover, and poverty and welfare reciprocity.

Waves 3-6 Topical Module Files from the 2001 Panel

Topical modules data are also 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. The following lists some of these uses:

- 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.
- The Department of Health and Human Services uses these data to measure the economic effect of disabling medical conditions on children and adults and to measure the effect of welfare reform on the disabled.
- The Department of Labor uses these data to identify the characteristics of workers with and without pensions and health plan coverage.

By September 30, 2004, the Census Bureau will release the following data products from the SPD:

SPD Longitudinal and Cross-Sectional Data Files

The third longitudinal data file contains a subset of data collected from the SPD cohort that was part of the previous 1992 and 1993 SIPP panels, as well as updates collected as part of the SPD in 1997, 1998, 1999, 2000, 2001, 2002, and 2003. The 2001 cross-sectional file contains the full set of data collected for the calendar year 2000. The SPD also collects data on extended measures of child well-being and detailed residential history that were added to assist in the assessment of welfare reform legislation passed in 1996.

To date, several state and federal government agencies, universities, and research organizations have requested and received copies of SPD data sets. Some of the SPD data users include the Office of Management and Budget (OMB), the General Accounting Office, the Institute for Women’s Policy Research, the Rand Corporation, the Department of Health and Human Services, and the Department of Agriculture. These data users have reported on or plan to report on welfare reform-related topics such as child, teen, and adult well-being and poverty rates.

Measure 1c: Release Principal Economic Indicators						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	100% on time	Release all 116 monthly and quarterly principal economic indicators according to pre-announced time schedule.	Release all 116 monthly and quarterly principal economic indicators according to pre-announced time schedule.
Actual				100% on time		
Met/Not Met				Met		

Explanation of Measure

This was a new specific performance measure for FY 2002. The Census Bureau provides statistics that are critical to understanding current conditions in the 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 Bureau of the Census’s data collection and processing responsibilities.

OMB statistical directive no. 3 requires that data for the Bureau’s 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 online at www.census.gov/epcd/econ/www/indijun.htm. The Bureau’s goal is to release all 116 monthly and quarterly principal economic indicators on time throughout FY 2004.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 Target since the publication of the FY 2003 Annual Performance Plan.

Measure 1d: Response rates for annual economic surveys used to update benchmark data during intercensal years. (Includes Annual Survey of Manufacturers, (ASM), the Annual Trade Survey (ATS), the Annual Retail Trade Survey (ARTS), and the Service Annual Survey (SAS).

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	75%
Actual						
Met/Not Met						

Explanation of Measure

Maintaining a 75 percent or better unit response rate for annual economic surveys ensures that the Bureau's survey information is continuously reliable, comparable, and widely accepted by customers over the longer term. The unit response rate is calculated as the number of forms returned with data divided by the number of forms mailed. This measure applies to the annual surveys that are 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).

FY 2003 & FY 2004 Targets

This is a new performance measure for FY 2004.

Program Evaluation

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

Demographic Statistics

The Bureau regularly generates quality profiles and management reports for both reimbursable and 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 U.S. companies, improved the 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 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 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.

The Interagency Council on Statistical Policy established an interagency team on performance measurement and reporting in 1999 to review the performance plans of the statistical agencies and to recommend common approaches. The team has prepared a report that discusses performance indicators for statistical agencies and presents guidelines for a common approach to reporting performance.

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 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 Census Bureau 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 fifty 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 nongovernment 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 the Bureau's privacy and confidentiality policies for all Census Bureau activities. This involves publishing policy statements via the Census Bureau Web site and carrying out other information activities. The Web site indicates the Bureau's privacy policy in the following areas:

- Web site visitor activities.
- Purchase of Bureau of the Census 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

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and the FY 2003 Annual Performance Plan. This goal was previously worded as "Provide the Statistical Foundation and Benchmark Measures of the Population, Economy, and Government that Meet the Needs of Policymakers; Federal, State, and Local Governmental Agencies; Businesses; and the Public.")

Corresponding Strategic Goal

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 upcoming 2002 and 2007 Economic Censuses and the 2002 and 2007 Census of Governments, or the Intercensal Estimates that provide baseline demographic information in between the decennial censuses—the place where everyone looks is to 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 U.S. 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’ findings supply 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 2002 Economic and Government Censuses and provides improved demographic intercensal estimates. Specific performance goals and measures related to these activities include:

- Publishing and disseminating data from the 2002 Economic Census and the 2002 Census of Governments on a timely, scheduled basis.
- Mailing Survey of Business Owners forms for the 2002 Economic Census.

Measure 2a: Conduct the Economic Census and Census of Governments

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	(1) Complete initial mailing for the finance phase of the 2002 Census of Governments by 10/31/02 and 5 million 2002 Economic Census forms by 12/20/02. (2) Completion of initial mailing 2002 Survey of Business Owners forms to 1 million businesses with paid employees by 9/30/03.	(1) Complete initial mailing of 2002 Survey of Business Owners forms to 1.5 million businesses without paid employees by 7/31/04. (2) Obtain an 80% response rate for the employment phase of the Census of Governments and an 82% response rate for the finance phase.
Actual						
Met/Not Met						

Explanation of Measure

The Survey of Business Ownership (SBO), previously known as the Survey of Women and Minority-Owned Business Enterprises, is a supplement to the Economic Census and was first conducted as part of the Economic Census for 1972. The survey’s purpose is to characterize businesses and their owners, particularly with respect to the owners’ gender, race, and Hispanic ethnicity, by state and type of industry.

Maintaining high response rates that are consistent with previous census response rates is critical to the Bureau’s mission, because stakeholders rely on Bureau data to accurately portray the structure of U.S. state and local governments. High response rates are crucial to the reliability of these data.

FY 2003 & FY 2004 Targets

An additional target has been added to FY 2003 since the publication of the FY 2003 Annual Performance Plan, covering the mailing of forms for the Survey of Business Owners to businesses with paid employees. The Census Bureau will mail forms to businesses without paid employees in FY 2004.

Measure 2b: (1) Release Decennial Census Data Products, (2) Release Census of Governments Data Products, and (3 & 4) Release Economic Census Data Products

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	100% of scheduled releases	100% of scheduled releases	(1) Four data products by 9/30/03. (2) Two data products by 9/30/03. (3) None	(1) None (2) 4 Data products by 9/30/04 . This represents a more than 15% improvement in delivery time over the previous census. (3) Issue by March 2004, the 2002 Economic Census advance report. This first report shows a snapshot of the economy at broad NAICS levels. (4) Issue 651 of the 1,700 Economic Census products by September 30, 2004. This represents a 40% increase in the number of reports released over the comparable time period for the 1997 Economic Census.
Actual			100% of scheduled releases	100% of scheduled releases		
Met/Not Met			Met	Met		

Explanation of Measure

Decennial Census

In FY 2003, the Census Bureau will complete the release of all Census 2000 data products. This measure has been discontinued in FY 2004 because most of the data collection for the 2002 Economic Census will have been completed by the end of FY 2003 and the Bureau's focus will be on the release of Economic Census data.

Economic Census

FY 2004 marks a transition for the 2002 Economic Census from processing to data dissemination. Over the course of a year a large number of the Economic Census’s approximately 1,600 products will be released. The first Economic Census report, the Advance Report, covering all industries will be released by March 31, 2004. Following that, 600 of the approximately 650 industry reports to be produced from the Economic Census will be released by September 30, 2004. These reports provide detailed statistics by industry, as classified by the North American Industrial Classification System (NAICS). 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. During FY 2004, the first of the Bureau’s Geographic Series of reports, which are produced for states by major industry sector, will be released. Development and review of Economic Census products to be released in FY 2005 will also be underway in FY 2004.

Census of Governments

Dissemination activity includes all operations related to the final review for public release, tabulation and publication (electronically and in printed format) of census findings, and dissemination of information to data users. Activity during FY 2004 will include preparation of the Employment and Finance Survey results in both electronic and printed formats. By September 30, 2004, the Bureau will release and disseminate four major products:

- Employment of Major Local Governments, Vol. 3, No. 1
- Compendium of Public Employment, Vol. 3, No. 2
- Employee Retirement Systems of State and Local Governments, Vol. 4, No. 6
- 2002 Census of Governments State Government Finance Series (Internet Only)

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan.

Discontinued Measures

Conduct an Evaluation Program to Measure the Effectiveness of Census Operations and Survey Procedures						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Release eight census 2000 evaluation topic reports by 9/30/03	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

This measure is discontinued in FY 2004. The Census Bureau will complete the Census 2000 evaluation program in FY 2003.

The Census 2000 evaluation program measures the effectiveness of the Census 2000 design, operations, systems, and processes, and provides information about new survey procedures applied in a census environment. All work underwent an extensive quality assurance process to ensure high-quality reports. Results will build the foundation for making early-informed decisions about the Census 2010 design and provide information useful for developing the American Community Survey, the Master Address File Updating System, and other censuses and surveys. Eight topic reports, to be released in FY 2003, compile data from across the entire evaluation, experimental and research programs, and analyze the data to answer the fundamental questions on how well the census achieved its goals.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan. The program will be completed in FY 2003.

Implementation of Electronic Reporting and 24/7 Internet Help Desk for the Economic Census						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	2002 Economic Census 24/7 internet help desk is operational by 12/20/2002.	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

Over the past decade the Census Bureau has introduced a number of initiatives aimed at automating the collection and dissemination of economic statistics. These initiatives have been driven by external demand for services; available technology; requirements of the Paperwork Reduction (PRA) and Elimination (GPEA) Acts; and efforts to facilitate and simplify reporting, improve quality, and reduce data collection costs. The Bureau's overall electronic reporting strategy has been to focus on the most burdensome surveys, to provide respondents with functionality that facilitates and simplifies reporting without requiring programming or data processing expertise, and to ensure that electronic reporting and data dissemination is cost beneficial to the Census Bureau.

The Bureau's experience has demonstrated that implementing an electronic reporting capability, if done effectively, demands substantial Census Bureau resources and significant changes to existing processing systems. An ambitious electronic reporting capability will be introduced for the 2002 Economic Census. The Bureau's plan is to offer Web-based reporting to all 3.5 million participating businesses. If successful, the Bureau expects that both respondent burden and Census Bureau data processing costs will be significantly reduced.

Also, as part of its strategy to exploit the capabilities introduced by the Web, the Bureau will establish a 24/7 Internet site to provide assistance to 2002 Economic Census respondents in FY 2003. The site will permit the user to get replacement forms, request filing extensions, download and submit electronic versions of the census, and ask and receive answers to questions. The Bureau will measure the success of the site by conducting a customer satisfaction survey and monitoring the traditional use metrics such as number of hits and downloads, among others.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan. The measure is discontinued in FY 2004.

Response Rate for the Economic Census						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	84%	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

FY 2003 is the key data collection year for the FY 2002 Economic Census, therefore this measure has been discontinued for FY 2004.

Maintaining high response rates that are consistent with previous census response rates is critical to our mission, because stakeholders rely on Bureau data to accurately portray the structure of the U.S. economy. High response rates are crucial to the reliability of these data. The Census Bureau's goal is to at least match the response rates it received for the 1997 Economic Census during the 2002 cycle. However, unless it takes some innovative and aggressive promotion and respondent contact steps, the Bureau anticipates that its response rate will decline, by as much as 5 percent because of expanded content and longer report forms. Much of the Bureau's planning for the Economic Census started several years ago. The Bureau did not anticipate the decline in economic activity the U.S. has 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 percent response rate looks to be much more of a challenge.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan. The measure is discontinued in FY 2004.

Program Evaluation

The continued dissemination of data products to federal, state, local and tribal governments, as well as to users in the private sector and the public make them available for countless applications. Some uses of the data include the resolution of population and boundary issues, and the distribution of federal dollars to states and localities to meet their needs.

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 recordkeeping 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 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 Bureau of the Census 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 the planning for the Economic Census started several years ago. The Census Bureau did not anticipate the decline in economic activity seen since mid 2001, nor the economic consequences of the events of September 11, 2001. Corporate downsizing, increased security concerns, and corporate consolidation may all impact census response. Maintaining an 84 percent response rate now looks to be much more of a challenge.

To counter this general trend, the Census Bureau is conducting a comprehensive program to encourage response to the 2002 Economic Census. Response promotion efforts include both direct communication with respondents and public communication through intermediaries. The Bureau will have a special program focus on the largest companies, which will include mailing advance information, assigning individual company account managers, and conducting personal calls to assist in reporting and follow-up with nonrespondents. For all businesses the Bureau will 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, the Bureau will be working with media and intermediary organizations (trade, business, and professional organizations) to highlight the importance of the census. The Bureau is currently researching which themes and messages, as well as communication strategies, will be most effective in reaching businesses.

Performance Goal 3: Meet Constitutional and Legislative Mandates by Implementing a Re-engineered 2010 Census that is Cost-Effective, Provides More Timely Data, Improves Coverage Accuracy, and Reduces Operational Risk

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. It previously was worded as “Re-engineer the 2010 Decennial Census to Be More Efficient and Cost Effective, Provide Richer Data, Improve Coverage, and Reduce Risk in Meeting Constitutional and Legislative Mandates”)

Corresponding Strategic Goal

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

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 at high cost and at great operational risk. In response, and in striving to better meet the U.S.’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 goals:

- 1 Improve the relevance and timeliness of census long-form data.
- 2 Reduce operational risk.
- 3 Improve the accuracy of census coverage.
- 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 the Bureau’s business process for data collection, and the use of focused coverage improvement procedures:

- 1 The Census Bureau 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 The Census Bureau will conduct a multi-year effort to enhance and improve its Master Address File (MAF) and geographic data base (TIGER) by bringing them into alignment with global positioning system (GPS) coordinates and by converting the Bureau’s home-grown processing environment into one based on commercial off-the-shelf (COTS) and geographic information system (GIS) software products. In addition to the great benefits of these improvements to the U.S.’s geographic information infrastructure, this will allow the 2010 Census to utilize GPS-equipped mobile computing devices. This in turn will allow the Bureau to make major improvements in its business process for data collection.
- 3 The Census Bureau 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 full dress rehearsal in 2008.

Full implementation of the American Community Survey (ACS), 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, which are 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.*

Measure 3a: Implement the American Community Survey (ACS)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Complete 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.	At least 92% overall weighted response rate for the ACS, using three modes of data collection – mail, telephone, and personal visit. Meet reliability requirements for annual state estimates with a median coefficient of variation of 5% or lower on typical characteristics that are reported for 10% of the population.
Actual				Completed field activities supporting the release of 2001 data from the long form transitional database in Summer of 2002.		
Met/Not Met				Met		

Explanation of Measure

The ACS's methods of data collection involve three modes. First, the Bureau collects data by mailing out forms and processing the completed responses. The Bureau then attempts to contact non-responding households by telephone in order to collect these data. Finally, the Bureau takes a sample of households that have still not responded and attempts data collection by visiting these households and conducting interviews. The overall weighted response rate reflects the contribution of all three modes of response. During FY2004, the monthly sample will reach 250,000 households for the fourth quarter, which is the planned sample size for the fully implemented program. The ACS 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 ACS data products.

In FY 2000-2002, the Census Bureau conducted the Census 2000 Supplementary Survey, the 2001 Supplementary Survey, and the 2002 Supplementary Survey using ACS 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, the Bureau is 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 ACS is predicated on the Bureau's ability to validate, as well as on data users to accept, the current expectation that the ACS will eliminate the need for the decennial census long form. Conducting this analysis will provide the Census Bureau with good census tract-by-tract comparisons between the 1999-2001 ACS cumulated estimates and the Census 2000 long form. The Bureau uses these comparisons to identify the causes of differences, ways to improve ACS design, and areas that require additional research. This analysis is a critical part of the transition to using data from the ACS as a national program. When the ACS becomes a comprehensive national program, community profiles will be available every year rather than every ten 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 2003 & FY 2004 Targets

No changes have been made to the FY 2003 targets since the publication of the FY 2003 Annual Performance Plan. In FY 2004, the Bureau will release estimates for the 2003 ACS, which will be based on at least a 92 percent overall weighted response rate. Annual state estimates for 2004 will be based on data with at least the same response rate and will achieve a median coefficient of variation of 5 percent on typical characteristics that are reported for 10 percent of the population, using the three modes of data collection: mail, telephone, and personal visit. About two-thirds of the characteristics reported by the ACS are "typical." The others include vacancy rates and correlated characteristics. Vacancy rates are not typical because it is only possible to determine that a housing unit is vacant during the personal visit portion of the data collection. Correlated characteristics (such as low-level income) are ones that are usually the same for all the people living in a household. This phenomenon, in essence, reduces the amount of information collected from the household and leads to somewhat higher coefficients of variation.

Measure 3b: Implement MAF/TIGER Modernization

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Prepare plan and systems by the 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.	TIGER features are within 5 meters of true GPS location for 7.7% of the Nation's counties by 9/30/03.	TIGER features are within 5 meters of true GPS location for 26.3% of the Nation's counties by 9/30/04.
Actual				Prepared plan and systems by the 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.		
Met/Not Met				Met		

Explanation of Measure

Correctly locating every street and other map feature 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. Funding requested for FY 2004 will allow for the design of a quality improvement program to measure housing unit coverage and the start of associated data collection activities.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan.

The Bureau will conduct map feature and housing unit location corrections and quality assurance to verify their accuracy in 600 additional counties in FY 2004. The Bureau will design a quality improvement program to measure housing unit coverage and begin the collection of data in FY 2004.

Measure 3c: Conduct Early 2010 Census Planning, Development, and Testing

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	(1) Select 2004 Census test sites by 12/31/2002. (2) Develop and document design requirements for 2004 Census test by 12/31/2002. (3) Develop detailed operational schedule for the 2004 Census test in April 2004 by 9/30/2003.	Implement the activities that support the following objectives of the 2004 Census test: • Questionnaire content • Mobile computing devices for field work • Coverage improvements • Special place/group quarters • Residence rules
Actual						
Met/Not Met						

Explanation of Measure

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 the Census Bureau’s re-engineering effort. Without it, the Bureau is left with a census that improves data timeliness and relevance (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:

- Data collection using GPS-equipped mobile computing devices. Use of these devices will allow the Bureau to make major improvements to its business process for data collection—the largest and most expensive component of any census. For example, their use will allow the Bureau 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.
- Mailing a second questionnaire to households that do not respond to the initial mailout. Bureau research has shown this to have significant promise for increasing mail response rates, thus lowering field follow-up workloads and costs. The Bureau also plans 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 Bureau residence rules.
- Making methodological improvements in the way the Bureau collects 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. The Census Bureau will conduct a major field test in 2004, focused primarily on improved methodologies for data collection and coverage. The FY 2004 request supports two test sites. In 2006, the Bureau plans a second major field test focused primarily on the systems integration needed to carry out this new census design. In 2008, the Bureau plans 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 the Bureau also will conduct focused special purpose tests, cognitive studies, and technology assessments.

The objectives for the 2004 Census Test are:

- *Questionnaire Content* – Develop different methods/questions that would improve race and Hispanic origin data by addressing respondent reporting issues, wording and format of the race and Hispanic Origin questions, and forms design issues.
- *Mobile Computing Devices (MCD) for Field Work* – Develop methods for using MCDs (including GPS technology) for field data collection, and assess their impact on field infrastructure and data processing.
- *Coverage Improvements* – Develop new methods for improving housing unit coverage and procedures to reduce housing unit duplication issues, and develop new methods for improving overall coverage of the population and procedures to reduce person duplication issues.
- *Special Place/Group Quarters* – Develop improved definitions and methods for distinguishing between group quarters and housing units in field canvassing operations in order to update the MAF in a comprehensive, integrated manner.
- *Residence Rules* – Develop methods to improve the implementation of residence rules in order to improve coverage.

In 2004 the Census Bureau also will be defining a program of development and testing necessary to count all U.S. citizens overseas in the 2010 Census. Possible methods for the enumeration of Americans overseas include the Internet, paper data collection modes, and administrative records. An integral component of this program will be to develop a marketing plan to inform and motivate overseas Americans to participate. In FY 2004, the Bureau will direct the day-to-day operations of the 2004 Overseas Test. The Bureau will continue developing requirements and plans for the 2006 Overseas Test, and continue consultations with stakeholders, including members of Congress.

While the short-term milestones are the appropriate units for measurement in FY 2004, the Census Bureau is adding information on its long-term goals to the target to highlight the importance of each step in the early-planning process.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan. For FY 2004, the Bureau's performance target is to successfully implement the activities that support the objectives of the 2004 Census Test.

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 ASC 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, the Bureau will develop 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. The Census Bureau 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 the Bureau will begin in FY 2004 will assess the effectiveness of using MCDs for nonresponse follow-up.

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 Caribbean island areas.

The 2010 Census will seek input from federal agencies to help the Bureau define its methodology for enumerating overseas Americans and residents who live in group-quarters facilities, such as nursing homes and correctional institutions. For the Overseas Enumeration the Bureau will be working with the Departments of State and Defense. Group-quarters facilities consist of a large variety of places so the Bureau will be working with multiple agencies to help it define and classify these types of living quarters. The Bureau works closely with the OMB to ensure that the design of questionnaires meets OMB guidelines, and to obtain official OMB clearance for all questionnaires and public use forms used in its 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 ACS and the MAF/TIGER Enhancements Program, interacts regularly with seven external advisory committees composed of members from governmental, professional, and 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.

External Factors and Mitigation Strategies

Each decade, the Census Bureau must adapt the design of the decennial census to changes in the U.S.'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 fourteen months before Census Day.

Unlike the most recent decennial censuses, the Bureau's strategy for this decade is to begin to develop and fully test the 2010 Census design earlier in the decade, so that it can mitigate late decade operational risks and costs. Both the ACS 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: Foster an Environment that Supports Innovation, Reduces Respondent Burden, and Ensures Individual Privacy

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. It was previously worded as “Provide Mission-Critical Support for Tools and Capabilities that Improve Processes, Products, and Services for Our Surveys and Censuses.”)

Corresponding Strategic Goal

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 the Bureau’s 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 (IT) services that provide stable, dependable information technology support and the ability to continually increase our capacity for IT innovation are intimately linked to the accuracy, timeliness, and effectiveness of all Census Bureau programs. These IT services must include an IT security program.
- Research, testing, and the prototyping of tools, systems, and new methods to improve the Bureau’s 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, 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.

Measure 4a: Response to the Annual Boundary and Annexation Survey

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	83%	83%
Actual			81%	81%		
Met/Not Met						

Explanation of Measure

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 the Bureau's performance goal of fostering an environment that supports innovation, reduces respondent burden, and ensures individual privacy.

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan.

Measure 4b: Meet Milestone Dates for Web-enabled Portal Technology

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	100%	100%
Actual						
Met/Not Met						

Explanation of Measure

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

FY 2003 & FY 2004 Targets

No changes have been made to the FY 2003 target since the publication of the FY 2003 Annual Performance Plan.

Measure 4c: Segment score for overall customer satisfaction on the American Customer Satisfaction Index

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	72%
Actual						
Met/Not Met						

Explanation of Measure

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 thirty-one other federal government agencies, participated in the ACSI for the first time in FY 2000, with subsequent participation in FY 2001 and FY 2002. 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.

FY 2003 & FY 2004 Targets

This is a new measure for FY 2004.

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 its mission needs of day-to-day and year-to-year measurement of the U.S. economy and population. Evaluations of the Bureau's 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.

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 Coding 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*.

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 including 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.

CENSUS Data Validation and Verification

The Census Bureau conducts an annual review 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 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 CENSUS Data Validation and Verification table can be found starting on the following page.

CENSUS Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<p>Measure 1a: (1) Household response rate for the Current Population Survey, the National Crime Victimization Survey, and the American Housing Survey; (2) Response rate for the National Health Interview Survey; and (3) Household response rate for the Survey of Income and Program Participation</p>	<p>The Census Bureau collects, calculates, and assesses performance measure data on reliability as the surveys are tabulated.</p>	<p>Performance measures are available at the time of a survey's public data release.</p>	<p>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).</p>	<p>The Census Bureau publicly reports methodological standards for its surveys. The survey data tabulations are compared with these standards to verify that the specified reliability measurements are attained.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 1b: (1) Release data products from the SIPP and (2) Release data products from the Survey of Program Dynamics (See the Explanation of Measure section for data products list)</p>	<p>Data collection dates are published in advance. These set the baseline for release dates.</p>	<p>As scheduled.</p>	<p>Census Bureau databases and public data releases.</p>	<p>Data are verified by comparison with past release dates. Official responses to customers will verify customer satisfaction.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 1c: Release principal economic indicators</p>	<p>Data collection dates are published in advance. These set the baseline for release dates.</p>	<p>As scheduled.</p>	<p>Census Bureau databases and public data releases.</p>	<p>The Census Bureau compares with release schedule.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 1d: Response rates for annual economic surveys used to update benchmark data during intercensal years. (Includes Annual Survey of Manufacturers, (ASM), Annual Trade Survey (ATS), Annual Retail Trade Survey (ARTS), and Service Annual Survey (SAS))</p>	<p>The Census Bureau collects, calculates, and assesses performance measure data on reliability as the surveys are tabulated.</p>	<p>Performance measures are available at the time of a survey's public data release.</p>	<p>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).</p>	<p>The Census Bureau maintains methodological standards for its surveys. The survey data tabulations are compared with these standards to verify that the specified reliability measurements are attained.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 2a: Conduct the Economic Census and Census of Governments</p>	<p>2002 Economic Census and 2002 Census of Governments master schedules. The Bureau of the Census collects performance measure data on response rates as the responses to the census are tabulated.</p>	<p>As scheduled.</p>	<p>N/A. Census of Governments response database.</p>	<p>The Census Bureau will compare actual completion dates with schedule. The Census Bureau compares the performance measure data with historical data on response rates.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 2b: (1) Release Decennial Census data products, (2) Release Census of Governments data products, and (3 & 4) Release Economic Census data products</p>	<p>Data dissemination is scheduled. These set the baseline for release dates.</p>	<p>As scheduled.</p>	<p>American FactFinder</p>	<p>The Census Bureau will compare with actual release dates.</p>	<p>None</p>	<p>N/A</p>
<p>Measure 3a: Implement the American Community Survey (ACS)</p>	<p>ACS activity schedule.</p>	<p>As scheduled.</p>	<p>ACS results and the American FactFinder.</p>	<p>The Census Bureau compares actual release dates with completion schedule.</p>	<p>None</p>	<p>N/A</p>

CENSUS Data Validation and Verification (Cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 3b: 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	N/A
Measure 3c: Conduct early 2010 Census planning, development, and testing	2010 activity schedule.	As scheduled.	Internal Census Bureau documentation of requirements.	The Census Bureau will conduct the 2004 census test in selected test sites as scheduled.	None	N/A
Measure 4a: Response to the Annual Boundary and Annexation Survey	Geographic support system Intranet status reports.	As scheduled.	Census Bureau MAF/TIGER database.	The Census Bureau compares target response rates with actual reported response rates.	None	N/A
Measure 4b: Meet milestone dates for Web-enabled portal technology project	Data are collected and assessed as research, testing, and evaluations proceed.	As scheduled.	Data are printed in the research reports, methodology and standards reports, and evaluation reports.	The Census Bureau will compare targets with actual project results and reports.	None	N/A
Measure 4c: Segment score for overall customer satisfaction on the American Customer Satisfaction Index	American Customer Satisfaction Index.	Annually	Survey is conducted and data stored by the Federal Consulting Group and the University of Michigan Business School.	The Census Bureau compares target index levels with actual reported index levels.	None	N/A

Glossary of Acronyms

3G Third Generation

A

AD Antidumping

ADP Automated Data Processing

APEC Asia-Pacific Economic Cooperative

APP Annual Performance Plan

APPR Annual Program Performance Report

ARC Appalachian Regional Commission

ASQ American Society for Quality

ATP Advanced Technology Program

AWIPS Advanced Weather Interactive Processing System

B

BEA Bureau of Economic Analysis

BLS Bureau of Labor Statistics

BNQP Baldrige National Quality Program

BRAC Base Realignment and Closure

BRS Business Reporting System

BXA Bureau of Export Administration

C

CAMS Commerce Administrative Management System

CDBG Community Development Block Grants

CFC Chlorofluorocarbon

CIAO Critical Infrastructure Assurance Office

CIO Chief Information Officer

CIP Critical Infrastructure Protection

CIPGP Critical Infrastructure Protection Grants Program

COOL Commerce Opportunities Online

COTS Commercial Off-the-Shelf

CRADA Cooperative Research and Development Agreement

CRM Customer Relationship Management

CSRS Civil Service Retirement System

CVD Countervailing Duty

CWC Chemical Weapons Convention

CWPPRA Coastal Wetlands Planning, Protection, and Restoration Act

D

DEC District Export Council

DM Departmental Management

DOD Department of Defense

DOE Department of Energy

DOT Department of Transportation

E

EAA Export Administration Act

EAR Export Administration Regulations

GLOSSARY OF ACRONYMS

ECASS	Export Control Automated Support System
EDA	Economic Development Administration
EDAP	Economic Development Assistance Program
EEEL	Electronics and Electrical Engineering Laboratory
ENSO	El Niño/Southern Oscillation
EPA	Environmental Protection Agency
ESA	Economics and Statistics Administration

F

FAA	Federal Aviation Administration
FAIR	Federal Activities Inventory Reform
FAR	False Alarm Rate
FBI	Federal Bureau of Investigation
FCC	Federal Communications Commission
FEMA	Federal Emergency Management Agency
FGDC	Federal Geographic Data Committee
FOIA	Freedom of Information Act
FTE	Full-Time Equivalent

G

GAO	General Accounting Office
GDP	Gross Domestic Product
GIS	Geographic Information System
GMF	Government Master File
GOES	Geostationary Operational Environmental Satellite
GPEA	Government Paperwork Elimination Act
GPRA	Government Performance and Results Act
GPS	Global Positioning Satellite System
GSS	Geographic Support System

H

HPC	Hydrometeorological Prediction Center
HR	Human Resources
HRDS	Human Resources Data System
HUD	Department of Housing and Urban Development

I

IA	Import Administration
ICP	Internal Control Program
ICSP	Interagency Council on Statistical Policy
IMF	International Monetary Fund
IRAC	Interdepartment Radio Advisory Committee
IRS	Internal Revenue Service
IT	Information Technology
ITA	International Trade Administration
ITL	Information Technology Laboratory
ITS	Institute for Telecommunication Sciences
ITU	International Telecommunication Union

J

JVS	Josephson Volt Standard
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M

MAF/TIGER	Master Address File/Topologically Integrated Encoding and Referencing
MBDA	Minority Business Development Agency
MBIP	Minority Business Internet Portal
MBNQP	Malcolm Baldrige National Quality Program
MEL	Manufacturing Engineering Laboratory
MEP	Manufacturing Extension Partnership

MFI Market Facts Incorporated

MSA Metropolitan Statistical Area

N

NAICS North American Industry Classification System

NAPCS North American Product Classification System

NASA National Aeronautics and Space Administration

NCDC National Climatic Data Center

NESDIS National Environmental Satellite, Data, and Information Service

NEXRAD Next Generation Weather Radar

NIMA National Imagery and Mapping Agency

NIST National Institute of Standards and Technology

NMFS National Marine Fisheries Service

NOAA National Oceanic and Atmospheric Administration

NOS National Ocean Service

NRC National Research Council

NSRS National Spatial Reference System

NTIA National Telecommunications and Information Administration

NTIS National Technical Information Service

NWS National Weather Service

O

OAR Office of Oceanic and Atmospheric Research

OCWWS Office of Climate, Water, and Weather Services

OEА Office of Economic Adjustment

OECD Organisation for Economic Co-operation and Development

OHRM Office of Human Resources Management

OIG Office of Inspector General

OMB Office of Management and Budget

OPEM Bureau of Export Administration's Office of Planning, Evaluation, and Management

OSDBU Office of Small and Disadvantaged Business Utilization

OSM Office of Spectrum Management

OTP Office of Technology Policy

P

PAC Procurement, Acquisition, and Construction

PALM Patent Application Location and Monitoring

PCIS Partnership for Critical Infrastructure Security

PEC Procurement Executive Council

PRA Paperwork Reduction Act

PSV Postshipment Verification

PTFFP Public Telecommunications Facilities Program

Q

QFR Quarterly Financial Report

R

R&D Research and Development

RD/RU Rural Development/Rural Utilities

RPS Recover Protected Species

S

SBA Small Business Administration

SES Senior Executive Service

SIPP Survey of Income and Program Participation

SME Small and Medium-sized Enterprise

SOI Southern Oscillation Index

GLOSSARY OF ACRONYMS

SPD Survey of Program Dynamics
SRD Standard Reference Data
SRM Standard Reference Material
SSN Social Security Number
S&T Science and Technology

T

TA Technology Administration
TAA Trade Adjustment Assistance
TCC Trade Compliance Center
TED Turtle Excluder Device
TOP Technology Opportunities Program
TPC Tropical Prediction Center
TPCC Trade Promotion Coordinating Committee
TRAM Trademark Reporting and Monitoring

U

US Under Secretary
USDA U.S. Department of Agriculture
US&FCS U.S. and Foreign Commercial Service
USGS U.S. Geographic Survey
USPTO U.S. Patent and Trademark Office
USTR U.S. Trade Representative
USWRP U.S. Weather Research Program
UWB Ultra Wideband

W

WFO Weather Forecast Office
WRC World Radio-communication Conference
WSR-88D Weather Service Radar



International Trade Administration

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.

In fiscal year 2004, the International Trade Administration (ITA) will remain dedicated to opening foreign markets, promoting export activity, and ensuring fair competition and compliance with international trade agreements. This continues to be the focus of its business plans and adheres to its FY 2002-FY 2006 Strategic Plan¹. ITA will also utilize information obtained from customers during FY 2002 and FY 2003 to assess product and service offerings and to enhance client service delivery.

ITA employs almost 2,500 people stationed in the U.S. and abroad in five major program units: Trade Development, Market Access and Compliance, Import Administration, U.S. and Foreign Commercial Service, and Executive Direction and Administration. These units support the ITA mission by performing analyses, promoting U.S. products, and offering services and programs for the U.S. exporting community. ITA is also responsible for ensuring that competition is fair and that the U.S.'s trading partners comply with international trade agreements.

ITA will work to increase trade opportunities and advance U.S. trade policy positions through its involvement in both the World Trade Organization (WTO) negotiations and through its efforts to expand the North America Free Trade Area (NAFTA) to a Free Trade Area of the Americas (FTAA). Through FY 2004, ITA will focus on bilateral negotiations to increase trade opportunities with Chile and Singapore. The passage of Trade Promotion Authority by Congress, signed into law by the President in August 2002, will enable ITA to be definitive in its policy and negotiation strategy for both bilateral and multilateral initiatives.

Through FY 2004, ITA will strengthen the necessary infrastructure to ensure that trade agreements negotiated by the U.S. are evaluated in regard to their implementation by foreign governments and monitored for compliance problems. ITA will defend U.S. 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 President's "2002 National Export Strategy (NES)"² presented sixty 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 small and medium-sized enterprises (SMEs), while ensuring that all exporters have the best resources available to take advantage of overseas commercial opportunities. SMEs constitute 97 percent of all U.S. exporting companies and account for about 30 percent of the value of U.S. exports according to the NES.

¹ ITA's Strategic Plan is available at: www.ita.doc.gov/ooms/ITAMeasures/ITAStrategicPlan.pdf.

² The National Export Strategy is an annual Congressionally mandated report as required by the Export Enhancement Act of 1992. This act also established the Trade Promotion Coordinating Committees (TPCC) by statute.

The Trade Promotion Coordinating Committee's (TPCC)³ survey of 3,200 small and medium-sized firms, entitled *Report Card on Trade II*, shows that 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.

Priorities/Management Challenges

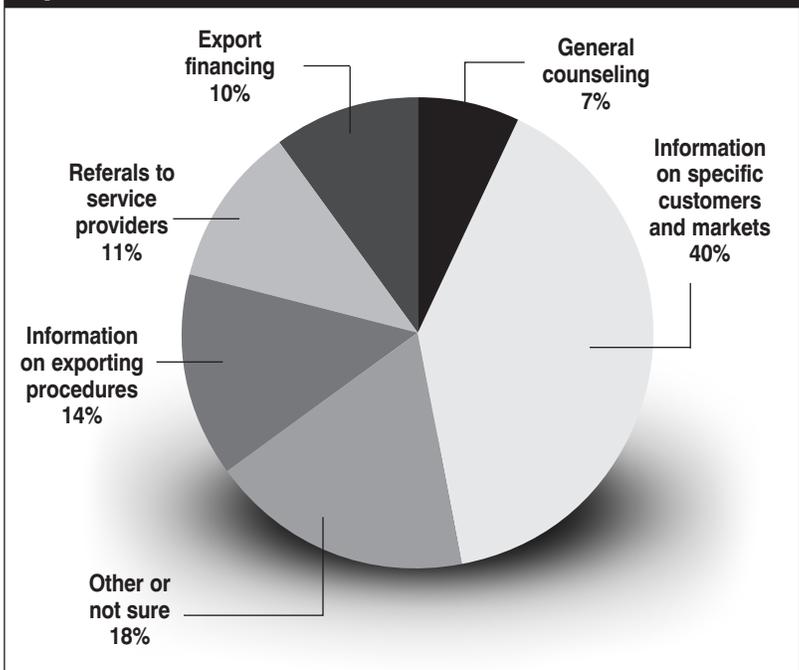
ITA faces additional demands as the international trade environment rapidly changes, often requiring ITA to shift its focus and address new priorities. Challenges constantly emerge with new markets to target and new types of barriers to address. U.S. firms depend upon ITA to act in their best interest through the development of trade statistics and economic analysis that helps posture ITA's key WTO negotiating positions.

ITA's primary clients are small and medium-sized enterprises (SMEs) that want basic information on overseas market opportunities.

Source: The recently completed (June, FY 2002) Trade Promotion Coordinating Committee (TPCC) benchmark survey entitled, "Report Card on Trade II."

In FY 2004, addressing customer demand for export products and services and ensuring that SMEs continue to perform well in today's uncertain economy is a critical challenge for ITA. Interestingly, exporters rely on the government for market information more than any other source (private sector or non-governmental organizations)⁴. The *Report Card on Trade II* survey confirmed that the federal government is an important resource for Web-based information. One of ITA's key challenges and opportunities is to make Export.Gov an easy to use source of web-based information. The main challenge being addressed is the ability of U.S. exporters to find the government's best export assistance information in one place on the Web. ITA measures the results of these efforts by assessing customer satisfaction with the portal's ease of use. In FY 2002, eight out of ten clients found the trade portal, Export.Gov, easy to use. The results thus far compare to best- in- class practices in both private and public benchmarks.⁵

ITA Has identified What Assistance Small, New to Export Firms Need Most



³ The TPCC is the statutorily mandated committee composed of 19 federal agencies established to ensure coordinated delivery of export promotion programs and services.

⁴ TPCC Benchmark Survey, report no. PB2002-105721.

⁵ Source: ITA Performance Management System

Through FY 2004, 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 its U.S. market base. ITA's success in maintaining this balance stems from its ability to integrate efforts to support the President's commercial and foreign policy goals of promoting 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 bring free trade to Africa, China, and throughout the Americas.

More can be done to improve ITA's record of success in promoting and expanding export opportunities for U.S. firms. Exports as a percentage of gross domestic product (GDP) have remained fairly flat over the past decade. According to the FY 2002 National Export Strategy, while overall U.S. exports have grown, the percentage of U.S. firms that export is still below 5 percent. One of ITA's greatest challenges is helping these firms with export potential to reach their full capacity through first time export market entry. ITA measures these results. During FY 2002 alone, ITA's efforts have led to nearly 6,000 U.S. businesses entering new export markets.⁶

Companies rely on existing government programs, but want these programs updated to twenty-first century best-in-class practices. ITA's clients expect seamless service and government staff to be fully trained to take them through the maze of government programs and to understand the bigger picture. Firms that are new to exporting demand information on specific markets and trade leads. In addition to mastering the intricacies of the exporting process, U.S. firms have to identify and learn how to find market research, technical information, and documentary requirements. ITA's FY 2004 budget proposal and its integrated performance plan requests the resources to respond to foreign marketplace challenges and address increased client demand.

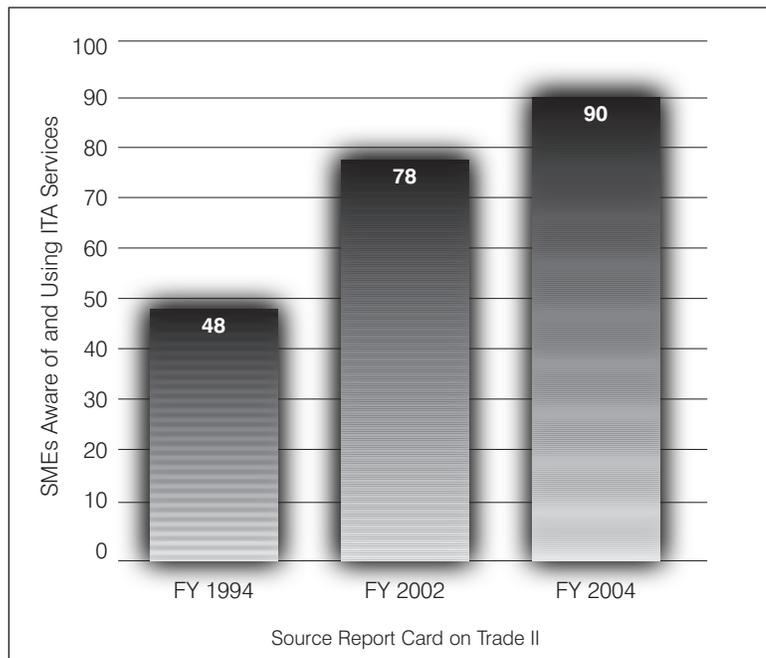
Between 1994 and 2002, SMEs that had heard of and used ITA's Export Assistance Services rose from 48% to 78%. It will continue to grow through 2004.

Source: Report Card on Trade II

ITA's Integrated Performance Plan Supports the President's and Secretary's International Trade Agenda

ITA is poised to carry out President Bush's international trade agenda while defining its strategic direction to address the changing expectations and needs of its stakeholders and customers. As a result of this, ITA is better positioned to help the U.S.'s exporters meet the challenges confronting them and capitalize on new opportunities that arise from the adoption of the President's agenda. ITA's goals and objectives⁷

drive the content and structure of the FY 2004 budget request and support the Commerce Department's core mission of promoting job creation and improving the living standard for all Americans. In particular, ITA's programs directly support



⁶ Source: ITA Performance Management System

⁷ ITA's mission, goals, objectives, and key performance measures are described in detail in its Strategic Plan, available at: www.ita.doc.gov/ooms/ITAMeasures/ITAStrategicPlan.pdf.

Commerce's strategic goal to "provide the information and framework to enable the economy to operate efficiently and equitably." ITA's Strategic Plan also outlines cross-cutting activities in which ITA works closely with other government agencies to achieve desired outcomes and fulfill its lead role in international trade.

For the first time, ITA submitted a performance plan and a budget request that is integrated with its planning and performance management processes. The most significant change is that ITA's resources and program descriptions are now presented in terms of how they support ITA's six performance goals⁸, rather than solely in the former sub-line item structure. ITA believes this will present the reader with a clearer picture of how resources are applied to achieve program goals. In addition, this positions ITA closer to meeting one of the standards for success in the President's Management Agenda: improved integration of budget and performance. This is just one way in which ITA is actively pursuing initiatives under the President's Management Agenda.

ITA will continue to support U.S. business interests and the U.S. economy through its initiatives in compliance, enhancement of customer service and its support of key global markets and critical sectors.

Compliance

- ITA compliance efforts are a top priority. ITA must ensure that it continues to have a free and open trading system and do this by:
 - Improving the ability of its overseas staff to respond to trade compliance issues and to ensure that U.S. businesses receive the full benefit of negotiated trade agreements, resolve market access problems (foreign restrictive standards and other regulatory measures), and defend U.S. industry against injurious trade practices by enforcing U.S. trade laws. In FY 2002, ITA initiated 253 market access and compliance cases.⁹
 - Responding to growth in World Trade Organization (WTO)-inspired litigation and addressing the growing number of investigations and reviews from non-market economy countries such as China. ITA has been forced to analyze complicated enforcement issues such as circumvention, new shipper reviews, and the independence of companies from the government. Because of the dynamic changes that all non-market economy countries are experiencing, ITA has and is constantly refining and re-examining its non-market economy practices and policies. Now that China has entered the WTO, subsidy analysis will become an even greater challenge for ITA.
 - China's WTO accession also offers more leverage for the U.S. in seeking redress and compliance in difficult trade issues because China must now comply with WTO rules. More stringent compliance will be sought on behalf of U.S. firms to protect U.S. intellectual property exports and ensure effective resolution of standards and other non-tariff issues. WTO accession will help the Chinese commercial infrastructure become more transparent to other WTO members and enable U.S. firms to operate under somewhat similar business conditions found in other parts of the world.
- The final lynchpin in ITA's enhanced compliance efforts is the development of a proactive compliance capability by:
 - Increasing research and monitoring of existing trade agreements, identifiable market access barriers, and more coordinated antidumping (AD)/countervailing (CVD) casework, which focuses on imports that are being unfairly subsidized or sold in the U.S. at less than fair market value.

⁸ See performance goals section begins on page 165.

⁹ ITA performance management system.

- Developing targeted outreach to U.S. companies has been essential. ITA will continue to build on the collaborative process between its geographic/sector specific units and its Trade Compliance Center in resolving compliance issues with trade agreements signed by the United States. This will lead to greater cooperation and a more effective tracking system of compliance cases throughout ITA. The ITA-wide tracking database has been the focus of efforts to capture all activities related to overcoming trade barriers and begin a concerted effort to measure results in trade compliance and market access.
- Finally, deploying its response teams more quickly and ensuring they are prepared is essential for ITA's success in compliance. These teams seek to resolve overseas compliance issues on behalf of U.S. firms with host government officials and foreign business organizations. ITA's overseas presence will devote considerable time to addressing the needs of companies that seek to do business in new emerging, high volume markets. ITA's compliance staff will require new strategies to address key trade areas for these markets and will face complex issues involving commercial law requirements in non-market economies and approaches to address issues like violation of intellectual property rights, a significant trade problem in China, Malaysia, and Vietnam.

Improved Customer Service

ITA is taking a systemic approach to assessing and addressing its customers' needs. It is critical that ITA consider this a priority since it must respond to shifting economic circumstances and the changes resulting from September 11. ITA had already begun to develop novel mechanisms for meeting client needs through e-commerce efforts, cooperative agreements, and its efforts to streamline coordination among trade supportive federal and state government agencies servicing its customers.

ITA's Web-based Services

In FY 2003, ITA is planning to gather data from customers in an ITA-wide customer survey to develop a baseline for ITA-wide customer performance and to enhance its understanding of client needs. This information, coupled with ITA management's commitment to improve client service, will be used for defining and refining performance measurements and targets.

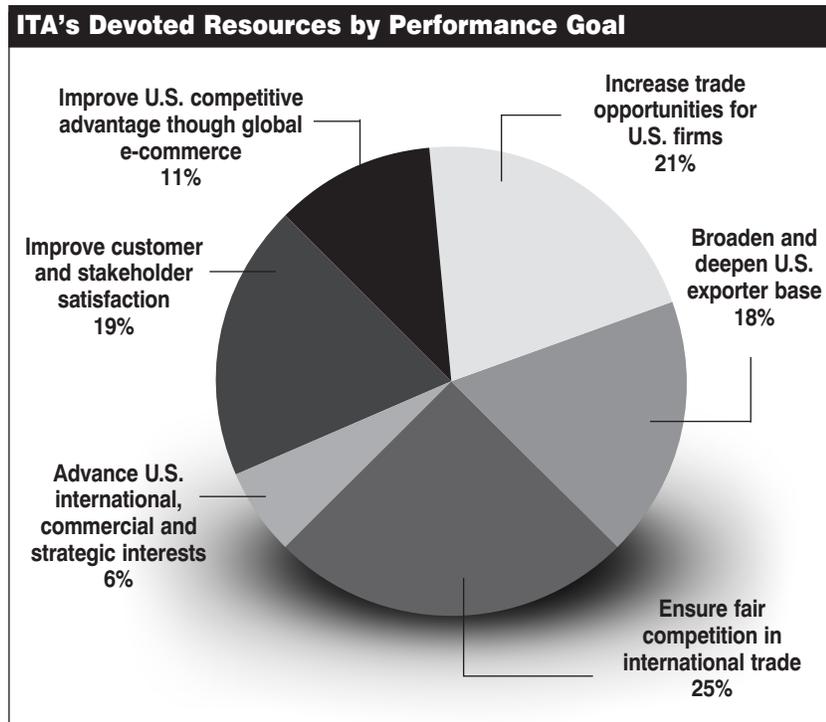
ITA structures its operations and designs programs to reach under-served communities and prepare them for exporting. Sixty percent of U.S. exporters use Web sites as a primary source of Web-based information. Projects underway to help U.S. companies take advantage of technological advances include outreach seminars and a hotline to resolve customer complaints. ITA's FY 2002 quarterly survey of the Export.gov Web site showed 84 percent satisfaction. Customers have commented on ITA's efforts to go the extra mile, ensuring that inquiries are followed up, checking to see that correct information was sent, and in many cases, customizing information to meet the customer's needs. ITA will make every effort to secure its Information Technology infrastructure through a proposed FY 2004 budget increase. It must ensure it has reliable data as well as a stable infrastructure to preserve the integrity of the data.

Other Key Challenges

- The worldwide economy has been sluggish for over a year and ITA must balance new foreign policy and security goals while facing the challenge of expanding its U.S. market base. This enables ITA to support the President's goal to promote freedom and liberty through free trade while maintaining ITA's goal of expanding markets for U.S. goods and services.

- ITA’s efforts to bring geopolitical stability to uncertain areas of the globe through enhanced opportunity and economic development for citizens in these unstable regions are an important trade and foreign policy goal. IT will accomplish these challenges through various means:
 - AGOA and CBI initiatives – The African Growth and Opportunity Act and ITA’s Caribbean Basin Initiative support the development of export opportunities, increased economic interrelations and greater stability and regard for American values in critically unstable regions of the globe.
 - Middle East initiative – A central goal of the effort is to develop economic opportunities in countries such as Oman and Morocco.
 - National Energy Policy – Development of a solid energy plan brings significant opportunities to the U.S. economy and alleviates dependency on foreign sources of oil. The new National Energy policy assists with ITA’s compliance efforts to identify and remove barriers in the global energy trade.
 - In FY 2003 and FY 2004, ITA will continue to target countries with high trade potential that also address the current security concerns of the U.S. ITA measures the dollar values and the percent change in dollar values in priority markets as these opportunities are identified and acted upon.

FY 2004 Program Resources by Performance Goal



FY 2004 Program Changes

(Dollars in Thousands)

The FY 2004 budget focuses on the resources needed in the upcoming fiscal year that will enable ITA to help its business clients meet the challenges and demands in the international marketplace.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Executive direction/administration	162	\$25,964	3	+\$3,745

An increase (3 FTE,+\$3,745) is requested to ensure all ITA Information Technology (IT) assets are protected from both internal and external threats inherent in a globally interconnected environment. The security improvements to be accomplished with these funds will provide proper safeguards. Through this request, ITA will address critical IT concerns raised by the General Accounting Office's (GAO's) review¹⁰ of IT security in the Commerce Department, as well as contractor-performed risk evaluations of ITA systems and IT security.

¹⁰ GAO Report Number: GAO-01-751

Targets and Performance Summary

See Individual Performance Goal section for further description of each measure.

Performance Goal 1: Increase Trade Opportunities for U.S. Firms

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of new or enhanced sector entities to promote U.S. exports	New	New	New	36	Not Implemented	50	50
Place holder for FY 2004 measures on trade and economic analysis and international trade negotiations ¹	New						
Number of new-to-market firms	67,835	54,307	63,719	54,000	64,263	Discontinued	Discontinued

Performance Goal 2: Broaden and Deepen U.S. Exporter Base

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Percentage of undertaken advocacy actions completed successfully	New	New	New	15% to 20%	11.8%	12% to 15%	12% to 15%
Dollar value of completed advocacies (U.S. export content)	New	New	New	\$3B to \$4B	\$8.64B	\$4B to \$6B	\$4B to \$6B
Number of U.S. exporters entering new market	New	4,502	5,386	5,900	5,740	6,500	7,100
Number of U.S. firms exporting for the first time	New	673	742	800	699	800	800
Number of export transactions made as a result of ITA involvement	New	New	11,160	12,300	12,178	13,500	15,000
Number of new-to-export firms	42,351	33,514	20,422	30,000	21,850	Discontinued	Discontinued

Performance Goal 3: Ensure Fair Competition in International Trade

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Percentage of antidumping or countervailing duty cases completed on time	New	New	New	100%	100%	100%	100%
Number of market access and compliance cases initiated	New	New	New	New	253	180 to 210	150 to 160
Number of market access and compliance cases concluded	New	New	New	New	New	30 to 40	50 to 60
Dollar value of trade barriers addressed	New	New	New	New	\$40.2B	\$15B to \$20B	Discontinued
Number of AD/CVD cases processed	134	185	136	136	183	Discontinued	Discontinued

Performance Goal 4: Advance the United States' International Commercial and Strategic Interest

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Dollar exports in targeted products and markets	New	New	New	\$175B	\$166.3B	\$160B-\$180B	\$160B-\$180B

Performance Goal 5: Improve customer and stakeholder satisfaction¹

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Customer satisfaction with ITA's products or services	New	New	New	New	New	66% to 70%	66% to 70%
Customer perception of ease of access to export and trade information and data	New	New	New	New	New	60% to 80%	60% to 80%
Level of awareness of ITA products and services	New	New	New	New	New	3.5 mean	3.5 mean
Employee job satisfaction	New	New	New	3.5 mean	Not Implemented	3.5 mean	3.5 mean
Number of customers acquired through proactive ITA efforts	New	New	New	New	New	1,000	1,000
Number of U.S. exporter activities undertaken per customer surveyed	New	New	New	New	New	2	2

Performance Goal 6: Improve the U.S. Competitive Advantage through Global e-commerce

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of new subscribers using BuyUSA.com e-services	New	New	339	1,500	564	650	715
Customer perception of portal ease of use	New	New	New	Greater than 50%	84.4%	Greater than 70%	Greater than 70%
Percentage of ITA's significant products and services provided electronically to external customers	New	New	New	50%	Not implemented ²	75% to 80%	85% to 95%

¹ These measures are under development and will contain actual data during FY 2003.

² Data are not available at the time of this publication because data sources are currently under development.

Resource Requirements Summary

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

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Increase Trade Opportunities for U.S. Firms

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	New	New	18.6	17.2	18.6	19.0	0.0	19.0
Market Access and Compliance	New	New	1.5	1.9	2.6	2.0	0.0	2.0
Import Administration	New	New	0.0	0.0	0.0	0.0	0.0	0.0
US&FCS Administration	New	New	73.0	62.4	66.4	65.8	0.0	65.8
Total Funding	New	New	93.1	81.5	87.6	86.8	0.0	86.8
IT Funding ¹	New	New	7.0	6.6	5.3	7.5	0.0	7.5
FTE	New	New	563	463	518	522	0	522

Performance Goal 2: Broaden and Deepen U.S. Exporter Base

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	27.4	28.7	17.9	21.4	18.0	18.2	0.0	18.2
Market Access and Compliance	2.5	2.4	1.5	1.9	2.6	2.0	0.0	2.0
Import Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US&FCS Administration	88.5	93.1	58.4	52.0	55.4	55.7	0.0	55.7
Total Funding	118.4	124.0	77.8	75.3	76.0	75.9	0.0	75.9
IT Funding ¹	8.8	8.9	5.9	5.6	4.6	6.4	0.0	6.4
FTE	900	904	468	424	448	454	0	454

Performance Goal 3: Ensure Fair Competition in International Trade

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	5.4	6.4	6.6	6.9	6.7	6.7	0.0	6.7
Market Access and Compliance	15.0	17.6	18.6	24.2	32.3	24.6	0.0	24.6
Import Administration	26.8	31.3	33.0	40.9	46.4	48.7	0.0	48.7
US&FCS	3.4	4.0	4.1	20.8	22.2	22.3	0.0	22.3
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	50.6	59.0	62.3	92.8	107.6	102.3	0.0	102.3
IT Funding ¹	3.7	3.7	4.9	4.6	6.6	5.3	0.0	5.3
FTE	376	378	418	571	703	722	0	722

Performance Goal 4: Advance the United States' International Commercial and Strategic Interest

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	21.4	20.8	3.3	9.0	3.4	3.3	0.0	3.3
Market Access and Compliance	13.6	13.2	2.1	2.7	3.6	2.8	0.0	2.8
Import Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
US&FCS	78.6	84.2	10.4	16.7	17.6	17.8	0.0	17.8
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	113.6	110.0	15.8	28.4	24.6	23.9	0.0	23.9
IT Funding ¹	7.7	7.7	1.2	1.1	1.5	1.3	0.0	1.3
FTE	770	776	96	157	144	144	0	144

Performance Goal 5: Improve Customer and Stakeholder Satisfaction

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	New	New	10.0	12.5	10.0	10.1	0.0	10.1
Market Access and Compliance	New	New	2.9	3.8	5.1	4.0	0.0	4.0
Import Administration	New	New	3.9	4.6	5.1	5.4	0.0	5.4
US&FCS	New	New	31.3	31.3	33.2	33.4	0.0	33.4
Administration	New	New	12.3	13.3	26.3	26.8	3.7	30.5
Total Funding	New	New	60.4	65.5	79.7	79.7	3.7	83.4
IT Funding ¹	New	New	4.5	4.2	4.3	4.8	0.0	4.8
FTE	New	New	436	442	483	484	3	487

Performance Goal 6: Improve the U.S. Competitive Advantage through Global e-commerce

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Trade Development	8.1	8.5	10.0	2.0	9.9	10.2	0.0	10.2
Market Access and Compliance	2.3	2.5	2.9	3.8	5.1	3.9	0.0	3.9
Import Administration	1.6	1.6	1.9	0.0	0.0	0.0	0.0	0.0
US&FCS	25.6	26.6	31.3	25	26.6	26.9	0.0	26.9
Administration	1.8	1.9	2.2	2.3	4.6	4.8	0.0	4.8
Total Funding	39.1	41.0	48.3	33.1	46.2	45.8	0.0	45.8
IT Funding ¹	3.0	3.0	3.7	3.5	3.1	4.0	0.0	4.0
FTE	314	316	305	198	270	270	0.0	270

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Total Funding	321.7	334.0	357.7	376.6	421.7	414.4	3.7	418.1
Direct	317.4	325.0	342.2	365.8	385.7	378.4	26.0	382.0
Reimbursable ²	14.3	9.0	15.5	11.1	36.0	36.0	0.0	36.0
IT Funding ¹	23.2	23.8	27.2	25.6	25.4	29.3	0.0	29.3
FTE	2,359	2,344	2,286	2,255	2,566	2,596	3	2,599

¹ IT funding included in total funding. IT requirements include infrastructure and related mission systems.

² Reimbursable funding included in total funding.

Skill Summary

The following list describes ITA's core competencies:

- In-depth knowledge of international and domestic trade laws and regulations.
- Country and/or industry-sector expertise.
- Specialized knowledge and experience in export marketing and promotion.
- Understanding of foreign trade practices, trade programs and policies.
- In-depth knowledge of trade-distorting practices.
- 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.
- Project management skills — to lead and manage projects and contracted work.

FY 2002 Performance Goals

Performance Goal 1: Increase Trade Opportunities for U.S. Firms

Corresponding Strategic Goal

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

Rationale for Performance Goal

Working to open previously closed foreign markets is one of the most important contributions the U.S. government can make to achieve the goal of increasing trade opportunities for U.S. firms. The U.S. government attempts to obtain market access through bilateral and multilateral trade negotiations and through government-to-government cooperative efforts to remove non-tariff trade barriers. The passage of Trade Promotion Authority (TPA) offers new challenges and opportunities for the U.S. to open foreign markets by providing an important tool to break down barriers with all countries.

The International Trade Administration (ITA) will play a pivotal role in international trade negotiations to build free trade relations with Chile, Singapore and Morocco. ITA provides analysis, expertise, and staff support needed during the negotiations of the Free Trade Agreement of the Americas (FTAA) and with regional agreements with the nations of Central America and the Southern Africa Customs Union. ITA is responsible for implementing Commerce's role in the Doha Development Round of the World Trade Organization negotiations, working to remove non-tariff barriers 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	36	50	50
Actual	Not Implemented					
Met/Not Met	Not Met					

Explanation of Measure

To identify U.S. industry trade policy needs, ITA manages a number of public/private partnership activities – seventeen Industry Sector 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 intended 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. 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. Enhanced partnership is a partnership that is changed so that it more positively affects the achievement of ITA goals and objectives.

FY 2003 & FY 2004 Targets

This is a new performance measure that will be implemented in FY 2003. The delay in the implementation occurred due to the amount of information that has to be analyzed to establish a baseline. Once the data is received from offices located in headquarters and domestic field and overseas posts, and identification of reporting requirements is completed, ITA can establish baseline figures that will enable changes from baseline data to be measured.

Targets established for FY 2003 through FY 2004 are based on best available data at the time of this publication, although data sources are still being refined to obtain actual results in order to implement a baseline measure.

Measure 1b: Placeholder for New Measure Dealing with International Trade Negotiations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						New
Actual						
Met/Not Met						

ITA is currently developing an approach to measure ITA's contributions to bilateral and multilateral negotiations. A measure will be refined by mid FY 2003 and ITA will begin to collect data for FY 2004.

Program Evaluation

In support of the "Increase Trade Opportunities for U.S. Firms" performance goal, ITA, together with the Trade Promotion Coordinating Committee (TPCC), conducted a survey of U.S. firms that focused on improvement of assistance to U.S. companies in entering and thriving in the world market. The survey also recommended actions that directly address ITA's clients' needs, reflect successful practices of its trading partners, and leverage resources across the agencies. The survey recommendations included a coordinated approach to identifying major projects opportunities early enough that U.S. firms can effectively compete; improved customer service; and a need for a more effective outreach strategy.

Discontinued Measure

Number of New-to-Market Firms

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	45,919	47,437	54,779	54,000	Discontinued	Discontinued
Actual	67,835	54,307	63,719	64,263		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

ITA will discontinue this performance measure because it recorded the number of firms that were planning to enter a new market and for which ITA provided export assistance services. The measure of the "Number of U.S. Exporters Entering a New Market for the First Time" replaces the discontinued measure. The new performance measures report only on new U.S. exporters that transact an actual verifiable export sale.

Cross-cutting Activities

Intra-Department of Commerce

- National Institute of Standards and Technology—provides Standards Attachés at certain overseas posts to help ITA devise strategies that address regulatory barriers on standards. This is especially relevant where markets have several standards when U.S. firms gain an advantage if ITA's standard is adopted or where U.S. firms can develop a product to meet the foreign standard.
- 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.

Other Government Agencies

- Customs Service—ensures the prompt and accurate implementation of duty collection based on ITA's decisions on antidumping or countervailing duty cases.
- Federal Aviation Administration—advises ITA on strategies to address foreign regulatory barriers and security standards for transportation.
- Department of State—economic officers assist with market research and compliance projects in countries where U.S. & Foreign Commercial Service (US&FCS) does not maintain or has deployed minimal commercial staff.
- TPCC—TPCC coordinates implementation of trade finance and trade promotion programs of the nineteen 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 twenty-eight 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 ten Congressional representatives. The Industry Consultations Program, which consists of twenty-two 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 identifies these changes and adopts 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 the most labor-intensive component of the U.S. negotiating agenda, the World Trade Organization Doha Development 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 establish mechanisms that 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: Broaden and Deepen U.S. Exporter Base

Corresponding Strategic Goal

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

Rationale for Performance Goal

The International Trade Administration (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 small and medium-sized enterprises (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 Trade Promotion Coordinating Committee (TPCC). The chief aim is to consistently deliver the complete package of export assistance to businesses throughout the U.S. 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.

Measure 2a: Percentage of Undertaken Advocacy Actions Completed Successfully						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	15% to 20%	12% to 15%	12% to 15%
Actual				11.8%		
Met/Not Met				Not Met		

Explanation of Measure

This performance measure captures information about the effectiveness of ITA's advocacy efforts and supports that broaden and deepen the U.S. exporter base performance goal by measuring the percentage of successful advocacy awards made to U.S. firms or interests during a fiscal year. The success of the U.S.'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 2003 & FY 2004 Targets

ITA did not meet its FY 2002 target. The target reported is based on preliminary fourth quarter data, that does not reflect reports from all of the advocacy actions undertaken. ITA expects to meet the target for FY 2002 once the Advocacy Center completes a survey of its customers in March 2003 and all lagging data are reported. FY 2003 through FY 2004 targets reflect historical information maintained by the ITA's Advocacy Center, as well as preliminary FY 2002 actual performance.

Measure 2b: Dollar Value of Completed Advocacies (U.S. Export Content)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	\$3B to \$4B	\$4B to \$6B	\$4B to \$6B
Actual				\$8.64B		
Met/Not Met				Met		

Explanation of Measure

This measure captures information on the effectiveness of ITA's advocacy efforts and supports that broaden and deepen the U.S. export base performance goal. 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 performance measure contained in the FY 2001 Annual Performance Plan, dollar value of gross exports supported through advocacy efforts, reported the total value of foreign contracts.

The success of the U.S.'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 trade promotion and deal making, especially where U.S. firms are bidding on major projects overseas. Through its advocacy efforts, ITA supports three basic U.S. firm needs: access to new markets, entry to markets, and expansion of export activities

FY 2003 & FY 2004 Targets

FY 2003 through FY 2004 targets reflect the preliminary actual FY 2002 performance, historical information maintained by the ITA's Advocacy Center, and projected domestic and international economic conditions.

Measure 2c: Number of U.S. Exporters Entering New Market						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	4,540	5,900	6,500	7,100
Actual		4,502	5,386	5,740		
Met/Not Met			Met	Not Met		

Explanation of Measure

This performance measure helps to assess ITA's success bringing in U.S. exporters to a new overseas market and measures ITA's effectiveness in promoting trade. ITA will record and report on a 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 twenty-four months, prior exports have resulted from unsolicited orders, or exports were made through a U.S.-based intermediary. The definition has been revised to create more meaningful data about ITA's success in helping U.S. firms export. Previously, ITA recorded the number of firms that were planning to export to a new market to which ITA provided export assistance services. Now, ITA will report only on U.S. firms that transact an actual verifiable export sale or other export related activity.

FY 2003 & FY 2004 Targets

ITA has developed targets based on the information captured by the Client Management System maintained by the U.S. and Foreign Commercial Service (U.S.&FCS). Targets for FY 2003 through FY 2004 have been revised downward reflecting the actual FY 2002 performance and projected worldwide economic conditions.

Measure 2d: Number of U.S. Firms Exporting for the First Time						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	679	800	800	800
Actual		673	742	699		
Met/Not Met			Met	Not Met		

Explanation of Measure

ITA focuses on small and medium- sized enterprises (SMEs) that are export-ready. Export ready firms are those with competitive products or services and that already possess a level of financial and managerial strength that enables them to export. To assess ITA's success in bringing in new U.S. businesses to exporting and to measure ITA's effectiveness in promoting trade, 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. 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.

FY 2003 & FY 2004 Targets

ITA has developed targets based on the information captured in FY 2002 by the Client Management System maintained by the U.S.&FCS. Additionally, targets for FY 2003 through FY 2004 have been revised downward to reflect worldwide economic slowdown.

Measure 2e: Number of Export Transactions Made as a Result of ITA Involvement						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	9,253	12,300	13,500	15,000
Actual			11,160	12,178		
Met/Not Met			Met	Not 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 is a results-oriented performance measure that 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 trade promotion 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.

FY 2003 & FY 2004 Targets

ITA has developed targets based on the information captured in FY 2002 by the Client Management System maintained by the U.S.&FCS. Targets for FY 2003 through FY 2004 have been derived after consultations with project managers.

Program Evaluation

In support of the "Broaden and Deepen U.S. Exporter Base" performance goal, ITA undertook a review of several overseas offices to assess the performance of ways that U.S. firms find potential distributors and buyers, and the research that is conducted to support U.S. firms' best prospects for U.S. goods and services. General reviews of operations were conducted of foreign posts in Venezuela, Greece, and Indonesia, and reviews of administrative operations were conducted in Poland, the Czech Republic and The Hague. Reviews were designed to increase the efficiency and effectiveness of the Foreign Commercial Service's efforts to broaden and deepen the export base in those markets. Findings and recommendations called for strengthening internal management processes. Recommendations are implemented at each post upon completion of the management and program reviews.

Discontinued Measure

Number of New-to-Export Firms

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	25,260	26,089	30,336	30,000	Discontinued	Discontinued
Actual	42,351	33,514	20,422	21,850		
Met/Not Met	Met	Met	Not Met	Not Met		

Explanation of Measure

ITA discontinued this measure because it recorded the number of firms that ITA provided export assistance services that were only *planning* to export. The measure tracking the number of U.S. firms exporting for the first time replaces the discontinued measure because the newer measure captures *actual* and verifiable export sales.

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 future bilateral or multilateral agreements.
- National Institute of Standards and Technology—to coordinate our efforts to help SMEs export new technology, to execute a cooperative agreement to provide standards attachés, and to coordinate trade initiatives with the National Institute of Standards and Technology's technology development and commercialization programs.
- National Oceanic and Atmospheric Administration—to coordinate trade initiatives with the National Oceanic and Atmospheric Administration'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—economic officers assist with market research projects in countries where U.S.&FCS does not maintain staff.
- Department of Agriculture—provides grant assistance for U.S.&FCS export counseling in rural areas.

- Bureau of Indian Affairs in the Department of the Interior—provides industry expertise for ITA tourism development efforts.
- U.S. Agency for International Development—provides grant assistance for various overseas projects (for example, American business centers in Russia).
- Trade Promotion Coordinating Committee—coordinates the implementation of trade finance and trade promotion programs of the nineteen TPCC-member agencies (International Development, Agriculture, Commerce, Defense, Energy, Interior, Labor, State, Transportation, and Treasury, Small Business Administration, Export-Import Bank of the U.S., U.S. Trade Development Agency, U.S. Trade Representative, Office of Management and Budget, Council of Economic Advisors, National Economic Council, Environmental Protection Agency, and Overseas Private Investment Cooperation).

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 fifty-six DECs composed of more than 1,500 members.

External Factors and Mitigation Strategies

ITA's success in achieving this goal partially 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 eighty-four 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 helps U.S. exporters combat market access problems and unfair trade barriers by eliminating barriers to U.S. exports overseas and by ensuring foreign compliance with the U.S. negotiated trade agreements.

Performance Goal 3: Ensure Fair Competition in International Trade

Corresponding Strategic Goal

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

Rationale for Performance Goal

The International Trade Administration (ITA) is committed to building a rules-based trading system in which international trade is both free and fair for U.S. firms and workers by combating subsidy of imports; combating dumping, where foreign goods are "dumped" at less than market value; 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 U.S. 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.

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 Office of the U.S. Trade Representative (USTR) on enforcement actions. ITA's Trade Compliance Center monitors trade agreements for implementation by foreign governments and for identification of compliance problems.

Measure 3a: Percentage of AD/CVD Cases Completed On Time						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	100%	100%	100%
Actual				100%		
Met/Not Met				Met		

Explanation of Measure

The number of AD/CVD cases completed on time is a reflection of the vigilance of Import Administration (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.

This performance measure captures the timeliness factor of a major part of resources devoted to ITA's mandate to defend U.S. industry against injurious trade practices by administering the AD/CVD laws of the United States.

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 ITA's receipt of AD/CVD cases from domestic industry rises.

FY 2003 & FY 2004 Targets

ITA has developed targets based on the data maintained by ITA's Import Administration. Targets for FY 2003 through FY 2004 reflect the number of antidumping/countervailing duty cases completed by the unit in FY 2002.

Measure 3b: Number of Market Access and Compliance Cases Initiated						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	180 to 210	150 to 160
Actual				253		
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 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. This measure holds tremendous promise for ITA as the Agency proceeds in the Doha round of trade negotiations. The new WTO round, as many in the trade community know, will likely focus on issues impacting developing nations. Lessons learned from compliance cases initiated will enable ITA negotiators to have a better perspective on key issues in the developing world.

FY 2003 & FY 2004 Targets

This is a new performance measure for which targets represent raw estimates. ITA started data collection in FY 2002. The FY 2003 and FY 2004 targets have been derived based on the reports received in FY 2002, but also on program managers' best estimates of potential workload including pending bilateral and multilateral negotiations. It is for this reason that ITA has not adjusted its FY 2003 and FY 2004 targets upward based on FY 2002 actual performance. Improved targets will be developed as more data becomes available in FY 2003 and FY 2004.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	30 to 40	50 to 60
Actual						
Met/Not Met						

Explanation of Measure

This performance measure addresses ITA's efforts to obtain 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: case was successfully resolved; complaint was groundless, i.e., no violation; industry decides not to pursue complaint; case referred to USTR for consideration for formal dispute settlement resolution ; or 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 2003 & FY 2004 Targets

This is a new performance measure for which targets are estimates until a baseline of performance is established. FY 2002 actual data are not available. ITA will obtain FY 2003 actual data and report a baseline derived from the collected data.

Program Evaluation

In support of the "Ensure Fair Competition in International Trade" performance goal, the Office of Inspector General issued an inspection report on ITA's trade compliance efforts, with a specific focus on the activities of the Trade Compliance Center (TCC). The report, dated March 2002, sought to determine whether the trade agreement compliance process, as managed by the TCC, was efficient, effective, and responsive to client needs. The findings and recommendations included four key findings to be implemented in the next year: 1) a call for a better coordination within ITA programs for trade agreement compliance work, 2) the creation of a central compliance database to capture work performed by various ITA units, 3) reexamination of compliance performance measures, and 4) additional improvements to the complaint process. All have already been implemented.

Discontinued Measures**Dollar Value of Trade Barrier Addressed**

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	\$15B to \$20B	Discontinued
Actual				\$40.2B		
Met/Not Met						

Explanation of Measure

ITA ensures fair competition by obtaining greater market access for U.S. companies by eliminating barriers to U.S. exports overseas and ensuring foreign compliance with negotiated trade agreements. This performance measure has been discontinued since the data presented is based on a projection of potential growth in the U.S. share of the foreign market for both the company involved and for U.S. industry as a whole, or it is based on firm or industry-provided estimates. Dollar value of trade barriers addressed may not constitute dollar value to U.S. firms, because opportunities are available for all firms to compete. Given the above limitations, ITA has introduced a new performance measure, "Number of market access and compliance cases concluded," that addresses ITA's efforts to obtain market access for U.S. exporters and achieve foreign government compliance with trade agreements.

Number of AD/CVD Cases Processed						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	141	103	185	136	Discontinued	Discontinued
Actual	134	185	136	183		
Met/Not Met	Not Met	Met	Not Met	Met		

Explanation of Measure

The number of AD/CVD cases completed depends on the number of injurious trade actions taken by foreign governments and/or foreign companies. Workload is thus totally controlled by the parties who participate in the AD/CVD cases. While the Department of Commerce has the legal authority to initiate AD/CVD investigations, it rarely does. Thus, domestic industry generates virtually all AD/CVD cases. There is no way to anticipate whether a party would petition for an investigation or request an administrative review in any given year. ITA cannot solicit AD/CVD cases and, therefore, the use of the term "target" is inappropriate. Rather, the stated target simply reflects management's best estimate of what the caseload might be in a given year. No valid methodology exists to project caseload in future years, and the measure will be discontinued as a strategic performance indicator.

However, this measure is a useful workload indicator for ITA, depicts petitioner demand, and will continue to be used as source data for ITA's new AD/CVD measure, "percentage of AD/CVD cases completed on time." The new performance measure will report on the timeliness of AD/CVD casework completion because the timeframe for completing cases is within management's control and has set statutory deadlines.

Cross-cutting 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 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. Customs Service 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 U.S. Customs Service to ensure the prompt and accurate implementation of ITA's decisions. The U.S. Customs Service then collects cash deposits and final duty assessments. ITA responds to inquiries from the U.S. Customs Service's 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, 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 take full advantage of export opportunities.

External Factors and Mitigation Strategies

All trade is subject to sharp changes in economic performance in world markets; 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, it will expand its 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.

Performance Goal 4: Advance the United States' International Commercial and Strategic Interests

Corresponding Strategic Goal

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

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 U.S. exporters with numerous challenges and opportunities. There are new markets to target, new trade barriers to overcome, a need for differing types of export assistance, shifts in industry dynamics, a stronger role for international organizations and alliances, and various policy mandates to be considered, including foreign policy and U.S. security goals.

The International Trade Administration (ITA) advances U.S. international commercial and strategic interests by creating an infrastructure that encourages economic growth, technological competitiveness, and sustainable development. This is achieved through mobilization of financing and development of commercial infrastructure in target countries, increased information flow to U.S. exporters about target countries, increased facilitation of business-to-business exchange or contact in target countries, and increased compliance with accepted business standards and potential sanctions. ITA works with other U.S. government agencies to encourage foreign policy and assistance programs to include a role for expanding U.S. business in economic development. ITA has had significant success in 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..."¹¹ 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), contributing both to U.S. economic goals and global stability.

Measure 4a: Dollar Exports in Targeted Products and Markets

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	\$175B	\$160B-\$180B	\$160B-\$180B
Actual				\$166.3B		
Met/Not Met				Not Met		

Explanation of Measure

Exports have accounted for almost one-quarter of U.S. economic growth during the past decade. 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 exports in priority markets, captures the dollar value of exports generated by U.S. businesses in targeted sectors both in total and for individual foreign markets that are attributable to ITA programs. The FY 2002 and FY 2003 targets have been adjusted based on the actual exports data collected in FY 2002.

¹¹ Radio Address of the President to the Nations, April 27, 2002.

The measure in FY 2002 represents the change in total dollar value of incremental exports by U.S. businesses in markets that have been listed as targeted markets or sectors for ITA. ITA management identified energy, telecommunications, services, and environment as targeted market or sectors. As indicated in ITA's FY 2004 Budget submission, ITA has proposed several initiatives to increase trade opportunities in promising markets and sectors. It has proposed significant initiatives to support development of commercial infrastructures through capacity building and technical assistance, support for ITA's tourism markets, focus on its financial services market and area where the U.S. can drive the global economy, support for a standards strategy and a carefully orchestrated support posture for the Doha round negotiations.

FY 2003 & FY 2004 Targets

This is a new performance measure for which targets represent raw estimates. ITA started data collection in FY 2002. The FY 2003 and FY 2004 targets have been derived based on the reports received for FY 2002 and projected state of the world economy.

Program Evaluation

On November 14, 2001 in Doha, Qatar, the members of the World Trade Organization (WTO) agreed on a new work program that includes comprehensive multilateral trade negotiations, which will take place over the next three years. ITA plays three significant roles in the trade negotiating process: 1) to ensure that its negotiating objectives reflect the current and future needs of U.S. industry; 2) that ITA's units participate in trade negotiations; and 3) that ITA is a key player in World Trade Organization (WTO) accession negotiations. Future WTO work will cover a variety of areas affecting international business and commerce, including industrial tariff and non-tariff barriers, agriculture, services, and trade rules. The members will take up additional areas of negotiation, such as investment rules and competition, after the second half of 2003. At the end of the negotiations, U.S. exporters of industrial and agricultural goods and services should find that they have improved access to overseas markets.

External Factors and Mitigation Strategies

There are several critical external factors in the trade environment that will affect the success of ITA's efforts. Foreign political instability and war can disrupt commercial infrastructure and means of exchange. New and changing foreign governments can create new barriers to access for U.S. companies. Economic shocks in foreign markets can adversely affect demand for U.S. exports. Relative strength of U.S. currency can make U.S. exports more costly in foreign markets.

ITA's mitigation strategies will address the impact of other nations' trade policies. ITA will support the President in reinvigorating the international trading system by supporting and participating in the new round of global negotiations, a Free Trade Area of the Americas, and other important regional and bilateral negotiations. ITA will carefully monitor the development of regulatory barriers that may put U.S. firms at a disadvantage in key foreign markets and seek their removal. ITA will work closely with foreign governments, especially in the developing world, to devise strategies that address regulatory barriers, head off potentially harmful regulations, and help share beneficial regulations and standards.

Performance Goal 5: Improve Customer and Stakeholder Satisfaction

Corresponding Strategic Goal

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

Rationale for Performance Goal

In August 2001, President Bush announced his management agenda, which describes initiatives designed to create a government that is focused on results, is more accessible to its citizens and is client-centered. In support of the Administration's vision for government that is client-oriented, the International Trade Administration (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, service offerings, and service delivery capabilities from ITA to export more successfully in a fair trade environment. As ITA is finding from program analysis, U.S. businesses want online 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 partners with 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 small and medium-sized enterprises (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, and also meeting the expectations and needs of its stakeholders and customers.

Measure 5a: Customer Satisfaction with the Quality of ITA's Products and Services

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	66% to 70%	66% to 70%
Actual						
Met/Not 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, 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 2003 & FY 2004 Targets

FY 2003 and FY 2004 targets are based on the best in class private sector's performance. Targets will be refined as better data become available.

Measure 5b: Customer Perception of Ease of Access to Export and Trade Information and Data

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	60% to 80%	60% to 80%
Actual						
Met/Not 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 its performance in this regard, ITA hopes 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 2003 & FY 2004 Targets

FY 2003 and FY 2004 targets are based on the best in class private sector's performance. Targets will be refined as better data become available.

Measure 5c: Customer Value: Level of Awareness of ITA Products and Services

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	3.5 mean	3.5 mean
Actual						
Met/Not 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. ITA's customers are U.S. businesses. 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 ITA's products or services and measures how effective ITA is in seeking out potential customers.

FY 2003 & FY 2004 Targets

Targets for FYs 2003 and 2004 displayed represent the best-in-class private sector's performance. Group mean rating for questions that deal with product satisfaction often range from 3.0 to 3.5. Data from an ITA-wide survey slated for FY 2003 will yield more accurate results and enable better targets to be defined.

Measure 5d: Employee Job Satisfaction						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	3.5 mean	3.5 mean	3.5 mean
Actual	Not Implemented					
Met/Not Met	Not Met					

Explanation of Measure

ITA seeks to improve individual and organizational performance by recruiting and retaining a high-quality, diverse workforce that is satisfied with the quality of its work life. This measure will help to ensure effective management of human resources and will improve ITA's organizational capabilities and flexibility. The ultimate objective of measuring employee job satisfaction is to improve individual and organizational performance by putting people first.

The measure is broadly defined. While the primary source of data will be answers to questions on the employee perception survey, other data, which can gauge the level of employee training and development, awards, and recognition, will supplement this source. The measure will also involve evaluating the effectiveness of quality-of-work-life programs (for example, telework, Alternate Work Schedules, and so on) to determine the extent to which these programs have an impact on overall job satisfaction.

FY 2003 & FY 2004 Targets

FY 2003 and FY 2004 targets are based on an employee perceptions survey conducted in August 1999. ITA will conduct an annual employee perception survey, which will be determined and validated by outside contractors during FY 2003. Data generated from this survey will be used to update the FY 2003 and FY 2004 targets.

Measure 5e: Number of Customers Acquired Through Proactive ITA Efforts

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	1,000	1,000
Actual						
Met/Not Met						

Explanation of Measure

This performance measure supports ITA's performance goal to increase trade opportunities for U.S. firms. It captures information on the number of U.S. businesses responding that have used ITA products or services for the first time as a result of ITA's proactive outreach efforts. ITA provides U.S. exporters with market information, advocacy assistance, trade compliance assistance, one-on-one export counseling and organizes trade events, matchmaking, and so on, thus encouraging and enabling U.S. companies to take full advantage of export opportunities.

FY 2003 & FY 2004 Targets

ITA has set base targets of 1,000 based on information partially derived from information contained in the "Number of Export Transactions Made as a Result of ITA Involvement," "Number of U.S. Firms Exporting for the First Time," and "Number of U.S. Exporters Entering a New Market" performance measures. Data from an ITA-wide survey slated for FY 2003 will yield more accurate results and enable targets to be refined.

Measure 5f: Number of U.S. Exporter Activities Undertaken per Customer Surveyed

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	2	2
Actual						
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 2003 & FY 2004 Targets

Targets for FYs 2003 and 2004 have been extrapolated from activities performed by ITA employees. Targets will be refined once the ITA-wide survey is completed.

Program Evaluation

In FY 2002, ITA undertook a study of fees charged for services provided to U.S. small and medium-sized enterprises (SMEs). One of the most significant findings is that ITA is the low cost provider of export promotion services to the exporting community. ITA needs to develop a more sophisticated approach to marketing management to better deliver needed products and services to the SME community at a reasonable cost and in a uniform manner. ITA needs to realize greater efficiencies in its organizational and cost structures by improving its focus on its core products with the goal of developing production and distribution economies. The study also identified \$2.8 million of fees that can be recovered in the short-term. ITA is considering the findings and will develop an action plan to address the findings and recommendations presented in the study.

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—to coordinate efforts to help SMEs export new technology and coordinate trade initiatives with the National Institute of Technology'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.
- National Oceanic and Atmospheric Administration—to coordinate e-commerce trade initiatives with the National Oceanic and Atmospheric Administration's environmental programs.
- The Bureau of the Census—to fund reimbursable agreements to produce customized e-commerce statistics and collaborate 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 nineteen Trade Promotion Coordinating Committee 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 fifty-six 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.

Performance Goal 6: Improve the U.S. Competitive Advantage through Global E-Commerce

Corresponding Strategic Goal

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

Rationale for Performance Goal

The International Trade Administration (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 the Export.gov, ITA's export portal, users 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 information technology (IT) to small and medium-sized enterprises (SMEs), standards, IT tariff elimination, and expanded IT market access.

Measure 6a: Number of New Subscribers Using BuyUSA.com E-services

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	5,000	1,500	650	715
Actual			371	564		
Met/Not Met			Not Met	Not 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 2003 & FY 2004 Targets

The FY 2003 and FY 2004 targets have been revised downward to reflect the FY 2002 actual data available from the Web site.

Measure 6b: Customer Perception of Portal Ease of Use

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	Greater than 50% satisfaction rate	Greater than 70% satisfaction rate	Greater than 70% satisfaction rate
Actual				84.4%		
Met/Not Met				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 percent¹² of small companies currently export. The online information on overseas markets and export services available through the U.S. government has historically left something to be desired. ITA's 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' responses 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 ITA portal based on customer feedback. ITA will seek a target of greater than 70 percent satisfaction with scores of 3 or higher on a scale of 1-5 for overall portal ease-of-use.

FY 2003 & FY 2004 Targets

ITA started collecting data for this new performance measure in FY 2002 and obtained a representational result for FY 2002. ITA will review targets when the FY 2003 actual data become available during FY 2003.

¹² The 2002 National Export Strategy.

Measure 6c: Percentage of ITA's Significant Products and Services Provided Electronically to External Customers

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	50%	75% to 80%	85% to 95%
Actual				Not Implemented		
Met/Not Met				Not Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as "Percentage of ITA's Business Processes Provided Electronically to External Customers.")

Explanation of Measure

Based on Government Paperwork Elimination Act requirements, ITA is required to offer business processes electronically by October 2003, where practicable.

U.S. exporters expressed a need for fast access to ITA products and services. This performance measure will track ITA's progress in taking advantage of IT opportunities to deliver products electronically to external customers and, in doing so, to create process efficiencies and improved services to customers.

FY 2003 & FY 2004 Targets

The FYs 2003 and 2004 targets are based on ITA achieving most of the Government Paperwork Elimination Act requirements. ITA may consider adjustment to these targets based on best practices currently being assessed in FY 2003.

Program Evaluation

A recent study conducted by the TPCC revealed two primary reasons why SMEs don't 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, and thus is a significant resource for SMEs. ITA has assessed the effectiveness of the Export.gov Web portal in the quality and efficiency of the delivery of trade-related market research and program information. The findings include recommendations for centralization of Web development office, improved security and higher quality server, creation of centralized market research databases, and development of a long-range strategic plan for Export.gov.

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.
- National Institute of Standards and Technology—to coordinate efforts to help SMEs export new technology and coordinate trade initiatives with the National Institute of Standards and Technology's technology development and commercialization programs.

- National Telecommunications and Information Administration—to work together on opening foreign markets to U.S. 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.
- National Oceanic and Atmospheric Administration—to coordinate e-commerce trade initiatives with the National Oceanic and Atmospheric Administration’s environmental programs.
- The Bureau of the Census—to fund reimbursable agreements to produce customized e-commerce statistics and collaborate 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 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—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 nineteen Trade Promotion Coordinating Committee-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 fifty-six 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. 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 it provides to U.S. companies by, for example, pioneering efforts to move e-commerce into the mainstream of trade enhancing, 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 that helps foreign buyers locate appropriate U.S. suppliers for their desired product, service, joint venture, or partnering needs.

ITA Data Validation and Verification

In FY 2002, ITA implemented a newly-defined set of outcome-oriented performance measures that tracks and reports performance in a network-based performance management data reporting system utilizing a software application called "Panorama Business Views (PBViews)". With the implementation of PBViews in January 2002, ITA has made tremendous strides in fully integrating 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 validated 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 for ITA managers. Individual program unit managers are held accountable for the quality of the data that its 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 (SPLT), 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. The ITA Data Validation and Verification table can be found starting on the following page.

ITA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
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; (currently under development by measure owner.)	Annually	ITA, wide source data to be input into panorama business views (PBViews).	ITA will perform client verification survey based on information stored in PBViews.	Global trends, political developments, and ITA resources could affect the actual numbers.	ITA is currently establishing a baseline of existing partnerships and will use this baseline to measure marginal changes occurring during FY 2002 to assess progress and set meaningful targets. Targets established for FY 2002 and FY 2003 are based on best available data at the time of this publication.
Measure 2a: Percentage of undertaken advocacy actions completed successfully	U.S. companies that benefit from U.S. government advocacy	Annually	Advocacy database, advocacy success database, client management system.	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 overrules 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.
Measure 2b: Dollar value of completed advocacies (U.S. export content)	U.S. companies that benefit from U.S. government advocacy	Annually	Advocacy database, advocacy success database, client management system.	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.	ITA has taken steps to ensure that all completed advocacies are reported and verified in the Advocacy Center database.
Measure 2c: Number of U.S. exporters entering new market	U.S. exporters	Annually	Client management system	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.

ITA Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 2a: Number of U.S. firms exporting for the first time	U.S. exporters	Annually	Client management system	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 has redefined this measure and will factor out previously counted firms that had been counseled but did not export as a result of counseling. ITA will report on newly exporting firms whose new status can be attributed to ITA assistance. This may change projections and actuals significantly. Over time the new figure will constitute a far more accurate and verifiable depiction of ITA performance.
Measure 2b: Number of export transactions made as a result of ITA involvement	Customer survey	Annually	Client management system	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.
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."	Case management system	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.
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	ITA compliance activity database maintained by the Trade Compliance Center (TCC).	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.	Case load 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.

ITA Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
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	ITA compliance and market access case management system.	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.
Measure 4a: 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. ITA is working to resolve or readdress this situation.
Measure 5a: 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 P BViews.	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%.	The ITA-wide survey awaits OMB approval. Once approved, the survey will be conducted as a web-based survey in FY 2003.
Measure 5b: Customer perception of ease of access to export and trade information and data	ITA customers (U.S. exporters)	Broad survey conducted every two years.	ITA will enter survey data into a database, which will track client satisfaction.	Data will be verified through a peer review process and compliance with statutory requirements for access by individuals with disabilities (Section 508 of the Americans with Disabilities Act) testing by the chief information officer of ITA's Web sites and database applications.	Limitations exist in the level of response to survey; ability to identify persons with disabilities who are ITA customers; and limited resources to conduct Section 508 compliance testing on ITA's Web sites, assistance centers, and database applications. ITA will strive for satisfaction levels of 70%.	The ITA-wide survey awaits OMB approval. Once approved, the survey will be conducted as a web-based survey in FY 2003.

ITA Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 5c: 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 management system and PBViews.	ITA staff will perform analysis to verify statistical results of survey data.	Level of response to survey.	The ITA-wide survey awaits OMB approval. Once approved, the survey will be conducted as a web-based survey in FY 2003.
Measure 5d: Employee job satisfaction	Employee perception survey; human resources (HR) reports on recruitment, attrition, exit interviews, awards and recognition, and training and development; the Office of Personnel Management's government-wide survey.	Annually	Office of Human Resources Management database, hard copies.	Results of annual employee perception survey will be determined and validated by an outside contractor. HR reports are generated from data stored in HR systems, which are updated biweekly; errors are identified and corrected through quality audits.	Response rate to surveys; quality of survey questions; willingness of employees to articulate concerns; accuracy of data entered into HR system.	Assessment is underway to determine if action is needed to develop an employee satisfaction score as well as proxy measures (for example, retention rates and number of complaints).
Measure 5e: Number of customers acquired through proactive ITA efforts	Customer survey	Biannually	Client management system and PBViews.	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 is currently assessing existing ITA client survey data to determine if a viable target can be established for this measure in FY 2002, prior to the use of the designed survey instrument.
Measure 5f: Number of U.S. exporter activities undertaken per customer surveyed	Customer survey	Annually	Client management system	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. ITA will develop accurate records (baseline) on the type of export activities. Target is initially being established to move from one export action per customer surveyed to two. Once initial data are collected, targets can be refined. ITA has not completed the initial collection of data.	The ITA-wide survey awaits OMB approval. Once approved, the survey will be conducted as a web-based survey in FY 2003.

ITA Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 6a: Number of new subscribers using BuyUSA.com e-services	U.S. subscribers using the BuyUSA.com Web site.	Annual	Web trends (Internet-based software tracking system).	Clients visiting the Web site or domain during a specific period of time. The U.S. and Foreign Commercial Service collects, reviews, verifies, and signs the reports.	None. A subscriber is identified by a registered user name.	ITA will refine and revamp targets.
Measure 6b: Customer perception of portal ease-of-use	ITA customer portal survey.	Annually	Data to be logged and stored on a database such as Microsoft Access and/or Excel spreadsheet.	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 is presently determining the most appropriate methodology for gathering this data.
Measure 6c: Percentage of ITA's significant products and services provided electronically to external customers	ITA customer portal or Web-based survey.	Biannually	Microsoft Excel or Microsoft Access database.	ITA's program staff will verify the survey data through periodic assessments of representativeness of respondents.	Level of response to the survey, sample size, and customer misinterpretation of survey questions.	ITA has finalized the type of business process, the accuracy of current targets and definitions in the measure. ITA will collect actuals during FY 2003.



Bureau of Industry and Security

Mission Statement

The mission of the Bureau of Industry and Security (BIS) is to advance U.S. national security, foreign policy, and economic interests. BIS's activities include regulating the export of sensitive goods and technologies in an effective and efficient manner; enforcing export control, antiboycott, and public safety laws; cooperating with and assisting other countries on export control and strategic trade issues; assisting U.S. industry to comply with international arms control agreements; monitoring the viability of the U.S. defense industrial base; and promoting federal initiatives and public-private partnerships to protect the nation's critical infrastructures.

BIS's primary activities include:

- *Administering U.S. dual-use export controls.* BIS imposes controls on exports of dual-use goods and technology to counter proliferation of weapons of mass destruction (WMD) and to pursue other national security and foreign policy goals (such as combating terrorism). BIS administers this export control system through the promulgation and implementation of a regulatory, licensing, and reporting regime. An Administration goal is to secure enactment by Congress of a long-term legal framework that will simplify and update export controls, reducing the burden on U.S. industry while protecting national security more effectively.
- *Enforcing U.S. export control and antiboycott laws.* BIS enforcement agents investigate and help prosecute potential violations of U.S. export control and antiboycott laws which can result in the imposition of civil and criminal sanctions. BIS also engages in preventive enforcement to deter potential violations.
- *Ensuring compliance with arms control treaties that impose requirements on U.S. industry.* BIS serves as the lead agency for ensuring U.S. industry compliance with the Chemical Weapons Convention (CWC), managing inspections by the Organization for the Prohibition of Chemical Weapons at U.S. industrial sites. BIS also works with U.S. industry in the context of the Biological and Toxin Weapons Convention.
- *Monitoring the viability of the defense industrial and technology base, and seeking to ensure that it is capable of satisfying U.S. national security and homeland security needs.* As the Defense Department increases its reliance on dual-use goods, BIS seeks to ensure that the U.S. remains competitive in those industry sectors and sub-sectors critical to the national security. To this end, BIS discharges responsibilities under the Defense Production Act and other laws, including administration of the federal government's Defense Priorities Allocations System, assessing threats to U.S. national security deriving from imports, and promoting U.S. defense companies competing for international sales opportunities.

- *Assisting key countries that export or serve as transit points for sensitive commodities and technologies to develop effective export control systems.* The effectiveness of U.S. export controls can be severely undercut if other nations export sensitive goods and technologies or permit re-export or transshipment of such items to countries or end-users of concern. A number of such countries require assistance to establish effective export control programs of their own. BIS directly provides technical assistance to this end in cooperation with other U.S. government agencies.

Priorities/Management Challenges

Obtaining Passage of a New Export Administration Act (EAA) —There has not been a comprehensive rewriting of the EAA since 1979. A revised EAA that seeks to provide a balanced framework for administering and enforcing export controls in the twenty-first century would enhance both U.S. national security and U.S. economic interests. The need for the passage of a renewed EAA has increased after the recent terrorist attacks aimed at the U.S. Such legislation would help BIS more effectively prevent the proliferation of weapons of mass destruction by controlling the export of dual-use items that could contribute to the development of such programs by terrorist-supporting states and other terrorist organizations.

Establishment of an Office of Technology Evaluation (OTE)— The establishment of this Office will aid BIS in advancing its mission of U.S. national security, foreign policy, and economic interests by having the resources, and therefore the ability and knowledge to conduct thorough, systematic analysis of export control policies and their impact on businesses. The OTE would enable the U.S. government to replace its existing Cold War era regime of blanket dual-use controls with targeted “smart export controls,” which serve their intended purposes more effectively and with less burden on industry.

Enhancing Multilateral Cooperation with Regard to Export Controls—BIS believes it is worthwhile to explore with key allies and partners whether it can reach agreement on uniform restrictions of certain critical technologies. U.S. companies would be benefited by no longer being undercut by foreign competitors competing for the same export sales. It would, moreover, strengthen overall national security. BIS also seeks to improve the effectiveness of the multilateral export control regimes by pursuing other initiatives within the regimes.

Enhancing the Interagency Licensing Process — BIS wants to strengthen its working relationships with the Departments of Energy, State, and Defense and the intelligence community to improve the licensing process while ensuring that national security concerns are fully considered. BIS aims to shorten the time period for licensing decisions and to increase the level of exporter understanding of BIS export control requirements.

Transshipment Country Export Control Initiative — BIS seeks to strengthen the effectiveness of U.S. and foreign country export control systems by preventing diversion of controlled items through key global transshipment hubs. This multi-pronged initiative seeks to counter diversion through transshipment hubs by working with (1) foreign governments to strengthen indigenous control systems and capabilities, and to work cooperatively with U.S. agencies to enhance export control enforcement, and (2) those private sector institutions with significant presences in transshipment hubs to promote greater awareness of and compliance with U.S. export and re-export controls. Specific components of the initiative may include technical assistance programs, private sector outreach, the adoption of best practices adapted to transshipment business environments, and, as needed, revised regulations.

Develop New Export Enforcement Priorities and Procedures Strategy — BIS seeks to strengthen its enforcement of export controls by developing and implementing a new comprehensive enforcement strategy, including procedures and priorities for criminal and administrative cases. Development and implementation of this strategy would facilitate speedier, more effective processing of cases. The strategy will require close cooperation with the Commerce Department's Office of General Counsel and with U.S. Attorneys' offices around the U.S.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Office of Technology Evaluation (OTE)	212	\$34,471	4	+\$1,000

The OTE will specifically be charged with (1) identifying sensitive new technologies for potential inclusion on the Commerce Control List in order to protect U.S. national security; (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.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Enhanced export enforcement	220	\$34,427	7	+\$1,293

Consistent with the President's mandate and broader federal law enforcement initiatives, the last year has brought a renewed emphasis within BIS on the prevention and prosecution of any diversion of sensitive dual-use items to terrorist groups and countries of concern. These initiatives have placed – and promise to continue to place – an increased demand on BIS's resources. To meet the demand, BIS will focus on recruiting: (1) additional staff for its computer evidence recovery program; (2) additional agents for its Intelligence and Field Support Division; and (3) additional agents for its field offices in New York and Chicago.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

Performance Goal 1: Enhance the Efficiency of the Export Control System While Protecting U.S. National Security Interests								
Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target	
Median processing time for referrals of export licenses to other agencies (days)	New	New	New	New	New	9	9	
Median processing time for export licenses not referred to other agencies (days)	New	New	New	New	New	15	15	
Median processing time for issuing draft regulations (months)	New	New	New	New	New	3	2	
Level of exporter understanding of BIS export control requirements	Value of information (average score on scale of 1-5)	New	New	New	Establish baseline	Baseline established (4.2)	4.2	4.2
	Knowledge gained indicator (scale of 0-4)	New	New	New	Establish baseline	Baseline established (1.0)	1.0	1.0
Number of industry assessments	New	New	New	New	New	New	14	

Performance Goal 2: Ensure U.S. Industry Compliance With the Chemical Weapons Convention (CWC) and, When Approved, Additional Protocol to the International Atomic Energy Agency (IAEA) Safeguards Agreement							
Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of site assistance visits conducted to assist companies prepare for international inspections	New	New	New	12	16	12	24

Performance Goal 3: Detect Illegal Export Transactions and Penalize Violators							
Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of cases opened that result in the prevention of a criminal violation or the prosecution of a criminal or administrative case	68	93	81	75	82	85	85
Number of post-shipment verifications completed	New	New	New	300	415	375	500
Length of time, once a licensing determination is obtained, for case presentation to an assistant United States attorney (days)	New	New	New	New	New	New	90

Performance Goal 4: Assist Key Nations to Establish Effective Export Control Programs

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of targeted deficiencies remedied in the export control systems of program nations	New	New	New	20	25	25	25

Performance Goal 5: Coordinate Activities for the Protection of Critical Infrastructures, and to Assure that the Federal Government Continues to Be Able to Deliver Services Essential to the Nation's Security, Economy, and the Health and Safety of its Citizens

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of outreach conferences or seminars	New	New	New	44	49	17	Discontinued ¹
Progress toward completion of the three-step project matrix process	New	New	New	12	5	26	Discontinued ¹

Note 1: Progress is indicated by the number of project matrix steps completed by federal agencies.

¹ Explanation of Discontinued Measures: On November 25, 2002, the President signed the Homeland Security Bill into law. The new law creates the Department of Homeland Security, to which the Critical Infrastructure Assurance Office will be transferred. As a result of this transfer, starting in FY 2004, this goal and its associated measures will no longer be part of BIS.

Resource Requirements Summary

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

Information Technology (IT)

Full Time Equivalent (FTE)

Performance Goal 1: Enhance the Efficiency of the Export Control System While Protecting U.S. National Security Interests

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Management and Policy Coordination	1.3	1.1	1.1	2.2	2.3	2.3	0.0	2.3
Export Administration	22.8	19.9	22.8	24.7	27.2	27.2	1.0	28.2
Reimbursable	1.1	0.7	0.1	0.7	1.5	1.0	0.0	1.0
Total Funding	25.2	21.7	24.0	27.6	31.0	30.5	1.0	31.5
IT Funding ¹	0.7	0.9	1.0	1.8	1.7	2.1	0.0	2.1
FTE	179	169	164	156	194	195	4	199

Performance Goal 2: Ensure U.S. Industry Compliance With the Chemical Weapons Convention (CWC) and, When Approved, International Atomic Energy Safeguards Agreement (IAEA) Protocol

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Management and Policy Coordination	New	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Export Administration	New	4.2	6.5	4.5	10.8	7.3	0.0	7.3
Reimbursable	New	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	New	4.2	6.5	4.5	0.0	7.3	0.0	7.3
IT Funding ¹	New	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FTE	New	30	22	22	29	29	0	29

Performance Goal 3: Detect Illegal Export Transactions and Penalize Violators

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Management and Policy Coordination	1.3	1.3	1.1	2.4	2.8	2.9	0.0	2.9
Export Administration	23.9	24.6	25.9	27.3	33.8	34.4	1.3	35.7
Reimbursable	0.0	0.1	0.1	0.3	0.3	0.3	0.0	0.3
Total Funding	25.2	26.0	27.1	30.0	36.8	37.6	1.3	38.9
IT Funding ¹	0.8	1.0	1.0	2.0	2.1	2.6	0.0	2.6
FTE	183	175	178	171	226	230	7	237

Performance Goal 4: Assist Key Nations to Establish Effective Export Control Program

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Management and Policy Coordination	1.2	1.4	1.5	1.4	1.7	1.8	0.0	1.8
Reimbursable	3.0	2.9	3.8	4.1	7.0	4.5	0.0	4.5
Total Funding	4.2	4.3	5.3	5.5	8.7	6.3	0.0	6.3
IT Funding ¹	0.1	0.4	0.4	0.4	0.5	0.4	0.0	0.4
FTE	9	9	9	9	9	9	0	9

Transferred Performance Goal 5: Coordinate Activities for Homeland Security, the Protection of Critical Infrastructures, and to Assure that the Federal Government Continues to be Able to Deliver Services Essential to the Nation's Security, Economy, and the Health and Safety of its Citizens

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Management and Policy Coordination	0.0	0.0	0.0	0.0				
Critical Infrastructure	4.4	4.4	4.8	-				
Homeland security and information intelligence	0.0	0.0	0.0	-				
Reimbursable	0.0	0.0	0.0	0.0				
Total Funding	4.4	4.4	4.8	0.0				
IT Funding ¹	0.0	0.0	0.0	0.0				
FTE	7	16	16	0.0				

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations and Administration								
Management and Policy Coordination	3.8	3.8	3.7	6.0	6.8	7.0	0.0	7.0
Export Administration	22.8	24.1	29.3	29.2	38.0	34.5	1.0	35.5
Export Enforcement	23.9	24.6	25.9	27.3	33.8	34.4	1.3	35.7
Critical Infrastructure	4.4	4.4	4.8	-	Transferred	Transferred	Transferred	Transferred
Homeland Security and Information Intelligence	0.0	0.0	0.0	-	Transferred	Transferred	Transferred	Transferred
Total Funding	54.5	56.4	63.1	67.6	87.4	81.7	2.3	84.0
Direct	50.5	52.5	59.1	62.5	78.6	75.9	2.3	78.2
Reimbursable ²	4.0	3.9	4.0	5.1	8.8	5.8	0.0	5.8
IT Funding ¹	1.6	2.6	2.6	4.2	4.2	5.2	0.0	5.2
FTE ³	371	383	373	358	458	463	11	474

¹ IT funding included in total funding.

² Reimbursable funding included in total funding.

³ Includes reimbursable FTEs.

Note: Totals may differ slightly due to rounding.

Skills Summary

- Extensive working knowledge of the EAA, Export Administration Regulations, and related Executive Orders pertaining to the control of dual-use commodities.
- Knowledge of world political/economic systems and current trends in U.S. trade and national security and foreign policy issues.
- Superior analytic abilities for complex licensing/policy decisions and regulatory interpretations.

IT Requirements

- Computer programmers, system analysts, database managers, and network engineers.

FY 2002 Performance Goals

Performance Goal 1: Enhance the Efficiency of the Export Control System While Protecting U.S. National Security Interests

Corresponding Strategic Goal

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

Rationale for Performance Goal

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 the 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	9	9
Actual						
Met/Not Met						

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Average Processing Time for Export Licenses.")

Explanation of Measure

The FY 2002 performance measure, Average Processing Time for Export Licenses, sought to measure the average processing time of an export license application from its receipt to a final license decision. This earlier measure is a vestige of an era when BIS had complete control over the licensing process. Today, however, approximately 85 percent of all export licenses must be referred to other agencies (as dictated by Executive Order 12981) for their review causing unavoidable delays. This new measure monitors the time it takes to process a license application from receipt to its referral. Measures 1a and 1b more accurately reflect BIS-specific performance as they focus on the time period when BIS has sole control of the licensing process.

FY 2003 & FY 2004 Targets

The target of nine days for “time for referral of export licenses to other agencies” is consistent with Executive Order 12981.

Measure 1b: Median Processing Time for Export Licenses not Referred to Other Agencies (Days)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	15	15
Actual						
Met/Not Met						

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Average Processing Time for Export Licenses.")

Explanation of Measure

This is a component of the license applications inventory. This new measure monitors the time it takes to process a license application (that is not referred) from its receipt to a final decision.

FY 2003 & FY 2004 Targets

For “licenses not referred to other agencies,” the target of fifteen days represents the nine days it takes for the front-end review of the license application (which includes the determination as to whether a license application needs to be referred to another agency), plus an additional six days for BIS to make a final license decision.

Measure 1c: Median Processing Time for Issuing Draft Regulations (Months)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	3	2
Actual						
Met/Not Met						

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Average Processing Time for Issuing Draft Regulations (Months).")

Explanation of Measure

BIS routinely issues new and amended regulations to effectuate its responsibilities under the 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 a regime resolution to implement a change has been passed.

FY 2003 & FY 2004 Targets

The FY 2003 target for this measure has not changed from the previously published performance target. In FY 2004, BIS will strive to issue draft regulations within two months of a decision made to make regulatory changes. The pending EAA stipulates that draft regulations implementing changes made by the regimes will be issued within two months.

Measure 1b. Level of Exporter Understanding of BIS Export Control Requirements							
		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	Value of information (average score on scale of 1-5)	New	New	New	Establish baselines	4.2	4.2
Actual	Knowledge gained indicator (scale of 0-4)	New	New	New	Baseline established	1.0	1.0
	Value of information (average score on scale of 1-5)	New	New	New	Establish baselines (4.2)		
	Knowledge gained indicator (scale of 0-4)	New	New	New	Baseline established (1.0)		
Met/Not Met					Met		

Explanation of Measure

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 Export Administration Regulations (EAR). Seminars also help to (1) heighten business awareness of the Bush Administration's export control policy objectives, and (2) improve compliance with regulatory requirements.

FY 2003 & FY 2004 Targets

BIS established a baseline for the level of exporter understanding of the EAR using the results of surveys conducted in FY 2002. These survey results will be used to establish future targets to enhance BIS services and to strengthen exporter understanding of BIS export control requirements.

In FY 2002, BIS evaluated the results of seminars conducted during the year and created two metrics that measure the level of exporter understanding of BIS export control 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 FY 2002 average score was 4.2. We will use this baseline of 4.2 to measure progress in future years. The second metric is an index that reflects the knowledge gained by exporters who attend the seminar. This is done by looking at the scores of respondents' answers to knowledge they had on export control requirements before the seminar and the knowledge gained after the seminar.

Questions are ranked on a scale of 1 - 5 (1 for "not at all" comfortable with the subject matter and 5 for "completely" comfortable with the subject matter). The before and after scores are compared to measure the knowledge gained. The resulting index is on a scale of 0 - 4. For example, an exporter could rate himself a 5 before the seminar and a 5 after the seminar, meaning that he was completely comfortable with the information before and after the program, giving him a difference of 0. Showing improvement in knowledge by a score of 1.0 will be the basis for future targets.

Measure 1e: Number of Industry Assessments						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	14
Actual						
Met/Not Met						

Explanation of Measure

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 2004, BIS plans to conduct an additional eight of the following assessments to monitor and evaluate technology developments on a comprehensive and systematic basis: (1) foreign availability assessments, (2) mass-market determinations, (3) industrial base assessments, and (4) emergent technologies assessments. BIS also plans to review the effectiveness of one regime member's export control system per year.

FY 2003 & FY 2004 Targets

The FY 2004 performance target of fourteen assessments is based on best estimates of need, capabilities and historical performance. With additional resources, BIS anticipates conducting ten industries assessments, two to three mass-market determinations, and one to two foreign availability studies per year.

Discontinued Measures

Average Processing Time for Commodity Classification Requests (Days)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Discontinued	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

This measure sought to track the average processing time for commodity classification requests. Exporters submit commodity classification requests to BIS to learn the proper classification of their products for export purposes and the limitations that apply to the item they seek to export. BIS decided to not implement this measure in order to focus on a limited number of measures that better represent its overall efficiency.

Program Evaluation

In FY 2002, 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. 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 and with conducting pre- and post-shipment export license reviews.

BIS employs a full-time export administration specialist in the Department of Commerce's Public Information Office in the Reagan International Trade Center, where BIS is one of eight department agencies represented. 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 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) and, When Approved, Additional Protocol to the International Atomic Energy Agency (IAEA) Safeguards Agreement

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This goal was previously worded as “Ensure U.S. Industry Compliance With the Chemical Weapons Convention (CWC).”)

Corresponding Strategic Goal

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

Rationale for Performance Goal

BIS is responsible for ensuring U.S. industries’ compliance with the treaty requirements of the CWC. BIS collects, validates, and aggregates data from 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 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	12	12	24
Actual				16		
Met/Not Met				Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: “Number of Site Assistance Visits Conducted to Assist Companies Prepare for CWC International Inspections.”)

Explanation of Measure

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 2002 performance measure, *Number of Site Assistance Visits Conducted to Assist Companies Prepare for CWC International Inspections*, is modified to include additional site assistance visits resulting from the expected implementation of the pending IAEA Protocol.

FY 2003 & FY 2004 Targets

This performance measure was implemented in FY 2002 and retained in FY 2003. The FY 2004 performance target increase is based on the number of expected site assistance visits in FY 2002 and FY 2003, plus the anticipated additional inspections resulting from the implementation of the pending IAEA Protocol.

Program Evaluation

In FY 2002, The General Accounting Office (GAO) and the Office of the Inspector General (OIG) continued their ongoing reviews of BIS's programs and activities. OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. 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. The second factor is outside BIS's control. If the number of inspections increases, the ability of BIS to assist companies in preparing for these inspections could be limited due to budget constraints. 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: Detect Illegal Export Transactions and Penalize Violators

Corresponding Strategic Goal

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

Rationale for Performance Goal

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 education programs to train U.S. exporters to identify and avoid illegal transactions. A key element of BIS's preventive enforcement program is the onsite 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	73	80	70	75	85	85
Actual	68	93	81	82		
Met/Not Met	Not Met	Met	Met	Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Number of Investigations Accepted for Administrative or Criminal Remedies.")

Explanation of Measure

This change to the 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, denials on visa requests, and exposure to sensitive technology by foreign nationals. Violations may be prevented through the interdiction of commodities, and through educational and outreach efforts that would otherwise result in unintentional violations of export control laws. The implementation of this measure will allow BIS to gauge its overall effectiveness in terms of prosecutions and preventive enforcement.

FY 2003 & FY 2004 Targets

The target of eighty-five cases opened for fiscal years 2003 and 2004 represents the projected number of violations prevented or prosecuted (seventy-five), plus an additional ten cases resulting from leads obtained through outreach visits.

Measure 3b: Number of Post-Shipment Verifications Completed						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	300	300	500
Actual				415		
Met/Not Met				Met		

Explanation of Measure

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. A significant number of PSVs are conducted on high-performance computers as mandated by the National Defense Authorization Act of 1998.

FY 2003 & FY 2004 Targets

In FY 2003 BIS anticipates the trend in increased PSVs to continue. Accordingly, BIS is increasing the target from 300 to 375 PSVs completed. By FY 2004, BIS anticipates having export control attachés posted in each of the following locations: Beijing, Shanghai, Moscow, UAE, Cairo, Singapore, and New Delhi. With the exception of attaches in China (Beijing and Shanghai), where BIS has encountered resistance to requests for scheduling PSVs, BIS estimates that each of the other attachés will complete forty PSVs in FY 2004. Accordingly, for FY 2004, BIS is increasing the target to 500 PSVs completed to include these PSVs.

The following performance measure is being added in FY 2004 to reflect BIS's focus on speedy prosecution of violations:

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	90
Actual						
Met/Not Met						

Explanation of Measure

With the growth of exports and new exporters entering the market, and the resulting increase in open cases, BIS wants to track the speed with which cases opened are presented for prosecution. BIS estimates that, for FY 2004, it will take ninety days to present a case for criminal prosecution from the date a determination is made on whether the export in question required a license.

FY 2003 & FY 2004 Targets

The FY 2004 target of ninety days represents BIS’s best estimate of the length of time it should take once an agent receives a license determination to review the preliminary evidence gathered in an investigation, and assess its sufficiency in light of the legal and regulatory requirements for criminal case presentation. As BIS implements its new automated case management system, it will be mindful of the ninety-day target as it brings its cases to successful completion.

Program Evaluation

In FY 2002, The General Accounting Office (GAO) and the Office of the Inspector General (OIG) continued their ongoing reviews of BIS’s programs and activities. Specifically, the OIG conducted a review of Export Enforcement that was not complete at the end of FY 2002. OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. 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.

Discontinued Measures

Timely Recommendations Made on License Applications by Enforcement Analysts (Days)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	6	Discontinued	Discontinued
Actual				6		
Met/Not Met				Met		

Explanation of Measure

The Office of Enforcement Analysis (OEA) screens all export license applications to detect potential illegal exports, employing a process that includes screening exports of license applications against several databases. Although OEA will continue to perform this function, this performance measure will be discontinued in FY 2003 to enable BIS to focus on a limited number of measures that better represent its work and priorities in the enforcement area.

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 offices.

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 International Trade Administration (ITA) for the conduct of 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 share 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: Assist Key Nations to Establish Effective Export Control Programs

Corresponding Strategic Goal

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

Rationale for 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	20	25	25
Actual				25		
Met/Not Met				Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Number of Targeted Deficiencies Remedied in the Export Control Systems of Key Nations.")

Explanation of Measure

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-six 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.

FY 2003 & FY 2004 Targets

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. BIS's 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.

Program Evaluation

OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. 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.

In addition, two audits were conducted by Department of State independent contractors on BIS's National Economic Council program during FY 2002, including (1) a programmatic audit conducted by Los Alamos Technical Associates; and (2) a financial audit conducted by Leonard G. Birnbaum & Company.

Discontinued Measures

Number of Nonproliferation and Export Control International Cooperative Exchange Activities Conducted

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	42	30	37	44	Discontinued	Discontinued
Actual	45	39	43	53		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

This measure includes technical exchanges, executive exchanges, symposiums, workshops, training courses, system capability assessment visits, and other multilateral and bilateral activities in which BIS has the lead or a significant role. This performance measure is being discontinued beginning in FY 2003, in order to focus on measure 4a, which tracks the outcomes of these activities. The new measure—focused on deficiencies remedied, rather than simply conferences held—reflects a results-oriented approach to management of this program.

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 that assists key nations in establishing 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 must continue to rely on other agencies to fund the technical exchange and other activities relating to international export control cooperation. The process of obtaining this funding while satisfying detailed donor agency requirements is extremely cumbersome and fraught with uncertainty and delay, making some inefficiencies unavoidable. BIS attempts to mitigate this by pursuing multiple proposals with multiple potential donor agencies.

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.

Discontinued Goal

Performance Goal 5: Coordinate Activities for Homeland Security, the Protection of Critical Infrastructures, and to Assure that the Federal Government Continues to Be Able to Deliver Services Essential to the Nation's Security, Economy, and the Health and Safety of its Citizens

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This goal was previously worded as: "Coordinate Activities for the Protection of Critical Infrastructures, and to Assure that the Federal Government Continues to Be Able to Deliver Services Essential to the Nation's Security, Economy, and the Health and Safety of its Citizens.")

On November 25, 2002, the President signed the Homeland Security Bill into law. The new law creates the Department of Homeland Security, to which the Critical Infrastructure Assurance Office (CIAO) will be transferred. As a result of this transfer, starting in FY 2004, this goal and its associated measures will no longer be part of BIS.

Corresponding Strategic Goal

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

Rationale for Performance Goal

CIAO is responsible for (1) promoting national outreach, education, and awareness; (2) assisting federal agencies to analyze their own risk exposure and critical infrastructure dependencies; (3) coordinating and facilitating the integration of strategies for critical infrastructure assurance into the national strategies for homeland security and cyberspace security; and (4) developing initiatives to promote coordinated use of information technology for homeland security purposes.

Timely Recommendations Made on License Applications by Enforcement Analysts (Days)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	44	17	Discontinued
Actual	New	New	New	49		
Met/Not Met				Met		

Explanation of Measure

These conferences and seminars target two specific groups of stakeholders: (1) private and public (state and local government) owners and operators of critical infrastructures, and (2) professional risk managers, such as the auditing community.

FY 2003 & FY 2004 Targets

The FY 2003 target was refined to accurately reflect the actual conferences and seminars held by the CIAO. When CIAO is transferred to the Department of Homeland Security, this measure will no longer be part of BIS.

Measure 5b: Progress Toward Completion of the Three-Step Project Matrix Process						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	12	26	Discontinued
Actual	New	New	New	5		
Met/Not Met	Not Met					

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as: "Number of Large, Civilian Federal Departments and Agencies Working Toward Completion of the Three-Step Project Matrix Process.")

Explanation of Measure

Project Matrix involves a three-step process in which each civilian federal department and agency identifies its critical assets (Step 1); other federal government assets, systems, and networks on which those critical assets depend to operate (Step 2); and all associated dependencies on privately owned and operated critical infrastructures (Step 3). Because of constant changes in the agencies' infrastructures, a continuing information "refreshment" process is needed to keep the Matrix database accurate and reliable.

FY 2003 & FY 2004 Targets

When CIAO is transferred to the Department of Homeland Security, this measure will no longer be part of BIS.

Program Evaluation

In FY 2002, The General Accounting Office (GAO) and the Office of the Inspector General (OIG) continued their ongoing reviews of BIS's programs and activities. OPEM conducted an annual review of the performance data to ensure that it was complete and accurate. 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.

Discontinued Measure

Completion of an Integrated National Strategy for Securing the Nation's Critical Infrastructures						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	First version completed	Discontinued	Discontinued
Actual				Discontinued ¹		
Met/Not Met	N/A					

¹*This measure was discontinued in FY 2002. Per Executive Order, 13228, the Office of Homeland Security "shall work with executive departments and agencies, State and local governments, and private entities to ensure the adequacy of the national strategy for detecting, preparing for, preventing, protecting against, responding to, and shall periodically review and coordinate revisions to that strategy as necessary."*

Explanation of Measure

This measure tracks the development and publication of a government-private sector national strategy for securing the U.S.'s critical infrastructures.

BIS 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 performance goals.

The actual validation process is conducted following similar 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 (when available) 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. The BIS Data Validation and Verification table can be found starting on the following page.

BIS Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Median processing time for referral of export licenses to other agencies (days)	ECASS	Semi-annual	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
Measure 1b: Median processing time for export licenses not referred to other agencies (days)	ECASS	Semi-annual	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
Measure 1c: 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
Measure 1d: Level of exporter understanding of BIS export control requirements	Survey	Semi-annual	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 is based on respondent opinion. Opinion may or may not be a factual indicator of performance.	None
Measure 1e: Number of industry assessments	Paper records.	Semi-annual	Office files	BIS's OPEM will validate the performance measure against supporting documentation.	None	None
Measure 2a: Number of site assistance visits conducted to assist companies prepare for international inspections	Paper records such as trip reports.	Semi-annual	Office files	BIS's OPEM will validate the performance measure against supporting documentation.	None	None
Measure 3a: Number of cases opened that result in the prevention of a criminal violation or the prosecution of a criminal or administrative case	ECASS and paper records.	Semi-annual	ECASS and paper records.	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

BIS Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 3b: Number of post-shipment verifications completed	ECASS and Access database.	Semi-annual	ECASS and Access database.	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
Measure 3c: Length of time, once a licensing determination is obtained, for case presentation to an assistant United States attorney (days)	ECASS	Semi-annual	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
Measure 4a: Number of targeted deficiencies remedied in the export control systems of program nations	Paper records such as official publications and academic/intelligence community analyses.	Semi-annual	Electronic or office files.	BIS's OPEM will validate the performance measure against supporting documentation.	None	None
Measure 5a: Number of outreach conferences or seminars	Paper records such as agendas.	Semi-annual	Office files	BIS's OPEM will validate the performance measure against supporting documentation.	None	None
Measure 5b: Progress toward completion of the three-step project matrix process	Paper records	Semi-annual	Office files	BIS's OPEM will validate the performance measure against supporting documentation.	None	None



Economic Development Administration

Mission Statement

Help our partners across the nation (states, regions, and communities) create wealth and minimize poverty by promoting a favorable business environment to attract private capital investment and higher-skill, higher-wage jobs through world-class capacity building, planning, infrastructure, research grants, and strategic initiatives.

The Economic Development Administration's (EDA) mission statement clearly articulates EDA's role "to create an environment where the role of the public sector is to leverage resources in which the private sector will risk capital investment."

Economic development supports two important public policy objectives: creating wealth and minimizing poverty. The creation of wealth enables people to become economically self-sufficient and provides the resources needed for building safe, healthy, convenient, and attractive communities in which people want to live, work, and raise their families. Minimizing poverty is important because poverty is not only dehumanizing, but it is also extremely costly in terms of underutilized human resources, welfare transfer payments, soaring public healthcare costs, high crime rates, and declining neighborhoods that lose their value. Thus, the public sector has a legitimate interest in supporting efforts and strategies that bring economic opportunity to all segments of society.

EDA's investment policy guidelines focus on results rather than processes. Application of these guidelines encourages investment in U.S. communities based on risk and the expected return on the taxpayer's investment. EDA's investments through these guidelines aim to attract private sector investment, have a high probability of success, and ultimately result in an environment where higher-skill, higher-wage jobs are created.

Strategic investments by EDA in public infrastructure and local capital markets provide lasting benefits for economically disadvantaged areas. Acting as catalysts to mobilize public and private investments, EDA's investments address problems of high unemployment, low per capita income, and other forms of severe economic distress in local communities. EDA also provides special economic adjustment assistance to help communities and businesses respond to major layoffs, plant shutdowns, trade impacts, natural disasters, military facility closures, and other severe economic dislocations. EDA will contribute to the Administration's goal of strengthening the economy.

EDA will promote cluster-based and 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 investment will attract private sector capital investment and growth in personnel, knowledge, and capital that will strengthen the region as a "platform for economic growth." In the next generation economy that regions are seeking to build, the hallmark of vitality will be the agility of institutions and their leaders to recognize and collaborate in the improvement of existing, or creation of new, sources of economic advantages. Whether it is in accessibility of technology, adaptability of human resources, the availability of financing, the adequacy of physical infrastructure, or capacity to achieve quality of life, EDA intends to capitalize on this solid, market-based strategy to help communities seize the economic opportunities of tomorrow.

Priorities/Management Challenges

EDA continues to deploy its three “pillars of reform” that have been its basis for transforming itself into a results-oriented bureau.

Pillar I — Organizational Management Initiatives

Alignment of Resources — Ensure maximum alignment of existing financial and human resources to accomplish EDA’s mission through restructuring and effective deployment of resources.

Management Process — Develop standard operating procedures at headquarters to reduce inefficiencies and duplication of efforts. Identify best practices in its regional offices, implement standard operating procedures among the regions, articulate clear investment policy guidelines to ensure due diligence on the front end, and require thorough post-approval monitoring to ensure the maximum return on taxpayer investment. Implement process improvements through the electronic investments component of the Economic Development Communications and Operations Management System.

Competency-based Human Resource System — Build the foundation of a competency-based human resource system through rigorous personnel performance reviews, clear performance plans that set high standards, and recruitment and training strategies to provide necessary skills.

Pillar II — Performance Measures

Balanced scorecard — The second pillar is based on performance measures. EDA’s implementation of the balanced scorecard management approach has been critical in translating the Bureau’s strategic vision into action. The balanced scorecard is a value-added management process that provides the critical means for getting from the vision to its execution. This continual process, which evolves with use and experience, tracks both financial and non-financial areas of organizational performance.

Outcome Funding — EDA is focused on the performance outcomes of its investments, such as leveraging private sector and local dollars and attracting higher-skill, higher-wage jobs. All investments are reviewed rigorously and are based on EDA’s policy investment guidelines that target those projects with an expected high rate of return, community commitment, regional impact, and success.

Outcome-oriented Performance Measures — For FY 2003, EDA developed outcome performance measures for its capacity-building programs and discontinued some interim and process measures. To use the Government Performance and Results Act (GPRA) and its intent to enhance performance, EDA determined that certain interim and process measures focused on the process rather than program performance. The new outcome-oriented measures are better indicators of the taxpayer’s and EDA’s return on investment, and compliment EDA’s investment policy guidelines. All of EDA’s performance measures are clearly tied to EDA’s annual budget request and appropriation.

Pillar III — Congressional and Public Affairs

Congressional and Public Affairs — To communicate with key stakeholders and customers in a compelling, multi-faceted way, EDA will enhance and strengthen congressional and state and local government affairs, and public and media relations. In support of the Administration’s goal to strengthen the economy, EDA will broaden its reach to U.S. communities and create vital partnerships to strengthen those areas in distress.

Investment Strategies

The President is providing the leadership to spur economic growth and job creation, stating, “The role of government is to create conditions in which jobs are created, in which people can find work.” EDA is a critical tool in accomplishing this mandate. Sound research-based, market-driven economic development policy is the foundation for effective and efficient economic development program implementation. EDA will embrace an economic development strategy based on enhancing regional competitiveness, fostering innovation, increasing productivity, and developing industry clusters.

Priority will be given to investments that enhance regional competitiveness and support long-term development of the regional economy. In healthy regions competitiveness and innovation are concentrated in clusters or groups of inter-related firms and industries in which regions specialize. The nation's ability to produce high-value-added products and services that support high-wage jobs depends on the creation and strengthening of these regional hubs of competitiveness and innovation.

EDA considers the following as strategic investments that enhance regional competitiveness and support long-term development of the regional economy:

- Upgrade core business infrastructure, including transportation, communications, and specialized training programs.
- Implement regional strategies that involve all stakeholders and support regional benchmarking initiatives, encourage institutional collaboration, reflect strong leadership commitment, and encourage a formalized structure to maintain consensus.
- Cluster development establishing research and industrial parks that encourage innovation-based competition and recruitment efforts.
- Help communities plan and implement economic adjustment strategies in response to sudden and severe economic dislocations.
- Support technology-led economic development, and reflect the important role of linking universities and industry and technology transfers.
- Advance community and faith-based social entrepreneurship in redevelopment strategies for areas of chronic economic distress.

EDA has re-established its strategic context and focus by reaffirming the mission and vision of the Bureau. The activities that EDA undertakes with public dollars demonstrate a return on investment through measurable, quantifiable performance measures. To achieve such a return on investment, EDA is looking for partners willing to work hand in hand to ensure the success of their ventures. As a public investment capital firm, EDA must evolve with the times. To not do so is to shortchange the American people.

In an era of extreme financial constraints, EDA must invest in those economic development initiatives that are consistent with the best thinking and best practices of economic development in the twenty-first century. Potential investments are analyzed based on the following investment policy guidelines:

- The proposed investments are market-based.
- The proposed investments are proactive in nature and scope.
- The proposed investments look beyond the immediate economic horizon, anticipate economic changes, and diversify the local regional economy.
- The proposed investments maximize the attraction of private sector investment and would not otherwise come to fruition absent EDA's investment.
- The proposed investments have a high probability of success.
- The proposed investments result in an environment where higher-skill, higher-wage jobs are created.
- The proposed investments maximize Return on Taxpayer Investment.

EDA recognizes that the economy of the twenty-first century is based on high productivity, rapid technological change, deregulations and market liberalization, the global marketplace, and the mobility of capital and labor. Conditions at the start of the twenty-first century signal that such economic benefits cannot be taken for granted when the underlying grounds for competitive advantage shift.

To meet this challenge, EDA investments will focus on:

- Regional economies in transition (EDA's market niche).
- Opportunities that are economic drivers (locomotives, not cabooses).
- Trade and resource-based industries or clusters, which compete beyond local markets and across regional boundaries.
- Including value-added processes.
- Rational, comprehensive strategies developed by key economic stakeholders.

Successful economic development projects attract private sector capital investment, create value-added jobs, and support local communities and government at all levels. By investing in successful undertakings, creating jobs, and expanding the economy, the demand for government expenditures for social services decreases while tax revenues increase.

Investment Eligibility

EDA's investment eligibility requirements were established by the Public Works and Economic Development Act of 1965, as amended. This legislation specifically defines eligible recipients. EDA identifies eligible recipients as "distressed communities" that are rural and urban communities experiencing severe economic distress in the form of high unemployment, low per capita income, and other conditions of economic distress, including sudden economic dislocations due to industrial restructuring and relocations or natural disasters.

EDA uses statistics from the Bureau of Economic Analysis (BEA) for per capita income data and the Bureau of Labor Statistics (BLS) for 24-month unemployment data to determine distress conditions nationwide. BEA provides annual updates of per capita income at the county and state levels. BLS provides quarterly updates on unemployment statistics at the city, county, and metropolitan statistical area (MSA) levels. EDA also provides assistance in "pockets of distress," which are small areas defined without regard to geographical or political boundaries (for example, city, county, and Indian reservation) that are experiencing economic distress even though it may be part of a larger community. The project area must be of appropriate size to the proposed project, and the applicant must justify the proposed boundaries in relation to the project's benefits to the area. Each applicant's distress eligibility is verified at the time the proposal is received.

EDA's existing management information system tracks data on the city, county, and state levels. Accessible databases track economic or labor statistics on the county, MSA, and state levels. Many of the rural areas that EDA serves suffer from extreme economic distress, but do not show up on labor economic databases due to their relatively small size. A community may qualify for EDA assistance using other distress data from sources such as the Bureau of Indian Affairs, state, or specific census tracts, all of which are verified by EDA prior to investment. EDA's capacity-building programs serve multi-county areas where significant portions of the service area are distressed.

To determine a community's eligibility for investment per EDA's legislation, the Agency relies upon two primary measures of distress. One measure is per capita income; to qualify as a distressed community, the community's average per capita income must register as 80 percent or less of the national per capita income average. The other primary measure is the 24-month unemployment rate, which must be at least one point higher than the national average. Communities or areas may also qualify based on special needs arising from actual or threatened severe unemployment or economic adjustment problems, for example:

- Closure or restructuring of industrial firms essential to area economies.
- Military base closures or realignments, defense contractor reductions-in-force, Department of Energy defense-related funding reductions.
- Natural or other major disasters or emergencies, that is, Presidential Disaster Declarations, federally declared disasters, and federal declarations of major disasters or emergencies.
- Extraordinary depletion of natural resources, that is, fisheries, coal, and timber.
- Substantial outmigration or population loss.
- Underemployment.
- Destructive impacts of foreign trade.

- Other special needs in areas experiencing extraordinary economic adjustment assistance needs as determined by the Assistant Secretary, such as authorizing an entire district as eligible for assistance to develop a regional disaster mitigation plan instead of only those counties that had been affected by the disaster, or providing assistance in a small town where a fire had devastated its entire downtown business district.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Salaries and Expenses	270	\$32,169	0	+\$1,208

An increase (+\$1,208) is requested to cover overall operations support and maintenance costs associated with the implementation of new technologies and to implement the second phase of the Economic Development Communications and Management System (EDCOMS). EDCOMS II will provide workflow automation of grants processing and implement modifications to EDA's Operations Planning Control System, which will allow it to communicate with a government-wide e-grant system. EDA recognizes that Information Technology (IT) plays a vital role in accomplishing its mission. EDA's IT vision is to provide a virtual environment to allow streamlined delivery of services to its staff, constituents, and partners, as well as a mechanism for the flexible and immediate exchange of information among economic development practitioners.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Economic Development Assistance Programs (EDAP)	0	\$317,235	0	+\$13,792

An increase (+\$13,792) is requested for EDAP's Economic Adjustment program to provide assistance to areas that demonstrate the highest levels of economic distress. Funds will be invested in projects such as brownfields redevelopment and high-technology development and manufacturing, along with incubators to foster such development. EDA will also fund innovative regional strategy projects, such as eco-industrial parks and high tech incubators as well as traditional types of investments. Investments will be based on regional strategies that have the greatest impact in terms of quality job creation, private leveraging and overall economic impacts.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure

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

Measure	FY 1999 Actual	FY2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Private sector dollars invested in distressed communities as a result of EDA investments	N/A	\$199M ¹	\$971M ³	\$390M by FY 2005 \$970M by FY 2008 \$1,940M by FY 2011	\$640M ⁵	\$360M by FY 2006 \$905M by FY 2009 \$1,810M by FY 2012	\$370M by FY 2007 \$930M by FY 2010 \$1,860M by FY 2013
Jobs created or retained in distressed communities as a result of EDA investments	N/A	12,056 ²	12,898 ⁴	11,500 by FY 2005 28,900 by FY 2008 57,800 by FY 2011	29,912 ⁶	10,500 by FY 2006 26,300 by FY 2009 52,700 by FY 2012	10,700 by FY 2007 26,800 by FY 2010 53,700 by FY 2013
State and local dollars committed/EDA dollar	\$1 - \$1.2	\$1 - \$1.2	\$1 - \$1	\$1 - \$1	\$1 - \$1.1	\$1 - \$1	\$1 - \$1
Percentage of investments to areas of highest distress	36%	45%	43%	40%	40.1%	37-43%	37-43%
Percentage of EDA dollars invested in technology-related projects in distressed areas	New	New	N/A	10%	11.8%	7-10%	7-10%

¹ Actual private sector dollars - Performance exceeds the FY 1997 projected target of \$116 million by FY 2000. (snapshot of performance for first reporting interval for FY 1997 investments)

² Actual jobs - 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)

³ Actual private sector dollars - 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)

⁴ Actual jobs - Performance exceeds the FY 1998 target of 5,400 jobs by FY 2001. (snapshot of performance at first reporting interval for FY 1998 investments)

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

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

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

Measure	FY 1999 Actual	FY2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 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	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of sub-state jurisdiction members actively participating in the economic development district program	New	95%	92%	93%	95.3%	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	TBD ¹	TBD ¹
Percentage of those actions taken by University Center clients that achieved the expected results	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of those actions taken by Trade Adjustment Assistance Center clients that achieved the expected results	New	New	New	New	New	TBD ¹	TBD ¹
Percentage of local technical assistance and economic adjustment strategy investments awarded in areas of highest distress	31%	35%	32%	30%	30%	30-35%	30-35%

¹ EDA will establish targets in FY 2003 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2002.

Goal 1 includes program activities authorized by the Public Works and Economic Development Act of 1965, as amended, such as the 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 industrial and business parks, business incubator and skill training facilities, and port improvements.

The Economic Adjustment Assistance program provides flexible investments for communities facing sudden or severe economic distress, including revolving loan fund grants that capitalize a locally administered fund and are used for making loans to local businesses, which in turn, create jobs and leverage 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.

Goal 2 includes the following program activities authorized by the Public Works and Economic Development Act: 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, local and national technical assistance; and the Research and Evaluation program. 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. 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 effects of foreign trade.

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, feasibility studies, 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 Research and Evaluation program recognizes that knowledge-based programs are central to EDA's ability to respond effectively to the changing circumstances of economic development. Assessing new opportunities and initiatives, Research and Evaluation provides the vital economic information for national and local economic development practitioners and provides data critical to EDA's ability to evaluate program implementation, adapt to changing needs and priorities, and measure performance.

The Trade Adjustment Assistance program, reauthorized under the Trade Act of 2002, 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.

Resource Requirements Summary

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

Information Technology (IT)

Full Time Equivalent (FTE)

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

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	15.5	17.2	18.7	19.8	20.0	20.9	0.8	21.7
Economic Development Assistance Programs								
Public Works	205.7	204.5	285.3	249.9	232.1	232.1	0.0	232.1
Economic Adjustment	91.8	90.3	58.3	26.9	27.0	27.0	9.1	36.1
Total Funding ¹	313.0	312.0	362.3	296.6	279.1	280.0	9.9	289.9
IT Funding ²	1.7	1.2	0.9	1.8	0.8	0.8	0.8	1.6
FTE	170	174	165	155	180	180	0	180

Performance Goal 2: Build Community Capacity to Achieve and Sustain Growth

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	8.3	9.3	10.0	10.6	10.8	11.3	0.4	11.7
Economic Development Assistance Programs								
Planning	23.9	23.9	24.0	24.0	22.3	22.3	0.0	22.3
Technical Assistance	9.6	9.2	9.2	9.5	8.4	8.4	0.0	8.4
Research and Evaluation	0.5	0.5	0.5	0.4	0.5	0.5	0.0	0.5
Trade Adjustment Assistance	9.5	10.5	10.5	10.5	13.0	13.0	0.0	13.0
Economic Adjustment	26.2	20.6	22.5	13.8	13.9	13.9	4.7	18.6
Total Funding ¹	78.0	74.0	76.7	68.8	68.9	69.4	5.1	74.5
IT Funding ²	1.0	0.7	0.5	0.9	0.4	0.4	0.4	0.8
FTE	92	94	89	84	90	90	0	90

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	23.8	26.5	28.7	30.4	30.8	32.2	1.2	33.4
Economic Development Assistance Programs	267.2	359.5	410.3	335.0	317.2	317.2	13.8	331.0
Total Funding ¹	391.0	386.0	439.0	365.4	348.0	349.4	15.0	364.4
Direct	391.0	386.0	439.0	365.4	348.0	349.4	15.0	364.4
IT Funding ²	2.7	1.9	1.4	2.7	1.2	1.2	1.2	2.4
FTE	262	268	254	239	270	270	0.0	270
Emergency Supplemental ³	18.0	20.5	64.9	6.7	0.0	0.0	0.0	0.0
Reimbursable ⁴	19.5	20.6	24.4	7.9	18.8	18.8	0.0	18.8
Total Funds Accounted For	428.5	427.1	528.3	380.0	368.3	368.3	15.0	383.3

¹ Total funding includes program dollars, salaries, and expenses. It also reflects direct obligations. It does not include one-time, disaster investments.

² IT funding included in total funding.

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

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

Skill Summary:

Economic development policy and planning; community outreach and project development; program and project management; civil rights; engineering; environmental, legal, and financial management; research and evaluation; program and management analysis; investments management and general administration.

Information Technology (IT) Requirements:

The need for proficient IT infrastructure support is critical in order to maintain the security and stability of EDA's IT enterprise. As a result, contracted support for the new operations environment has been modified to reflect the new network, mail, and office automation application standards being implemented. Increased software and hardware licensing and maintenance costs are also being incurred to fully implement the new environment. The implementation of technology upgrades requires continued restructuring of EDA's current contractor services to effectively manage and secure the expanded enterprise environment.

EDA's IT resources must be proficient and productive in the use of the new technology tools in order for the external delivery of services to be successful. End-user services will need to be augmented in order respond proactively to the operational needs of EDA staff using the new technologies. For this reason, additional contractor-provided services are requested for FY 2004.

The projected increase in operational and maintenance costs of \$258,000 is a direct result of new technologies implemented during FY 2002, as well as those being delivered in the first phase of EDCOMS at the end of FY 2003. EDCOMS Phase II components and costs are anticipated to be \$950,000 for the implementation of the internal business/administrative process and workflow automation, and participation in the Department of Commerce and government-wide electronic grants initiatives. Efficiencies gained from the implementation of EDCOMS will sustain operational costs.

FY 2002 Performance Goals

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

Corresponding Strategic Goal

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

Rationale for Performance Goal

The Economic Development Administration (EDA) fosters a favorable environment for the private sector to risk capital investment to produce goods and services and increase productivity, thereby providing the higher-skill, higher-wage jobs that offer opportunity for all Americans. The activities undertaken by EDA with public dollars must demonstrate return on investment through measurable, quantifiable performance outcomes.

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 focuses on two of its programs, the Public Works and Development Facilities, and the Economic Adjustment program. 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 severe economic dislocations caused by major layoffs, plant shutdowns, trade impacts, natural disasters, and the closure of military bases and energy labs, and similar actions that adversely affect local economies.

EDA's Ongoing Performance Measurement System

EDA established an ongoing reporting system, beginning with FY 1997 grant awards, to track long-term program outcomes for private investments and job creation in distressed communities. EDA collects data (snapshots of actual performance) at three-year intervals for up to nine years following the award of the grant. This system will enable EDA to develop a database with multi-year trend data on private investments and job creation by EDA investments. FY 2000 was the first year in which data became available under the system, representing the initial reporting interval for FY 1997 public works investments.

Adjustments to FY 1997 and FY 1998 Performance Targets

Early projections for FY 1997 and FY 1998 performance included both direct and indirect jobs for EDA public works projects. In response to General Accounting Office (GAO) report RCED-99-11R, job targets were adjusted to exclude indirect jobs. This downward adjustment was largely offset when EDA began setting job targets for economic adjustment construction and revolving loan fund projects. Projections are now based on direct jobs only, resulting in conservative targets and reporting standards (beginning with FY 1999 awards). EDA continues to review and refine performance measures and targets in consultation with Congress, the General Accounting Office (GAO), the Office of Management and Budget, and other bureau stakeholders and will adjust targets as appropriate when adequate trend data becomes available.

Data on Past Performance

To provide complete information on long-term outcomes (private investment and job creation), EDA includes data on past performance for two sets of construction projects that have reached the final reporting interval. Data are also provided for two sets of revolving loan fund investments. Both the two sets of construction projects and the two sets of revolving loan fund data involve projects that were approved prior to FY 1997, and provide the only long-term final outcome data available at this time. As EDA continues to collect actual outcome results, it will report trend data derived from that information.

- *Baseline projects*—*The Public Works Program: Performance Evaluation* (May 1997) reported on 205 public works projects that were completed in FY 1990. *The Defense Adjustment Program Performance Evaluation* (Nov. 1997) provided similar data for EDA defense projects ranging from two to five years in age.
- *Pilot projects*—EDA conducted pilot reviews during FY 1999 to obtain actual data on a second set of projects. *EDA GPRA Pilot I: Construction Projects* (Rutgers 1999) shows results for fifty-eight construction projects, six years after project completion (FY 1993). *EDA GPRA Pilot II: Revolving Loan Fund Projects* (Rutgers 1999) shows results for forty-four revolving loan fund projects, six years after approval (FY 1993).

The following tables compare actual results from the pilot projects with the results from baseline projects as presented by Rutgers et al. (Note: 1997 dollars have not been converted to 1999 dollars.)

EDA Construction Projects		
	GPRA Pilot I Results (1999)	Public Works Evaluation (1997)
Creation of permanent jobs	100%	96%
Leveraged private sector investment	98%	84%
EDA job cost ratios	\$3,445/Job	\$3,058/Job
Private sector investment	\$5.62M/M of EDA funding	\$10.08M/M of EDA funding

EDA Revolving Loan Fund Projects		
	GPRA Pilot II Results (1999)	Defense Adjustment evaluation (1997)
Creation of permanent jobs ¹	95%	96%
Leveraged private sector investment	95%	N/A
EDA job cost ratios	\$4,107/Job	\$3,747/Job
Private sector investment	\$6.25M/M of EDA funding	\$2.67M/M of EDA funding

¹ Permanent jobs are those jobs not designated as temporary positions.

Interim and Process Measures

In response to GAO recommendations, EDA developed a set of interim and process measures that can be used by EDA managers on a regular basis to set targets and track performance in critical program areas. These measures were introduced in FY 1999 and FY 2000. Policies and procedures are in place to obtain data on key performance indicators identified by program managers. Preliminary data are available for FY 2000 interim and process measures under Goals 1 and 2. EDA will report final results when data review and verification is complete. EDA reported on a new interim measure in FY 2002 regarding its investments in technology-related projects that support the Department of Commerce strategic plan.

EDA discontinued reporting on certain interim and process measures in FY 2002. These measures, developed in response to GAO’s 1999 recommendations, provided reportable performance data pending the receipt of the long-term results on private investment and job creation of EDA grant awards. EDA is now reporting on those long-term results. As part of the balanced scorecard and to ensure the Bureau’s commitment to quality customer service, EDA will continue to track these measures.

Measure 1a: Private Sector Dollars Invested in Distressed Communities as a Result of EDA Investments								
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004
Target	\$116M by FY 2000	\$130M by FY 2001	\$420M by FY 2002	\$400M by FY 2003	\$480M by FY 2004	\$390M by FY 2005	\$360M by FY 2006	\$370M by FY 2007
	\$581M by FY 2003	\$650M by FY 2004	\$1,040M by FY 2005	\$1,020M by FY 2006	\$1,200M by FY 2007	\$970M by FY 2008	\$905M by FY 2009	\$930M by FY 2010
	\$1,162M by FY 2006	\$1,300M by FY 2007	\$2,080M by FY 2008	\$2,040M by FY 2009	\$2,410M by FY 2010	\$1,940M by FY 2011	\$1,810M by FY 2012	\$1,860M by FY 2013
Actual				\$199M ¹	\$971M ²	\$640M ³		
Met/Not Met				Met	Met	Met		

¹ Actual private sector dollars amount—Performance exceeded the FY 1997 projected target of \$116M by FY 2000 (snapshot of performance for first reporting interval for FY 1997 investments).

² Actual private sector dollars amount—Performance exceeded the FY 1998 projected target of \$130M by FY 2001 (snapshot of performance for first reporting interval for FY 1998 investments).

³ Actual private sector dollars amount—Performance exceeded the FY 1999 projected target of \$420M by FY 2002 (snapshot of performance for first reporting interval for FY 1999 investments).

Explanation of Measure

This target is based on the anticipated results of the public works and development facilities 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 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.

FY 2003 & FY 2004 Targets

There are no anticipated changes to the FY 2003 targets from the targets that were published in the FY 2001 APPR and the FY 2003 APP. The FY 2004 target is based on the same calculations as the previous targets. EDA will be reviewing targets to align them with achievable outcomes.

Measure 1b: Jobs Created or Retained in Distressed Communities as a Result of EDA Investments								
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY2003	FY2004
Target	5,040 by FY 2000	5,400 by FY 2001	11,300 by FY 2002	11,300 by FY 2003	14,400 by FY 2004	11,500 by FY 2005	11,500 by FY 2006	11,700 by FY 2007
	25,200 by FY 2003	27,000 by FY 2004	28,400 by FY 2005	28,200 by FY 2006	36,000 by FY 2007	28,900 by FY 2008	26,300 by FY 2009	26,800 by FY 2010
	50,400 by FY 2006	54,000 by FY 2007	56,900 by FY 2008	56,500 by FY 2009	72,000 by FY 2010	57,800 by FY 2011	52,700 by FY 2012	53,700 by FY 2013
Actual				12,056 ¹	12,898 ²	29,912 ³		
Met/Not Met				Met	Met	Met		

¹ Actual jobs—Performance exceeds FY 1997 projected target of 5,040 jobs by FY 2000 (snapshot of performance at first reporting interval for FY 1997 investments).

² Actual jobs—Performance exceeds FY 1998 projected target of 5,400 jobs by FY 2001 (snapshot of performance at first reporting interval for FY 1998 investments).

³ Actual jobs—Performance exceeds FY 1999 projected target of 11,300 jobs by FY 2002 (snapshot of performance at first reporting interval for FY 1999 investments).

Explanation of Measure:

This target is based on the anticipated results of the FY 1999 public works 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. Because the requested budgets for public works and economic adjustment programs remained the same in FY 2002, 2003, and 2004, the impact of the current economic contraction remains unknown, and with GAO’s recommendation to include direct jobs only, the targets will remain the same.

FY 2003 & FY 2004 Targets

There are no anticipated changes to the FY 2003 targets from the targets that were published in the FY 2001 APPR and the FY 2003 APP. The FY 2004 target is based on the same calculations as the previous targets. EDA will be reviewing targets to align them with achievable outcomes.

Measure 1c: State and Local Dollars Committed per EDA Dollar							
		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	State and local dollars/EDA dollar	\$1 – \$0.7	\$1 – \$0.7	\$1 – \$1	\$1 – \$1	\$1 – \$1	\$1 – \$1
Actual ¹	State and local dollars/EDA dollar	\$1 – \$1.2	\$1 – \$1.2	\$1 – \$1	\$1 – \$1.1		
Met/Not Met		Met	Met	Met	Met		

¹ Due to limitations in EDA’s operational planning and control system, actuals may include some projects funded under emergency supplemental appropriations.

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 nonfederal 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.

FY 2003 & FY 2004 Targets

At this time, there are no anticipated changes to the FY 2003 or FY 2004 targets. Targets 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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20%	30%	40%	40%	37-43%	37-43%
Actual ¹	36%	45%	43%	40.1%		
Met/Not Met	Met	Met	Met	Met		

¹ Due to limitations in EDA's operational planning and control system, actuals include some projects funded under supplemental appropriations.

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.

FY 2003 & FY 2004 Targets

The only change to the FY 2003 and FY 2004 targets is 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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	10%	7-10%	7-10%
Actual				11.8%		
Met/Not Met				Met		

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.

FY 2003 & FY 2004 Targets

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 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 communities across the nation, targeting more than 7-10 percent to a specific category of applicants significantly reduces the ability of other deserving grantees to compete for assistance.

Program Evaluation

EDA uses program evaluations to develop valid performance measures and provide a more complete understanding of overall program performance. Systematic program evaluations also allow EDA to verify results and continue to improve program performance. EDA's goal is to evaluate major program activities on a regular basis as resources permit. Recent evaluations involving EDA's Economic Adjustment programs are identified below.

Evaluations completed in FY 2002:

EDA RLFs: Planning, Local Structural Change, and Overall Performance;

EDA RLFs-Performance Evaluation;

The Impact of EDA RLF Loans on Economic Restructuring;

The Impact of Planning on EDA RLF Performance (Rutgers University, 2002)

These four volumes summarize the findings of a major evaluation of EDA's Revolving Loan Fund Program. The evaluation is based on an examination of 422 EDA RLF grantees that have issued nearly 11,600 loans, and examines the ways in which EDA RLF loans contribute to economic structural change in communities in which they are made, and the importance of planning in economic restructuring and RLF outcomes.

Evaluations underway:

Economic Adjustment Program Evaluation (Wayne State University et al.)

The evaluation is scheduled for completion in 2003.

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 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.

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 nonfederal 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: Build Community Capacity to Achieve and Sustain Economic Growth

Corresponding Strategic Goal

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

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, the Economic Development Administration (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 must continue 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 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.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure will determine if the Comprehensive Economic Development Strategy process is market-based, and if EDA is creating an environment conducive to higher-skill, higher-wage jobs. Research conducted on FY 2001 and FY 2002 data will establish a baseline for the FY 2003 target. The Comprehensive Economic Development Strategy 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.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	EDA developed the plan for evaluating economic development district performance	75%	85%	93%	89-93%	89-93%
Actual		95%	92%	95.3%		
Met/Not Met		Met	Met	Met		

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. In FY 2001, EDA revised the definition of sub-state jurisdiction members as follows:

“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.”

FY 2003 & FY 2004 Targets

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						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure replaces a previous measure that focused on the assistance facilitated by University Centers. EDA funds sixty-nine 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 enhances the community’s capacity to plan and manage successful development projects. The new measure will determine the perceived value-add of the University Centers to their clients. 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.

“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.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Measure 2d: Percentage of Those Actions Taken by University Center Clients that Achieved the Expected Results						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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 (for example, feasibility studies, marketing research, economic analysis, environmental services, and technology transfer) to local officials and communities. This assistance enhances the community’s capacity to plan and manage successful development projects. This new 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.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This measure replaces a previous measure that focused on the assistance facilitated by Trade Adjustment Assistance Centers. Twelve EDA-funded Trade Adjustment Assistance Centers 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. The new measure will determine the value-add of the funded Trade Adjustment Assistance Centers to its clients. 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 Trade Adjustment Assistance Centers. The Trade Adjustment Assistance Centers provide three main types of assistance to firms: help in preparing petitions for certification¹ (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.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures.

¹ Only petitions for certification that are actually approved can be counted.

Measure 2f: Percentage of Those Actions Taken by Trade Adjustment Assistance Center Clients that Achieved the Expected Results

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	TBD ¹	TBD ¹
Actual						
Met/Not Met						

¹ EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

Explanation of Measure

This is a new measure that is a follow-up to the measure, “Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center.” It will further define the relevance of the assistance facilitated by the Trade Adjustment Assistance Centers. EDA-funded Trade Adjustment Assistance Centers (TAAC) work jointly with trade-impacted firms to identify and define actions to improve each firm’s competitive position in world markets. The new measure will determine if the assistance facilitated by the TAACs is market-based. The centers will conduct client surveys and report findings to EDA.

FY 2003 & FY 2004 Targets

EDA will establish targets in FY 2003 and FY 2004 upon completion of the baseline analyses of FY 2002 data for these measures at the end of 2003.

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

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20%	25%	30%	30%	30-35%	30-35%
Actual	31%	35%	32%	30%		
Met/Not Met	Met	Met	Met	Met		

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.

FY 2003 & FY 2004 Targets

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.

Program Evaluation

EDA uses program evaluations to develop valid performance measures and provide a more complete understanding of overall program performance. Systematic program evaluations also allow EDA to continue to improve program performance. EDA's goal is to evaluate major program activities on a regular basis as resources permit. Recent evaluations involving EDA's capacity-building programs are identified below.

Evaluations completed in FY 2002:

Evaluation of University Center Program (Mt. Auburn Associates, 2002)

EDA's University Center Program provides annual funding to higher-education institutions throughout the country for the support of local and regional economic development. Currently, sixty-nine university centers are located in forty-five states and Puerto Rico. The primary purpose of the program is to improve the economies and economic development capacity of center service areas, with emphasis on economically distressed communities.

Evaluation of Planning Program (Wayne State University, 2002)

This report is an evaluation of the EDA's Planning Program that supports 323 Economic Development Districts (EDDs) facilitate strategies for economic development in their communities. Some of the report's observations include: 1) the Comprehensive Economic Development Strategy (CEDS) process provides the critical backbone for economic development planning at the regional level; 2) EDDs very effectively use the EDA funding they receive; and 3) there is a strong emphasis on capacity building.

Evaluations Underway:

Local Technical Assistance Program Evaluation (Bowling Green State University)

The evaluation is scheduled for completion in FY 2003.

Cross-cutting Activities

See Performance Goal 1.

External Factors and Mitigation Strategies

See Performance Goal 1.

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 of 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 timeframe.
- 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 salary of the building's present tenants, if applicable, or average annual wage after EDA investment.
- Are the present jobs considered 'higher skilled' than the previous jobs and why?
- 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. The EDA Data Validation and Verification table can be found starting on the following page.

EDA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<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.
<p>Measure 1c: State and local dollars committed per EDA dollar</p>	Investment recipient applications and progress reports.	At the time of award of investment and at project completion.	EDA management information system.	EDA verifies nonfederal funds committed to projects prior to disbursement of investment funds.	Universe - FY 2001 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.	EDA will continue to monitor state and local investment data.
<p>Measure 1d: Percentage of investments to areas of highest distress</p>	Investment recipient applications.	Ongoing	EDA management information system.	EDA samples projects periodically to ensure accurate project location codes. Statistical data is based on the Bureau of Labor Statistics' current 24-month unemployment data and most current Bureau of Economic Analysis per capita income data.	Universe - FY 2001 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.
<p>Measure 1e: Percentage of EDA dollars invested in technology-related projects in distressed areas</p>	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.
<p>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</p>	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 from FY 2002 data. Target to be established in FY 2003.

EDA Data Validation and Verification (cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
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 measure 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 from FY 2002 data. Target to be established in FY 2003.
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 from FY 2002 data. Target to be established in FY 2003.
Measure 2e: Percentage of Trade Adjustment Assistance Center clients taking action as a result of the assistance facilitated by the Trade Adjustment Assistance Center	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 from FY 2002 data. Target to be established in FY 2003.
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 from FY 2002 data. Target to be established in FY 2003.
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.



Minority Business Development Agency

Mission Statement

The Minority Business Development Agency is an entrepreneurially-focused and innovative organization, committed to minority business enterprise and wealth creation.

The Minority Business Development Agency (MBDA) was created specifically to foster the establishment and growth of minority-owned businesses in the U.S. The Department of Commerce's "Economic Information and Framework" theme is supported by the policies and programs that MBDA designs to increase minority business participation in the national and global economy.

MBDA is re-engineering its organizational structure into a new and vigorous direction of entrepreneurial management. If the nation's emerging businesses are to compete nationally and internationally in the rapidly changing global economy, MBDA, as the national lead agency for minority and emerging businesses, must be transformed from a historically administrative agency to a new and vigorous entrepreneurial organization.

An entrepreneurial organization is designed to *purposefully* engage in *systemic* continuous innovative and performance improvement strategies. The entrepreneurial organization (Note: innovative is used in the previous sentence) fuses innovation and entrepreneurship in a systemic model to pursue purposeful and strategic opportunity.

MBDA's new entrepreneurial motivation includes the establishment of strategic public/private sector alliances that will move minority businesses beyond the historical focus on increased penetration and dependence of the federal government marketplace. MBDA's entrepreneurial vision challenges the entrepreneur to make sound business decisions, to accept risks as a factor of doing business, and to implement "best practice" models for sustainable growth.

MBDA will continue to leverage its resources for delivering business development services by utilizing electronic tools and strategic partnerships. MBDA services and electronic tools are accessible throughout the country via the Internet. The introduction of MBDA's Minority Business Information Portal in FY 2002 was a major step toward reaching a significantly larger client base. The Internet portal will be used by minority businesses to access Agency services and it will be the national center for referral of minority-owned businesses of all sizes to the vast network of public and private sector resources. MBDA will continue to provide specialized access to markets and financial capital for firms seeking substantial growth opportunities. Management and technical assistance, education and training will be provided by MBDA's network of Business Development Centers through its Business Internet Portal.

Virtual Business Development Centers, Geographic Business Information Systems (GBIS) and the Phoenix/Opportunity System are accessible through the Minority Business Information Portal.

According to U.S. Census Bureau statistics, the number of minority-owned firms increased 41 percent between 1992 and 1997. Yet minority businesses account for only 14.6 percent of total businesses, 3.2 percent of business receipts, and 4.4 percent of employment.

The Census Bureau is projecting that 90 percent of the net U.S. population growth over the next fifty years will be in minority groups. Minority-owned businesses experienced substantial growth between 1992 and 1997, but there remain significant disparities between minority and non-minority firms. In order to address the disparities, MBDA has instituted a strategy and policy initiative of *entrepreneurial parity*. Entrepreneurial parity is defined as reaching proportionality between minority population percentage and percentage share of business development measures such as numbers of firms, gross receipts and employment. The state of minority business in 1997 would look radically different if entrepreneurial parity had been achieved. In this scenario, the number of minority-owned businesses would have been almost twice the actual number, or 5.7 million firms, rather than 3 million firms. Entrepreneurial parity in minority-owned business receipts would have resulted in more than eight times the actual number—from \$0.6 trillion to \$5.1 trillion. Employment in minority-owned firms would increase from 4.5 million to 28.2 million if entrepreneurial parity were achieved.

The Business Participation Rate (BPR) is a measure of businesses in a specific population group for every 1000 persons in that group. The national BPR for non-minority groups is ninety-one firms for every 1000 people in the United States. For minorities, the BPR is forty-two firms for every 1000 minorities.

While businesses of all size categories are important, the national minority business community needs to focus on becoming "growth firms" that can 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.

Priorities/Management Challenges

In FY 2004, MBDA will continue its transformation from an agency focused on the administration of business development programs to an agency *entrepreneurially-focused* and committed to the empowerment of minority business enterprises for the purpose of wealth creation.

MBDA must continue to leverage existing resources to reach more firms than its Minority Business Development Centers (MBDCs) are able to service. MBDA will utilize private/public sector strategic alliances, Internet technology, research and innovation, its funded network of organizations, and the vast internal assets at the Department of Commerce to expand its reach.

OMB's Program Assessment Rating Tool (PART) findings indicated that MBDA should focus on (1) redefining its performance measures and examine unit costs, (2) continue to engage in strategic partnerships with public and private sector entities to leverage resources and enhance business development activities, (3) study the viability of obtaining an independent program performance evaluation within current resources to ensure MBDA is best advancing its mission.

Consequently, MBDA's efforts in FY 2004 will include review and revision of the performance measures and long-term strategy. For example, MBDA created a Performance Verification Team. The Performance Verification Team has commenced an intense, analytical process to review and revise MBDA's FY 2004 Performance Measures. If the review of the measures results in revisions, the revisions will more adequately benchmark MBDA's progress toward meeting its mission and vision.

In addition, the Team is charged with developing a more comprehensive performance measurement system that will be integrated into the budget formulation process. This integration will ensure that all budget-supported activities are evaluated based on associated performance goals. The Performance Verification Team will engage the assistance of stakeholders and consultants to enhance the overall effectiveness of the performance measurement system.

An important programmatic element of MBDA's Workforce restructuring effort led to the establishment of an Office of Program Planning and Evaluation. The new office will focus on tracking and determining the success of all MBDA's activities.

MBDA will continue to review its goals and measures to ensure that they reflect the Agency's activities and are linked strategically with MBDA's long-term objectives.

The major management challenge in FY 2004 is to institutionalize a structure that establishes a process and system of continuous improvement at MBDA. Succession planning will be vigorously conducted to address the fact that 40 percent of MBDA's workforce is currently eligible for retirement. Simultaneously, employee training and re-training will require innovative, cost-efficient techniques.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

Performance Goal 1: Improve the Opportunities for Minority-owned Businesses to have access to the Marketplace

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Dollar value of contracts awarded to assisted minority-owned businesses	\$0.6B	\$1.2B	\$1.6B	\$1.0B	\$1.3B	\$1.0B	\$1.0B
Number of contracts received by assisted minority-owned businesses	New	New	New	New	New	620	620

Performance Goal 2: Improve the Opportunities for Minority-owned Businesses to Pursue Financing

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Dollar value of financial packages to assisted minority-owned business	\$0.7B	\$0.2B	\$0.6B	\$0.4B	\$0.4B	\$0.4B	\$0.4B
Number of financial packages received by assisted minority-owned businesses	755	556	1,155	1,000	1,512	380	380

Performance Goal 3: Improve Organizational Effectiveness, Responsiveness and Efficiencies

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of BDC clients	New	New	New	New	New	5,600	5,600
Number of national strategic partnerships (Nongovernment)	New	New	New	6	6	6	6
Number of interagency and interdepartmental initiatives and agreements (Federal, State, and Local Government)	New	New	New	6	6	6	6
Average annual Minority Business Internet Portal (MBIP) hits	New	New	New	50,000	585,755	500,000	500,000
Average user time for MBIP	New	New	New	13 mins.	14 1/2 mins.	15 mins.	15 mins.
Number of contract opportunities matched	New	New	New	40,000	343,826	325,000	325,000
Number of employees training hours (base full-time equivalent: 94)	New	New	New	3,384	9,817	5,000	5,000

Resource Requirements Summary

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

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Improve the Opportunities for Minority-owned Businesses to have access to the Marketplace

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Business Development	8.82	9.5	8.5	4.8	4.8	5.0	0.0	5.0
Advocacy, Research, and Information	6.18	6.6	5.9	3.4	3.9	4.0	0.0	4.0
Total Funding	15.0	16.1	14.4	8.2	8.8	9.0	0.0	9.0
IT Funding ¹	0.9	0.9	0.9	0.7	0.7	0.7	0.0	0.7
FTE	58	61	54	31	31	33	0	33

Performance Goal 2: Improve the Opportunities for Minority-owned Businesses to Pursue Financing

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Business Development	8.1	8.3	8.0	6.3	6.3	6.2	0.0	6.2
Advocacy, Research, and Information	5.6	5.5	5.5	4.1	4.3	4.4	0.0	4.4
Total Funding	13.7	13.8	13.5	10.4	10.6	10.6	0.0	10.6
IT Funding ¹	0.6	0.6	0.8	0.5	0.5	0.5	0.0	0.5
FTE	38	40	36	40	42	42	0	42

Performance Goal 3: Improve Organizational Effectiveness, Responsiveness and Efficiencies

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Business Development	New	New	New	5.8	6.0	6.1	0.0	6.1
Advocacy, Research, and Information	New	New	New	3.9	4.1	4.2	0.0	4.2
Total Funding	New	New	New	9.7	10.1	10.3	0.0	10.3
IT Funding ¹	New	New	New	0.8	0.8	0.8	0.0	0.8
FTE	New	New	New	21	45	45	0	45

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Total Funding	28.7	29.8	27.9	28.4	29.5	30.0	0.0	30.0
Direct	28.4	29.5	27.6	28.3	29.2	29.5	0.0	29.5
Reimbursable ²	0.3	0.3	0.3	0.1	0.3	0.5	0.0	0.5
IT Funding ¹	1.5	1.5	1.7	2.0	2.0	2.0	0.0	2.0
FTE	96	101	90	92	120	120	0	120

¹ IT requirements: Operations, maintenance, and reengineering; IT funding included in total funding.

² Reimbursable funding included in total funding.

Skill Summary: Marketing, Finance, Research, Information Technology and Internet.

FY 2004 Performance Goals

Performance Goal 1: Improve opportunities for minority-owned businesses to have access to the marketplace

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This goal was previously worded as “develop an entrepreneurially innovative market-focused economy.”)

Corresponding Strategic Goal

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

Rationale for Performance Goal

The Minority Business Development Agency (MBDA) is an entrepreneurially-focused organization that provides business development services to the minority business community via a combination of funded projects and e-commerce. Although an array of business development services are provided and measured, the obtainment of contracts and financing are major components of business development. MBDA monitors, verifies, and captures results in its performance database.

The identification and obtainment of market opportunities has a direct impact on the gross receipts of minority businesses. This key indicator of business success must be measured to determine wealth and opportunities necessary for economic security. A strategy designed to provide minority businesses access to the global marketplace leads to increases in innovation, productivity, wealth creation, and global competitiveness, which are necessary for sustained domestic economic growth and expansion.

Measure 1a: Dollar Value of Contracts Awarded to Assisted Minority Businesses						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	\$0.6B	\$0.6B	\$0.7B	\$1.0B	\$1.0B	\$1.0B
Actual	\$0.6B	\$1.2B	\$1.6B	\$1.3B		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

The dollar value of contracts awarded is an important factor in measuring the success of businesses. MBDA uses the information to show the following results:

- The assistance provided to the minority business community.
- The return on investment of the business development center program.
- The success of minority-owned businesses in obtaining contracts to provide goods and services, both domestically and abroad.

The immediate goal of the measure is to establish an environment for wealth creation. The focus will be on the long-range impact on gross business receipts.

FY 2003 & FY 2004 Targets

MBDA based its FY 2003 and FY 2004 targets on historical trends related to the dollar value of contracts awarded to minority business enterprises as a result of services provided by the Business Development Centers.

In FY 2002 and FY 2003 the targets were maintained at the same levels. These levels are 43 percent over the FY 2001 target.

Measure 1b: Number of Contracts Received by Assisted minority-owned Businesses						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	620	620
Actual						
Met/Not Met						

Explanation of Measure

The number of contracts received by minority business enterprises is important because it determines the number of minority business enterprises associated with the dollar value of the contracts received by firms that receive assistance from MBDA’s funded organizations. This measure helps to determine the number of businesses impacted and the size of contracts awarded.

FY 2003 & FY 2004 Targets

The results of this measure were previously reported as part of measurement 2b, the number of financial packages received by assisted minority-owned businesses. The target for FY 2003 and FY 2004 are based on historical trends.

Program Evaluation

MBDA’s Reorganization Plan established an Office of Performance and Program Evaluation that will assess the success of all of its program initiatives and internal operations. This office will review and evaluate performance measurements, and develop and conduct a comprehensive, ongoing evaluation process to assess and improve the effectiveness of Agency programs.

Currently, MBDA conducts performance assessments periodically on each of its funded projects. A detailed, comprehensive source verification process is used to confirm the validity of data. The Strategic Planning process ensures that performance measurements continue to assess program effectiveness.

Cross-cutting Activities

Intra-Department of Commerce

MBDA is engaged in the following intradepartmental activities with:

- International Trade Administration—to assure that minority-owned businesses are included in department trade missions and other international trade opportunities, along with having access to the management and technical assistance services of the export assistance centers.
- National Institute of Standards and Technology and National Oceanic and Atmospheric Administration—to include minority-owned businesses in programs involving new and emerging technology such as aquaculture. Additional activities would include working with the manufacturing extension program centers.
- Census Bureau—to expand the survey of minority-owned businesses annually, to conduct research on the emerging minority marketplace, and to provide market information about the fastest-growing consumer segment.
- Economic Development Administration (EDA)—to co-locate with EDA to establish Business Development Centers where EDA has funded infrastructure projects.

Other Government Agencies

MBDA will initiate intergovernmental partnerships with:

- Small Business Administration—to ensure that minority-owned small businesses benefit from the existing management and technical assistance services available to other businesses.
- Export-Import Bank—to have access to export financing and export markets on minority trade initiatives.
- U.S. Agency for International Development—to have access to export markets for referral of trade opportunities to minority businesses.

Government/Private Sector

Private sector corporations contribute more than half the cost of the annual minority enterprise development week (MED Week) conference. MED Week, an annual event that has been held throughout the country since 1982, promotes business growth through a variety of networking opportunities and constitutes a forum that allows minority businesses to:

- Participate in workshops and seminars on issues of importance to the minority business community
- Gather information about available business opportunities.
- Network with governmental and private sector purchasing officials.
- Market their goods and services through the purchase of exhibit booths.
- Receive congressional and presidential recognition for significant achievements.

External Factors and Mitigation Strategies

Low E-commerce Participation Rates

In 2000 it was estimated that there were 275 million Internet users and nearly four million unique Web sites. Forecasters at the U.S. Department of Commerce suggest that business to business e-commerce may reach the \$300 billion mark in 2002 (Forrester Research estimates total e-commerce to reach \$1.3 trillion in 2003)¹. The new Internet-based companies, and even traditional firms, that are producing goods and services are changing their business habits and processes. They are establishing e-commerce operations and procedures in an attempt to lower costs, improve customer service, and increase productivity. Furthermore, driven by the current e-business imperatives and increasing choices by customers, the digital economy is rapidly becoming the new global economy.

MBDA is mitigating these factors by applying an e-commerce and e-government strategy to its market-focused programs and operations that will increase the propensity of minority business to utilize information technology. For example, using the Phoenix database and the Opportunity Database, a contract matching system, a minority business can be matched with business opportunities in the public and private sectors on the Internet.

New Business Practices

Corporate purchasing practices are undergoing a radical change that requires minority suppliers to alter their strategies. Supply-chain management; ISO 9000, an international standard for organizations recognized in the public and private sectors; and business-to-business e-commerce demand that minority businesses also adopt e-commerce technology, be willing to partner with other firms, and re-engineer their processes.

Federal government contracting programs are designed to be more cost effective by bundling small contracts into larger opportunities. Often, these larger opportunities are beyond the reach of smaller minority firms.

MBDA will provide access to management and technical assistance resources, including the manufacturing extension program that can assist minority businesses in their efforts to increase capacity through strategic alliances. In addition, MBDA will work with appropriate federal partners regarding federal government contract opportunities.

¹ *MBE Participation in Electronic Commerce (Tomas Rivera Policy Institute) Electronic Commerce DOC Emerging Minority Marketplace The New Realities for Minority Business Digital Economy 2000 (DOC/6/00) Washington Post 2/22/01 (RJ Samuelson) - May 31, 2001.*

Performance Goal 2: Improve Opportunities for Minority-owned Businesses to Pursue Financing

Corresponding Strategic Goal

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

Rationale for Performance Goal

Historically, capital access programs for minority businesses have focused on debt capital. Based on a study commissioned by the Minority Business Development Agency (MBDA), it is estimated that minority business enterprise demand for equity capital exceeds \$144 billion per year. Minority business enterprise’s demand for debt financing is approximately \$1 billion. As the minority business community continues to grow, the demand for capital will increase over the next twenty years. MBDA is working to address these difficulties by collecting and assessing information about the financing needs of the minority business community. The results will be disseminated to financial institutions, policymakers, and the minority business community. Additionally, MBDA is exploring innovative strategies and instruments to increase capital flow to minority communities along with working in public/private partnerships. Obtaining financing represents actual assistance by MBDA’s funded network contributing to the development of minority businesses. The results are monitored, verified, and captured in MBDA’s performance database.

Measure 2a: Dollar Value of Financial Packages to Assisted Minority-owned

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	\$0.7B	\$0.9B	\$1.0B	\$0.4B	\$0.4B	\$0.4B
Actual	\$0.7B	\$0.2B	\$0.6B	\$0.4B		
Met/Not Met	Met	Not Met	Not Met	Met		

Explanation of Measure

Minority business enterprises must have access to capital in order to grow and create U.S. jobs.

MBDA’s performance reporting system captures verifiable information concerning the dollar value of loans and bond packages delivered by MBDA’s funded organizations to minority business enterprises. The Minority Business Internet Portal continues to increase the number of clients seeking and acquiring business development services through MBDA’s funded organizations.

FY 2003 & FY 2004 Targets

The targets reflected are consistent with historical trends and funding level.

Measure 2b: Number of Financial Packages Received by Assisted Minority-Owned Businesses

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	858	858	925	1,000	380	380
Actual	755	556	1,155	1,512		
Met/Not Met	Not Met	Not Met	Met	Met		

Explanation of Measure

MBDA measures the number of financial packages that are awarded to minority business enterprises as a result of services provided by the Business Development Centers. These awards assist in the creation of wealth in the minority business community.

FY 2003 & FY 2004 Targets

Prior to FY 2003, the reported number of packages included procurement contracts and financial packages. From FY 2003 procurement contracts and financing are reported separately. Due to this change, the targets for 2003 and 2004 only appear “small” next to previous years’ reported performances which included procurements.

Program Evaluation

MBDA's service providers sign three-year cooperative agreements that are renewed annually. The three-year agreements outline the number of contracts, the dollar value of contracts, the number of financial transactions, and the dollar value of financial transactions required on a quarterly basis during the contract period.

Each day, staff monitors input of these measures into the Performance Reporting System. Feedback is provided concerning progress on a quarterly and/or as needed basis. Each year, renewal of the Cooperative Agreement is based on performance as it relates to achieving the goals. A comprehensive evaluation of the results of the performance of service providers is conducted semi-annually.

Cross-cutting Activities

Intra-Department of Commerce

MBDA will collaborate with the Economic Development Administration, the International Trade Administration, the Economic and Statistics Administration, and the National Institute of Standards and Technology to create jobs and businesses involved in the development of private enterprises in targeted economically distressed communities and specific growth industries.

Other Government Agencies

MBDA has collaborated with the National Economic Council, the Department of Treasury, the Office of the Comptroller of Currency, the Federal Reserve Bank, and the Department of Housing and Urban Development on the New Markets program and the Department of Commerce's capital access task force. MBDA has worked closely with the California State Treasurer's office on the pilot securitizations program in California. MBDA also works with the Small Business Administration (SBA) in a variety of areas including providing information about SBA loan guarantee programs to MBDA's clients, and funding network Business Development Centers, in connection with the Department of Commerce's capital access task force and minority business coordinating council, which plan to:

- Work with the Department of Treasury's New Markets program.
- Explore the provision of sureties for small businesses and minority business loans that are occurring in California.

Government/Private Sector

MBDA has partnered with numerous private sector entities such as the Minority Business Roundtable, the Joint Center for Political Studies, and the International Franchising Association to produce a report on issues related to access to financing for minority enterprises. These reports will be utilized to enhance discussions concerning the development of programs and the revision of federal and private sector regulations that will increase the availability of financing for minority business enterprise.

External Factors and Mitigation Strategies

The following are external and mitigating strategies for MBDA:

- MBDA will make every effort to ensure that information on financing opportunities is made available to minority-owned businesses through its funded network of organizations and its minority business Internet portal. In addition, MBDA will hold a number of meetings to discuss regulatory reforms that need to be made in order to increase financing opportunities.
- MBDA will hold several meetings with venture capital firms to discuss increasing the amount of venture capital available for minority business enterprises. In addition, the annual minority enterprise development week conference will have an investor's showcase where minority business enterprises will have the opportunity to present business ideas to venture capitalists.
- MBDA will make extensive use of the Internet along with electronic presentations in this effort. Moreover, MBDA will promote and help establish strategic alliances and joint ventures to provide financing opportunities for minority-owned businesses.
- MBDA's Equity Access Program will offer minority enterprises equity capital training on a national level. Minority enterprises will participate in intensive training in the fundamentals of obtaining venture capital.

Performance Goal 3: Improve Organizational Effectiveness, Responsiveness, and Efficiencies

Corresponding Strategic Goal

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

Rationale for Performance Goal

The Minority Business Development Agency (MBDA) is committed to promoting the President's Management Agenda. In order to accomplish this, MBDA has established new goals and objectives to transform from an administrative culture to an entrepreneurially focused one.

In FY 2002, MBDA unveiled the Minority Business Internet Portal (MBIP). This electronic system extended MBDA's ability to collect data to be used for the Government Performance and Results Act reporting. This system also facilitates user access, while maintaining (and in some cases increasing) security measures. MBDA integrated its intranet, extranet, and Internet into one easily accessible Internet portal.

Measure 3a: Number of BDC Clients

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	5,600	5,600
Actual						
Met/Not Met						

Explanation of Measure

This measurement is important because it captures the number of clients that receive assistance from MBDA's Business Development Centers. These centers provide a full array of business development services and advocacy to minority business enterprises.

FY 2003 & FY 2004 Targets

The target level was increased in FY 2004 based on prior years' trends and MBDA's FY 2004 budget request.

Measure 3b: Number of National Strategic Partnerships

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	6	6	6
Actual				6		
Met/Not Met				Met		

Explanation of Measure

MBDA's success will be based in part on leveraging its resources through strategic alliances that are promoting minority business development. The number of effective partnerships that are secured will maximize and broaden outreach efforts.

FY 2003 & FY 2004 Targets

MBDA will continue to establish partnerships that will enhance minority business enterprises and further wealth creation in the minority business community.

Measure 3c: Number of Interagency and Interdepartmental Initiatives and Agreements

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	6	6	6
Actual				6		
Met/Not Met				Met		

Explanation of Measure

MBDA is mandated to coordinate federal government programs that strengthen minority business efforts. By establishing interagency and interdepartmental initiatives and agreements, MBDA will ensure the maximum impact of all federal expenditures to increase minority business development.

FY 2003 & FY 2004 Targets

The target level was increased in FY 2004 based on prior year's trends.

Measure 3d: Average Annual MBIP Hits

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	50,000	500,000	500,000
Actual				585,755		
Met/Not Met				Met		

Explanation of Measure

It is critical that MBDA measure the utilization of MBIP because it is intended to deliver high-quality tools and services to the minority business community. MBDA, with other public and private entities, is attempting to measure the effectiveness of its Web site. For MBDA, one of the measurements used will be the number of hits received on the Web site. Although hits provide a quick reference for benchmarks, MBDA is currently investigating new processes to measure success and benchmark for empirical data. Although the actual for FY 2002 exceeded the target level, MBDA has only one year of data available. MBDA will obtain data for another year to have a better basis to revise its target level.

FY 2003 & FY 2004 Targets

The targets for FY 2003 and FY 2004 are estimates based on the projected use of the MBIP. As the MBIP and its tool gain exposure, it is projected that the MBIP will be used more effectively by minority business enterprises.

Measure 3e: Average User Time for MBIP						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	13 mins.	15 mins.	15 mins.
Actual				14 1/2 mins.		
Met/Not Met				Met		

Explanation of Measure

The MBIP is designed to provide information for and about minority businesses. The number of minutes that each user spends on the MBIP indicates the extent to which the information provided is useful to the minority business community. The length of time a customer uses the MBIP indicates that a person not only visited the Web site but also found the information available of use.

FY 2003 & FY 2004 Targets

As usage of the MBIP increases, the average number of minutes a user spends viewing the website is estimated to increase. Therefore MBDA has increased the targets for FY 2003 and FY 2004 to reflect these projections.

Measure 3f: Number of Opportunity Matches						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	40,000	325,000	325,000
Actual				343,826		
Met/Not Met				Met		

Explanation of Measure

The Phoenix/Opportunity system electronically matches minority businesses with contract opportunities. The number of matches correlates with how successful MBDA has been in providing information concerning contracts to the appropriate minority business enterprise. FY 2002 is the first year that MBDA has recorded such data. Based on the initial projection and the result, the target was exceeded. MBDA does not have long-term historical data and therefore cannot be certain whether the actual 2002 performance was the result of the initial introduction of the portal, and whether this performance will become a trend in the future.

FY 2003 & FY 2004 Targets

The targets for FY 2003 and FY 2004 are based on incomplete historical information. As MBDA become more familiar with the electronic system and its capabilities, useful projections will become more valid. MBDA will become more comfortable of the captured results to make better and more accurate projections.

Measure 3g: Number of Employee Training Hours						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	3,384	5,000	5,000
Actual				9,817		
Met/Not Met				Met		

Explanation of Measure

During FY 2002 the National Director set forth a new organizational structure designed to obtain the goals, objectives, and strategies outlined in the Agency’s mission statement. A part of this reorganization required a training plan to increase the productivity of MBDA’s employee. One of the results of this training plan has been the high number of actual training hours for FY 2002. To effectively implement the Agency’s mission, MBDA will continue to train and re-train its employees.

FY 2003 & FY 2004 Targets

The targets for FY 2003 and FY 2004 are representative of MBDA’s commitment to becoming an entrepreneurially focused organization. MBDA will use resources each fiscal year to train its employees; the targets set are based on a comprehensive training plan which continues to be developed for the Agency and the projected personnel changes in FY 2003 and 2004.

Program Evaluation

MBDA will continue to review each measure reflected under goal three. 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 and conduct a comprehensive, ongoing evaluation process to assess and improve the effectiveness of Agency programs.

Cross-cutting Activities

Intra-Department of Commerce

MBDA will utilize the resources offered by the Department of Commerce to ensure the most effective transformation from an administrative to an entrepreneurial agency. MBDA will do the following:

- Acquire best practices concerning financial processes in cooperation with the National Institute of Standards and Technology.
- Develop an automated procurement and contracting system with the National Oceanic and Atmospheric Administration.
- Ensure effective human capital initiatives through the International Trade Administration, which serves as the human resource office for MBDA.

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.

Government/Private Sector

MBDA may utilize the service of private sector companies to obtain state-of-the-art information technology and other administrative tools.

External Factors and Mitigation Strategies

By FY 2003, 40 percent of MBDA's workforce will be eligible for retirement. This could create a significant exodus of skills. MBDA will mitigate this factor by engaging in an extensive training and recruitment program focusing in the areas where employees will be retiring.

MBDA Data Validation and Verification

MBDA's Office of Administration and Financial Management (OAFM) oversees a review of all performance data at the end of each fiscal year. OAFM ensures that all data collected and reported is accurate and complete. OAFM also validates and compiles data for the Agency. This office verifies performance data reported by funded organizations through the Field Coordination Division (FCD) and Performance database. OAFM also reviews documentation used to support all data not reported through an automated system. OAFM and FCD prepare an initial report of performance data. The initial report is then analyzed for variances and trends. All variances and trends are investigated and used as benchmarks in determining future target adjustments. All findings and performance data are formulated and presented to the MBDA management team for review and approval. The MBDA Data Validation and Verification table can be found on the following page.

MBDA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Dollar value of contracts awarded to assisted minority-owned businesses	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.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
Measure 1b: Number of contracts received by assisted minority-owned businesses	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.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
Measure 2a: Number of financial packages received by assisted minority-owned businesses	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.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
Measure 2b: Dollar value of financial packages to assisted minority-owned business	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.	A 100% client verification survey.	Responsiveness to client verification survey.	Follow up notices to non-responsive clients.
Measure 3a: Number of national strategic partnerships	Memorandum of understanding and agreements.	Collect real-time and report quarterly.	Automated spreadsheet and database running on an Oracle platform.	A 100% verification survey.	Responsiveness to verification survey.	Follow up notices to non-responsive clients.
Measure 3b: Number of interagency and interdepartmental initiatives and agreements (Federal, State, and Local Government)	Memorandum of understanding and agreements.	Collect real-time and report quarterly.	Automated spreadsheet and database running on an Oracle platform.	A 100% verification survey.	Responsiveness to verification survey.	Follow up notices to non-responsive clients.
Measure 3c: Average annual MBIP Hits	Web trends reporting.	Collect real-time and report quarterly.	The MBIP running on an Oracle platform.	A database sampling.	Responsiveness of database verification.	Follow up database inquires.
Measure 3d: Average user time for MBIP	Web trends reporting.	Collect real-time and report quarterly.	The MBIP running on an Oracle platform.	A database sampling.	Responsiveness of database verification.	Follow up database inquires.
Measure 3e: Number of opportunity matches	Web trends reporting.	Collect real-time and report quarterly.	The MBIP running on an Oracle platform.	A database sampling.	Responsiveness of database verification.	Follow up database inquires.
Measure 3f: 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 verification survey.	Follow up notices to non-responsive personnel.



United States Patent and Trademark Office

Mission Statement

The USPTO mission is to ensure that the intellectual property system contributes to a strong global economy, encourages investment in innovation, fosters entrepreneurial spirit.

For over 200 years, the basic role of the United States Patent and Trademark Office (USPTO) has remained the same: To promote the progress of science and the useful arts by securing for limited times to inventors the exclusive right to their respective discoveries (Article 1, Section 8 of the United States Constitution). Under this system of protection, U.S. industry has flourished. New products have been invented, new uses for inventions discovered, and employment opportunities created for millions of Americans. Patents and trademarks have long protected American creativity and ingenuity with the first patent being issued in 1790 for a method of making potash fertilizer and the oldest active trademark registered for SAMSON, a design for “cords, lines, and ropes” which was originally registered in 1884. The strength and vitality of the U.S. economy depends directly on the effectiveness of the mechanisms that protect new ideas and investments in innovation and creativity. The continued demand for patents and trademark registrations underscores the ingenuity of U.S. inventors and entrepreneurs. The USPTO is at the cutting edge of the U.S.’s technological progress and achievement.

The primary services provided by USPTO are processing patent and trademark applications and disseminating patent and trademark information. Through the issuance of patents, the USPTO encourages technological advancement by providing incentives to invent, invest in, and disclose new technology worldwide. Through the registration of trademarks, the USPTO assists businesses in protecting their investments, promoting quality goods and services, and safeguarding consumers against confusion and deception in the marketplace. By disseminating both patent and trademark information, the USPTO promotes an understanding of intellectual property protection and facilitates the development and sharing of new technologies worldwide.

USPTO Strategic Plan

The Government Performance and Results Act (GPRA) requires that agencies plan and measure the performance of their programs. In carrying out GPRA, the USPTO prepares a Strategic Plan, an Annual Performance Plan, and an Annual Performance Report. The USPTO began FY 2002 guided by the Strategic Plan that was developed in 1994 and updated in 1999 to include the period 1999-2004. While the mission, goals, and strategies have served the USPTO well, the environment in which the intellectual property system operates worldwide has changed dramatically. There are an estimated seven million pending patent applications in the world’s examination pipeline. Technology has become increasingly complex, and customer demands for higher quality products and services have escalated. This dynamic, along with congressional concerns about the USPTO’s ability to continue to operate under a traditional business model, led to the development of the *21st Century Strategic Plan*. The Plan is far-reaching and aggressive, and is designed to transform the USPTO into an organization that is responsive to the global economy in which it operates. After implementation of the Strategic Plan, 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 the Agency’s core expertise. The Strategic Plan is centered on three long-term cross-cutting strategic goals:

- *Agility* – Address the twenty-first century economy by becoming a more agile organization. The USPTO will create a flexible organization whose leadership and work processes can handle the increasing expectations of its markets, the growing complexity and volume of its work, and the globalization that characterizes the twenty-first century economy. The USPTO will work with its partners, both bilaterally and multilaterally, to create a stronger, better-coordinated and more streamlined framework for protecting intellectual property around the world. The USPTO will transform its workplace by radically reducing labor-intensive paper processing.
- *Capability* – Enhance quality through workforce and process improvements. The USPTO will make patent and trademark quality its highest priority by emphasizing quality in every component of the Plan. Through timely issuance of high-quality patents and trademarks, the USPTO will respond to market forces by promoting advances in technology, expanding business opportunities, and creating jobs.
- *Productivity* – Accelerate processing times through focused examination. The USPTO will work to reduce patent and trademark pendency, substantially cut the size of its backlog of work, and recover its investments in people, processes, and technology.

The Strategic Plan was made public in June 2002. At the same time, the USPTO proposed a reallocation of 2003 resources to fund the Plan and the Administration put forth proposed legislation to restructure the USPTO's fee schedule to obtain legislative changes and funding needed to implement the Plan. Although the USPTO was applauded for putting forth an innovative and comprehensive plan, a number of key components—many related to the USPTO's fee structure—generated controversy. The USPTO has listened to stakeholders, applicants, and the Patent and Trademark Public Advisory Committees to identify alternative actions that best address the challenges the Agency is facing in the twenty-first century.

In FY 2002, the USPTO began to gradually move forward in adopting the goals and objectives put forth in the Strategic Plan, to the extent they were consistent with congressional intent and supported by its stakeholders and applicants. The USPTO Strategic Plan can be found on the USPTO Web site at <http://www.uspto.gov/web/offices/com/strat2001>.

Priorities/Management Challenges

The 21st Century Strategic Plan

The 21st Century Strategic Plan is aggressive and far-reaching. Anything less would fall short of the expectations of the U.S. Congress and intellectual property stakeholders. Additionally, the failure to adopt the Strategic Plan will have negative consequences. The USPTO will be unable to enhance quality, implement e-government initiatives, reduce pendency (in fact pendency would rise to uncontrollable levels), and reduce paper handling and operating costs. Following is a discussion of the management challenges that the USPTO will face in implementing the Plan:

- *Multilateral and Bilateral Agreements* - To streamline the intellectual property system and protections, the USPTO must enter into new bilateral and multilateral initiatives and agreements with other intellectual property offices. This includes accelerating Patent Cooperation Treaty reform efforts, focusing on the USPTO's proposal for simplified processing, developing a "universal" trademark electronic application by leveraging the USPTO's experience with trademark applications, and promoting harmonization to strengthen the rights of U.S. intellectual property holders, making it easier to obtain international protection for their inventions and creations. Reaching agreements on these aspects will require all sides to openly communicate and collaborate toward a more global convergence of patent and trademark standards.

- *Legislation/Rules* - The USPTO will propose legislative and regulatory changes to current patent and trademark laws. The fee restructuring aspects will generate the fee collections needed to fund the critical investments in resources and technology in support of Strategic Plan goals. Additional changes, including the establishment of corresponding fees, are also being proposed to provide customer choice and streamline the patent and trademark examination processes. The enactment of these changes is essential and critical to accomplishing the Strategic Plan.
- *Labor Relations* - The Strategic Plan introduces a large number of changes to current work processes and procedures. The USPTO will notify the three bargaining units representing USPTO employees of the proposed changes and negotiate, when necessary, any changes in working conditions. The USPTO must be able to implement these changes in work processes in a timely manner in order to meet Strategic Plan goals and objectives. This must be done in light of labor requirements for coordination, communication, and negotiation.
- *Funding* - 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 Carlyle in Alexandria, Virginia - During FY 2004, the USPTO will be concentrating on the high priority of beginning to relocate employees to a consolidated campus (Carlyle) in Alexandria, Virginia, while minimizing any adverse effects on employees, applicants, and the public. The USPTO will face numerous logistical and operational challenges in executing the consolidation. During FY 2004, a significant portion of the patent corps (several technology centers) will transition to the new site. Many examiners who are not yet moved to Carlyle may still have to relocate within the USPTO’s current Crystal City buildings/space in order to release space back to the General Services Administration. The USPTO must ensure that disruptions and downtime during the move are minimized to avoid a significant impact on productivity and performance. Dual operations, including dual computer facilities, will be required during the phasing of the relocation because the space will be delivered over a protracted period. Supporting employees and customers at geographically separate locations will require careful planning. However, the long-term benefit will be a facility with operational efficiencies and improved allocation of workspace to accommodate the USPTO’s growing and changing workplace. This consolidation is expected to save \$72 million over the twenty-year term of the lease.

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Paperless system for spectrum policy— Patents	6,806	\$1,250,957	+220	+\$8,893

An increase (+220 FTE; +\$8,893) is requested in support of the Patent Business goals to minimize patent application processing time and enhance the quality of products and services. Resources will be used to hire additional examination staff, address electronic filing of applications, and improve the quality of products by addressing certification and recertification of patent examiners.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Paperless system for spectrum policy— Trademarks	860	\$143,150	0	+\$1,130

An increase (0 FTE; +\$1,130) is requested in support of the Trademark Business goals to minimize trademark application processing time and enhance the quality of products and services. Resources will be used to implement the Madrid Protocol, address certification of employees in Trademark processes, and pursue outsourcing of specific processes.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

Performance Goal 1: Agility – Address the 21st Century Economy by Becoming a More Agile Organization

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Applications Filed Electronically							
Patents	New	New	New	New	New	2%	5%
Trademarks	New	New	24%	New	38%	80%	80%
Applications Managed Electronically							
Patents	New	New	New	New	New	New	20%
Trademarks	New	New	New	New	New	New	100%

Performance Goal 2: Capability – Enhance the Quality through Workforce and Process Improvements

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Improve Quality by Reducing the Error Rate							
Patents	5.5%	6.6%	5.4%	5.0%	4.2%	4.0%	3.7%
Trademarks	3.8%	3.4%	3.1%	5.0%	4.3%	4.0%	3.0%
In process reviews							
Patents	New	New	New	New	New	New	TBD
Trademarks	New	New	New	New	New	New	TBD
Patent Examiner Certification	New						
Patent Examiner Re-certification	New						

Performance Goal 3: Productivity – Accelerate Processing Time Through Focused Examination

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Reduce Average First Action Pendency (months)							
Patents	13.8	13.6	14.4	16.4	16.7	18.4	18.8
Trademarks	4.6	5.7	2.7	3.0	4.3	3.0	2.5
Reduced Average Total Pendency							
Patents	25.0	25.0	24.7	26.1	24.0	27.7	29.9
Trademarks	18.9	17.3	17.8	16.0	19.9	15.5	13.0
Efficiency							
Patents	\$2,922	\$2,911	\$3,194	New	\$3,457	\$3,970	\$3,881
Trademarks	\$704	\$568	\$501	New	\$487	\$683	\$629
Productivity							
Patents	New	New	New	New	New	New	TBD
Trademarks	New	New	New	New	New	New	TBD

Resource Requirements Summary

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

Information Technology (IT)

Full-Time Equivalent (FTE)

The 21st Century Strategic Plan and implementation of fee legislation were initially submitted to Congress on June 3, 2002. In July 2002, the House Judiciary Subcommittee on Courts, the Internet and Intellectual Property held a hearing to review the proposals. For a period of five months following that hearing, key USPTO stakeholders provided extensive comments about the Strategic Plan and the proposed fee changes. The Plan was updated to incorporate the ideas and comments received and re-submitted as part of the President’s FY 2004 budget. As a result of this recent undertaking to update the Plan, the USPTO is not able to provide at this time an accurate breakdown showing its new goals and measures as they relate to the FY 2004 budget. The USPTO is currently in the process of modifying its Activity Based Costing system to provide this information.”

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Total Funding	803.6	895.3	1,040.6	1,144.0	1,334.5	1,394.3	10.0	1,404.3
Direct	803.3	894.7	1,040.5	1,142.4	1,334.3	1,394.1	10.0	1,404.1
Reimbursable ²	0.3	0.6	0.1	1.6	0.2	0.2	0.0	0.2
IT Funding ¹	135.0	166.1	219.8	196.1	213.5	252.9	0.0	252.9
FTE	5,860	6,128	6,278	6,593	7,453	7,666	220	7886

¹ IT funding included in total funding.

² Reimbursable funding included in total funding.

Skill Summary:

Marketing, Finance, Research, Information Technology and Internet.

FY 2002 Performance Goals

In developing the performance plan to support The 21st Century Strategic Plan, the USPTO relied on a variety of information about past performance, as well as consulted with intellectual property stakeholders to determine priorities for the future. In addition to current performance measures, the USPTO developed new measures to assess achievement of goals and objectives in support of the Strategic Plan. The USPTO will use regular evaluations to judge progress towards goals and objectives over the period of this plan. Collectively, these performance goals and measures and the subsequent evaluation will demonstrate the extent to which the USPTO provides timely, quality service to the public. It is important to note that these goals cannot be achieved without enactment of the legislation changing the USPTO's current fee schedule and access to the additional revenue generated during the plan's lifecycle.

Performance Goal 1: Agility - Address the 21st Century Economy by Becoming a More Agile Organization

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

Under The 21st Century Strategic Plan, the USPTO will work with its intellectual property partners to improve the efficiency of its processing systems by increasing the number of applications and communications received and processed electronically, create more coordinated and streamlined work processes, and best position the USPTO for the globalization that characterizes the twenty-first century economy. The following new performance measures have been established to measure the USPTO's success and progress in meeting the Strategic Plan goals for agility.

Measure 1a: Applications Filed Electronically						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	New	New	New	2%	5%
Trademarks	New	New	New	New	80%	80%
Actual						
Patents						
Trademarks				38%		
Met/Not Met						
Patents						
Trademarks						

Explanation of Measure

This measure will indicate USPTO's support of and applicants' willingness to operate in an e-government environment, and will identify the percent of basic applications filed electronically.

FY 2003 & FY 2004 Targets

This is a new performance measure with information for the FY 2003 and 2004 targets being derived from historical data in the Patent Application Locating and Monitoring (PALM) and Trademark Reporting and Monitoring (TRAM) systems.

Measure 1b: Applications Managed Electronically						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	New	New	New	New	20%
Trademarks	New	New	New	New	New	100%
Actual						
Patents						
Trademarks						
Met/Not Met						
Patents						
Trademarks						

Explanation of Measure

This measure will indicate the USPTO's progress towards a fully electronic operating environment.

Trademarks will complete its transition from a paper-based operation to a fully electronic processing operation with the implementation of an electronic file management system, Trademark Information System (TIS), in November 2003. With the exception of TIS, the underlying systems necessary to support this move from paper-based processing to electronic processing are either in place or nearing completion.

Patents will complete its prototyping plan and deliver an image file wrapper system based on the European Patent Office's (EPO's) ePHOENIX system in June 2003. Patents will deliver an operational end-to-end electronic processing pipeline for all 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 by the end of FY 2006.

FY 2003 & FY 2004 Targets

This is a new performance measure with information for the FY 2003 and 2004 targets being derived from historical data in the Patent Application Locating and Monitoring (PALM) and Trademark Reporting and Monitoring (TRAM) systems.

Program Evaluation

This is a new performance goal for FY 2003 and program evaluations are in the process of being developed.

Cross-cutting Activities

Government/Private Sector

- *European Patent Office (EPO)* – The USPTO is collaborating with the EPO to deliver high quality products through implementing electronic patent processing. The electronic image-based processing system used in the prototype was designed with core software developed by the EPO.
- *Japan Patent Office (JPO) and EPO* – The USPTO is collaborating with the JPO and the EPO to achieve common goals and share systems already in use or development.
- *Partnership Contracts* – The USPTO awarded partnership contracts to several private sector companies for the electronic filing of patent applications. Each of the companies will pursue its own business plan, and integrate technology it developed for providing its customers with simple, convenient, and secure electronic submissions to the USPTO. The partnerships are “no cost contracts,” which means that the companies will be providing their services to USPTO customers at no cost to the Agency.

External Factors and Mitigation Strategies

- Business factors that foster dramatic increases or decreases in patent application filings and trademark registrations.
- The degree to which inventors, patent and trademark firms, and corporate intellectual property departments use the USPTO’s e-government environment.

Performance Goal 2: Capability - Enhance the Quality through Workforce and Process Improvements

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This goal was previously worded as “Enhance the quality of our patent and trademark products and services.”)

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

Under *The 21st Century Strategic Plan*, both Patents and Trademarks will enhance current quality assurance programs to include greater review of work in progress. This will include the implementation of in-process reviews, “second pair of eyes” reviews, and end-process reviews. In addition, both organizations are creating new programs for certifying the knowledge, skills, and abilities of their employees.

With *The 21st Century Strategic Plan*, the USPTO has developed a number of new measures to assess its achievement toward the Capability goals. For those new measures, the USPTO will need to establish its baseline performance during FY 2004 before establishing its out year targets and annual goals.

Measure 2a: Improve Quality By Reducing the Error Rate						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	4.0%	5.5%	5.0%	4.0%	3.7%
Trademarks	New	3.6%	6.0%	5.0%	4.0%	3.0%
Actual						
Patents	5.5%	6.6%	5.4%	4.2%		
Trademarks	3.8%	3.4%	3.1%	4.3%		
Met/Not Met						
Patents		Not Met	Met	Met		
Trademarks		Met	Met	Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as “Improve the Quality of Patents by 55% by Reducing the Error Rate from 6.6% to 3% by FY 2006.”)

Explanation of Measure

This measure will assess product quality measured by internal quality review processes. Quality of patent and trademark examination decisions will be measured by the reopening rate (Patents), deficient substantive issue rate (Trademarks first and final actions), or similar internal quality measures.

FY 2003 & FY 2004 Targets

Targets have been revised in FY 2003 and 2004 due to the dynamic changes to the patent and trademark quality processes. As a result, quality reviews will be performed throughout the process. This expanded review should result in a significant improvement in quality.

Measure 2b: In Process Reviews						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	New	New	New	New	TBD
Trademarks	New	New	New	New	New	TBD
Actual						
Patents						
Trademarks						
Met/Not Met						
Patents						
Trademarks						

Explanation of Measure

This measure will assess product quality measured by internal quality review processes.

Patents and Trademarks will expand the current in-process review program to check the quality of the work product during all stages of examination, from first action to issue, abandonment, or registration. 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. This is a new measure supporting the Strategic Plan. As a result, the first year will be used to determine the baseline for establishing the long-term target and annual goals.

FY 2003 & FY 2004 Targets

Performance targets are currently in the process of being developed for this measure.

Measure 2c: Patent Examiner Certification						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	New
Actual						
Met/Not Met						

Explanation of Measure

Currently, when patent examiners are promoted to the GS-13 level, they are not required to complete a formal program for certification of their legal competency. The USPTO will implement 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 measure reflects the percentage of examiners promoted to the GS-13 level who have completed the certification process. This is a new measure supporting the Strategic Plan. As a result, the first year (FY 2004) will be used to begin the process of administration of the certification with full performance expected in the out years.

FY 2003 & FY 2004 Targets

Performance targets are currently in the process of being developed for this measure.

Measure 2d: Patent Examiner Re-certification							
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	
Target	New	New	New	New	New	New	New
Actual							
Met/Not Met							

Explanation of Measure

Primary patent examiners should maintain the necessary knowledge, skills, and abilities (KSAs) in current patent law, practice, and procedure. Regular training, similar to continued legal education (CLE) requirements, will be provided to maintain KSAs of primary examiners. Further, they should successfully pass a number of tests to prove that they understand the content of the training. This is a new measure supporting the Strategic Plan. As a result, the first year (FY 2004) will be used to determine the baseline for establishing the long-term target and annual goals.

FY 2003 & FY 2004 Targets

Performance targets are currently in the process of being developed for this measure.

Program Evaluation

- USPTO conducted ongoing reviews on the quality of patent and trademark examinations. The purpose of the reviews in patents is threefold: to identify patentability errors, to assess the adequacy of the field of search and proper classification, and to assess proper examination practice and procedures. The review of trademark applications focused on four areas: substantive statutory criteria for registrability, search for confusingly similar marks, proper examination practice and procedure, and proper application of judicial precedents. The information from these reviews helps the business units identify the training that is necessary to enhance overall product quality and to improve the consistency of examination. The results of the reviews provide analysis in the form of reports to USPTO 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.

Cross-cutting Activities

Other Government Agencies

The USPTO partners with the following organizations in meeting this performance goal:

- *Departments of Agriculture, Justice, and State:* To formulate intellectual property proposals.
- *USAID:* To improve systems for effectively granting and protecting intellectual property rights.
- *Departments of Defense, Energy, and NASA:* To handle patent applications that have national security implications.
- *Department of Health and Human Services:* To handle both AIDS-related and recombinant DNA information.

External Factors and Mitigation Strategies

- Business factors that foster dramatic increases or decreases in application filings.
- Electronic filing increases access to the USPTO’s electronic systems and raises expectations for improved service and shorter processing times.
- Cooperation of the USPTO’s constituency to change the way they do business so that it can serve more customers electronically, thereby improving quality and timeliness.

Discontinued Measures

Increase Overall customer Satisfaction from 64% to 80% by FY 2006 (Patents)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	65%	60%	67%	67%	Discontinued	Discontinued
Actual	57%	64%	64%	63%		
Met/Not Met	Not Met	Met	Not Met	Not Met		

Increase Overall Customer Satisfaction from 70% to 80% by FY 2005 (Trademarks)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	80%	72%	65%	72%	Discontinued	Discontinued
Actual	69%	65%	70%	65%		
Met/Not Met	Not Met	Not Met	Met	Not Met		

Explanation of Measure

Customer satisfaction, which has been used as a quality measure for the past seven years, will continue to be measured on an annual basis. However, given the focus and purpose of the *21st Century Strategic Plan*, performance measures more closely related to the objective quality of the product are now being used for externally-reported measures.

Performance Goal 3: Productivity - Accelerate Processing Times Through Focused Examination

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This goal was previously worded as "Minimize patent and trademark application processing time.")

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

In support of The 21st Century Strategic Plan, the USPTO will reduce patent and trademark pendency and substantially cut the size of the work backlog. The Strategic Plan will ensure twenty-seven-month average pendency time in Patents by 2008 and a twelve-month pendency time in Trademarks by 2006. This will be accomplished through a radical redesign of the entire patent search and examination system based upon multi-examination tracks; greater reliance on commercial service providers; and variable, incentive-driven fees. While the USPTO's long-term patent pendency goal remains eighteen months, this goal will not be achieved in the near future because of the higher priority placed on quality and patent e-government initiatives. However, USPTO will produce on average a First Office Action for first-filed U.S. non-provisional applications at the time of eighteen-month publication. In addition, a patent search report for other patent applications will be issued in the same time frame. Likewise, Trademarks will restructure the way it does business to be compatible with an e-government environment. The timely granting of patents and registering of trademarks supports innovation, technology, employment, business investment, and economic growth.

Measure 3a: Reduce Average First Action Pendency (months)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	10.9	14.2	13.9	16.4	18.4	18.8
Trademarks	3.9	4.5	6.6	3.0	3.0	2.5
Actual						
Patents	13.8	13.6	14.4	16.7		
Trademarks	4.6	5.7	2.7	4.3		
Met/Not Met						
Patents	Not Met	Met	Not Met	Not Met		
Trademarks	Not Met	Not Met	Met	Not Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as "Reduce Average Total Action Pendency to 12 or 2 months by FY 2006.")

Explanation of Measure

This measure will determine the timeliness related to First Office Actions. It will identify the average time from the filing date of the application to the mailing of First Office Actions.

FY 2003 & FY 2004 Targets

Targets have been revised as a result of the USPTO's new 21st Century Strategic Plan.

Measure 3b: Reduce Average Total Pendency (monthly)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	23.3	26.2	26.2	26.1	27.7	29.9
Trademarks	15.5	18.0	18.0	16.0	15.5	13.0
Actual						
Patents	25.0	25.0	24.7	24.0		
Trademarks	18.9	17.3	17.8	19.9		
Met/Not Met						
Patents	Not Met	Met	Met	Met		
Trademarks	Not Met	Met	Met	Not Met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan. This measure was previously worded as "Reduce Average Total Action Pendency to 26 or 12 months by FY 2006.")

Explanation of Measure

This measure identifies the timeliness related to abandoned applications and issuance of the patent or registration of a trademark. The average time from the date of filing to the date of issue or abandonment (for patents) and registration or abandonment (for trademarks) will be measured.

FY 2003 & FY 2004 Targets

Targets have been revised as a result of the USPTO's new 21st Century Strategic Plan.

Measure 3c: Efficiency						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	New	New	New	\$3,970	\$3,881
Trademarks	New	New	New	New	\$683	\$629
Actual						
Patents	\$2,922	\$2,911	\$3,194	\$3,457		
Trademarks	\$704	\$568	\$501	\$487		
Met/Not Met						
Patents						
Trademarks						

Explanation of Measure

This measure is a relative indicator of the efficiency of the patent and trademark process. The measure is calculated by dividing total USPTO expenses associated with the examination and processing of patents and trademarks (including associated overhead and support expenses) by outputs (office disposals). It should be noted that this measure does not represent the average life cycle cost of a patent or trademark since office disposals are only one measure of USPTO products and services.

For the prior years, actuals as reported below are calculated using the actual expenses reported in the Statements of Net Cost and all actual disposals. For the current and budget years, targets are estimated using the budgetary request in place of actual expenses and all projected disposals. It should be noted that out year calculations are subject to change, depending upon the level of funding actually obtained and spent. Actual results may fluctuate based upon management decisions to redirect resources.

FY 2003 & FY 2004 Targets

This is a new performance measure with information for the FY 2003 and 2004 targets being derived from historical data in the Patent Application Locating and Monitoring (PALM), Trademark Reporting and Monitoring (TRAM), and the Activity Based Costing (ABC) systems.

Measure 3d: Productivity						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target						
Patents	New	New	New	New	New	TBD
Trademarks	New	New	New	New	New	TBD
Actual						
Patents						
Trademarks						
Met/Not Met						
Patents						
Trademarks						

Explanation of Measure

This measure focuses on the ratio of outputs to labor inputs. The total number of patent and trademark disposals will be divided by the applicable allocated USPTO labor hours, including contractors for patents or trademarks.

FY 2003 & FY 2004 Targets

USPTO is currently in the process of gathering data to be used in the development of the FY 2004 target.

Program Evaluation

Accuracy of supporting data is controlled through internal program edits in the PALM and TRAM systems. Final test for reasonableness is performed internally by patent examiners, examining trademark attorneys, and supervisory and program management.

Cross-cutting Activities

Other Government Agencies

The USPTO partners with the following organizations in meeting this performance goal:

- *Department of Defense, Department of Energy, and the National Aeronautics and Space Administration* - in handling patent applications having national security implications.
- *Department of Health and Human Services* - in handling both AIDS-related and recombinant DNA information.
- *Food and Drug Administration* - with regard to patent term extensions for drug-related patents that have received regulatory review.
- *The U. S. Bureau of Customs*: To deal with counterfeit goods or services.

External Factors and Mitigation Strategies

- Business factors that foster dramatic increases or decreases in application filings.
- Electronic filing increases access to the USPTO's automated systems and raises expectations for improved service and shorter processing times.
- Cooperation of the USPTO's constituency to change the way they do business so that it can serve more customers electronically, thereby improving quality and timeliness.

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 2002 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 2002 internal control report, the auditors reported no internal control deficiencies or material deficiencies. The auditors issued an unqualified opinion on USPTO's fiscal year 2002 financial statements.

The USPTO Data Validation and Verification table can be found on the following page.

USPTO Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Applications filed electronically	PALM (for patents) and TRAM (for trademarks).	Daily input; weekly 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
Measure 1b: Applications managed electronically	PALM (for patents) and TRAM (for trademarks).	Daily input; weekly 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
Measure 2a: Improve quality by reducing the error rate	Patent and trademark quality review reports.	Daily input; monthly reporting.	Automated systems, reports.	Manual reports and analysis.	None	None
Measure 2b: In process reviews	TBD	TBD	TBD	TBD	TBD	TBD
Measure 2c: Patent examiner certification	Certification report.	Quarterly	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	None
Measure 2d: Patent examiner recertification	Certification report.	Quarterly	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	None
Measure 3a: Reduce average first action pendency (months)	PALM (for patents) and TRAM (for trademarks).	Daily input; weekly 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
Measure 3b: Reduce average total pendency (monthly)	PALM and TRAM system.	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 management and examining trademark attorneys and trademark supervisory and program management.	None	None
Measure 3c: Efficiency	PALM, TRAM, Momentum, Metify ABM.	Daily input, quarterly 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
Measure 3d: Productivity	NFC for payroll, periodic contractor reports, PALM and TRAM for disposals.	Payroll – biweekly, contractor reports – monthly, PALM and TRAM – weekly.	Automated systems.	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 management and examining trademark attorneys and trademark supervisory and program management.	None	None



Technology Administration

Mission Statement

Technology Administration: TA's mission is to work with U.S. industry to maximize technology's contribution to U.S. economic growth by maintaining and improving key components of the nation's technological infrastructure; fostering the development, diffusion, and adoption of new technologies and leading business practices; creating a business and policy environment conducive to innovation; and disseminating technical information.

The Technology Administration (TA) works with U.S. industry to maximize technology's contribution to U.S. economic growth. Led by the Under Secretary for Technology, TA fulfills its broad responsibilities through its component organizations: the Office of Technology Policy, the National Institute of Standards and Technology (NIST) and the National Technical Information Service (NTIS).

Overview of Component Bureaus

Office of Technology Policy (OTP)

The Technology Administration's (TA's) Office of Technology Policy (OTP) provides policy guidance to the Secretary of Commerce and the Technology Administration's component agencies (NIST and NTIS) and serves as an advocate for innovation and industrial competitiveness within and outside government. The Under Secretary serves on the Executive Committee of the Committee on Technology within the President's National Science and Technology Council, coordinates the civilian technology efforts of federal agencies, and helps to shape federal civilian research and development (R&D) priorities based upon the needs of industry. The Under Secretary also provides counsel to the Secretary of Commerce on all matters affecting innovation and coordinates with counterpart offices in the trade and economic agencies to create unified, integrated trade and technology policies. Pursuant to these roles, the Under Secretary oversees and utilizes the analytical, outreach, and policy development expertise of the OTP and the Office of Space Commercialization (OSC).

OTP works in partnership with the private sector to develop and advocate national policies and initiatives to build the U.S.'s economic strength. The OTP administers the National Medal of Technology, the highest honor awarded by the President of the United States for technological innovation. Also within the OTP, the Office of Technology Competitiveness promotes domestic technological competitiveness in four interrelated policy areas: technology development and transfer, business innovation, state and local efforts to promote technology-based economic growth, and work force preparation for a technology-driven future. The Office works closely with industry, conducts issue analyses, disseminates reports and other useful information, and supports the Assistant Secretary in developing and advocating policy tools that can advance U.S. innovation, technological growth, and competitiveness. OTP's Office of International Technology promotes international technology partnerships to strengthen U.S. competitiveness, and advocates policies to advance U.S. technology in the global economy.

National Institute of Standards and Technology (NIST)

The National Institute of Standards and Technology (NIST) develops and disseminates measurement techniques, reference data, test methods, standards, and other infrastructural technologies and services required by U.S. industry to compete in the twenty-first century. In addition to its core measurement, testing, and standards functions, NIST also conducts several extramural programs, including the Advanced Technology Program, to stimulate the development of high-risk, broad-impact technologies by U.S. firms; the Manufacturing Extension Partnership, to help smaller firms adopt new manufacturing and management technologies; and the Baldrige National Quality Program, to help U.S. businesses and other organizations improve the performance and quality of their operations by providing clear standards and benchmarks of quality.

NIST operates under the authority of the National Institute of Standards and Technology Act (15 U.S.C. 271), which modifies The Organic Act that created the National Bureau of Standards (NBS) in 1901. In 1988, Congress renamed NBS as NIST, and also established the Regional Centers for the Transfer of Manufacturing Technology (15 U.S.C. 278k) and the Advanced Technology Program (15 U.S.C. 278n). The National Quality Program was established and its functions assigned to NIST by the Malcolm Baldrige National Quality Improvement Act of 1987 (15 U.S.C. 3711a).

Over the past year NIST has developed a new long-term strategic plan and planning process that provides a comprehensive approach to envisioning NIST's future, establishing long-term strategic goals, and implementing a plan for achieving those goals. As a key part of this planning effort, NIST senior leadership has identified the six comprehensive programmatic goals identified in the table below, which set the context for the Institute's Annual Performance Plan and budget request for FY 2004. The first three goals pertain to the NIST Laboratories' and goals four through six pertain to NIST's extramural programs. This plan also includes a performance logic model for each NIST program to describe the chain of value-creation from inputs to end-outcomes and to link performance evaluation methods to each stage of the impact path.

NIST: Programs, Core Functions, and Strategic Goals		
Program	Core Functions	Strategic Goals
Laboratories	Traceability to the seven basic measurement units, measurement and test methods, calibration services, Standard Reference Materials, evaluated scientific data, impartial expertise and leadership in standards development, and research in support of these areas.	<ol style="list-style-type: none"> 1. Research and develop the measurements and standards needed to support emerging science and technology-intensive industries. 2. Develop and efficiently disseminate the measurements and standards needed to support the nation's strategic interests in homeland security. 3. Assure the availability and efficient transfer of measurement and standards capabilities essential to established industries.
ATP	R&D grants to industry and universities.	<ol style="list-style-type: none"> 4. Accelerate private investment in and development of high-risk, broad-impact technologies.
MEP	Technical assistance to smaller manufacturers.	<ol style="list-style-type: none"> 5. Raise the productivity and competitiveness of small manufacturers.
Baldrige	Framework for evaluating and improving organizational quality and performance, and an award program to recognize role models.	<ol style="list-style-type: none"> 6. Catalyze and reward quality and performance improvement practices in U.S. businesses and other organizations.

National Technical Information Service (NTIS)

The National Technical Information Service (NTIS) operates a central clearinghouse of scientific and technical information that is useful to U.S. business and industry. 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, all without appropriated funds. 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.

Priorities/Management Challenges

OTP: Strategic Priorities for FY 2004

Technology is a fundamental component of economic growth and rising living standards. Technological progress drives national productivity growth, provides U.S. industries with a competitive edge in world markets, and serves as a linchpin for effective national security. As such, it is critical that federal policies remain abreast of national and international trends and promote a positive environment for technological and business innovation. The associated policy issues are diverse and numerous, including technology transfer and productive partnerships among the many public and private organizations that conduct research and drive commercialization of innovative products and processes; the health of the U.S.'s investment in R&D (public, private industry, venture capital); the strength of the human and physical infrastructure supporting the U.S.'s innovation system; and sustaining business conditions (such as taxes, trade, intellectual property protection, government regulations) that facilitate technological innovation and market risk-taking.

OTP's performance goal is to provide leadership in promoting national technology policies that facilitate U.S. pre-eminence in key areas of science and technology and to leverage technological innovation to strengthen the U.S.'s global competitiveness. This performance goal is supported by four general goals and objectives. OTP's FY 2003 APP identified three key action areas: outreach, analysis/education, and advocacy. These continue to be the broad areas in which OTP plans to accomplish its goals, and they have been incorporated into the FY 2004 plan within the following four general goals and objectives. These four goals, and brief examples of the strategies and activities and their tie-in to the mission and the FY 2003 goals are:

- 1 **Support and improve the U.S.'s innovation system** — In FY 2004, OTP will lead interagency working groups, community outreach events, and workshops (outreach), to identify barriers to and best practices of the U.S.'s innovation system (analysis). OTP will increase understanding of U.S. innovation through publication of policy papers and regulations, and promotion of the Medal of Technology Program and the GetTech Web site (advocacy).
- 2 **Advance the role technology plays in US economic growth and homeland security** — In FY 2004, OTP will facilitate dialogue and interaction between policymakers, and developers and users of emerging and productivity-enhancing technologies (outreach and advocacy), with the goal of promoting adoption by business, education, medicine, and research groups (education and advocacy).
- 3 **Strengthen the competitive position of the U.S.'s technology industries** — In FY 2004, OTP will initiate an examination of the effects of globalization and policies on U.S. high tech industries and the science and technology (S&T) workforce (analysis). Data will be collected from international counterparts (outreach) and results will be used to highlight actions and recommend policies that may help foster U.S. competitiveness (educate and advocate).
- 4 **Strengthen OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services** — In FY 2004, OTP, as a part of a comprehensive Workforce Restructuring Plan developed to bring the organization into alignment with the President's Management Agenda, will reorganize the structure of its workforce to embrace important policy issues for U.S. industry and the S&T community, such as globalization and technology-led economic development. In addition to press briefings, workshops, and roundtable discussions, OTP will also utilize electronic means to inform Congress, U.S. government agencies, and the public about OTP analytical findings (outreach and advocacy/education).

NIST: Strategic Priorities for FY 2004

Based on its long-term strategic planning efforts and an analysis of the most pressing needs related to the coming fiscal year, TA/NIST senior leadership identified several key priorities for FY 2004. These are:

- **Critical Improvements to NIST Facilities:** As technology advances, the need for more sophisticated and demanding measurements and standards also grows. NIST can develop and provide these capabilities and services only in stable, productive, and safe research and measurement laboratories. But many NIST laboratory facilities are decades old and are no longer capable of providing the stable research environment needed to efficiently conduct the advanced measurement research in many crucial areas—nanotechnology, information technology, communications, health care, homeland security, and others. To fulfill its mission requirements, NIST must invest in critical improvements in its Boulder and Gaithersburg facilities.
- **Measurements and Standards for Homeland Security:** The September 11 terrorist attacks on the United States claimed 3,000 lives and an estimated \$150 billion in economic losses. NIST will help to reduce the threat of potential future attacks and will help prepare the nation to respond more effectively in the event of attacks, minimizing loss of life and economic damage. In FY 2004, NIST plans to focus on four urgent dimensions of homeland security (refer to NIST Performance Goal 2):
 - ① Standards, technology, and practices for buildings and first responders, which will use an analysis of the technical cause of the collapse of the World Trade Center towers and the pattern of response to that crisis to develop cost-effective ways to strengthen buildings against attacks or natural disasters and assess ways to improve the safety and efficacy of first responders.
 - ② Standards for biometric identification, as needed to support the USA Patriot Act.
 - ③ Measurement infrastructure for homeland security focusing on measurements, testing methods, and performance standards needed to improve the cyber security of federal information systems, and to support certification needs for technologies designed to detect and respond to chemical, biological, radiological, nuclear, and explosive threats.
 - ④ Measurements, standards, data, and testing methods to accelerate the development of quantum computing for cryptography and secure communications.
- **Infrastructure for Innovation:** 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 its long-term research efforts on specific interdisciplinary technology areas where inadequate technical infrastructure is a barrier to development, commercialization, and public benefit: nanoscale measurements and data, and health care quality assurance (refer to NIST Performance Goal 1).

FY 2004 Program Changes

(Dollars in Thousands)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Office of Technology Policy	49	\$8,140	-4	-\$125

Workforce restructuring: A decrease (-5 FTE, -\$450) is requested to effect the transfer of the Office of Space Commercialization to the International Trade Administration and provide training to OTP personnel to develop the skills needed to address technology policy issues. Recognizing that legislative approval is necessary, funding for the Office of Space Commercialization has been taken out of the Technology Administration budget and will be provided through the International Trade Administration.

Supporting capacity building around the world – Digital Freedom Initiative (DFI): An increase (+1 FTE, +\$325) is requested for OTP to serve a leadership role in a White House initiative that leverages U.S. leadership in the Information and Communication Technology (ICT) arena to advise entrepreneurs in developing nations as they plan to increase their efficiency and participate in the global economy.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Chemical Science and Technology	244	\$40,602	+2	+\$1,000

An increase (+2 FTE, +\$1,000) is requested to provide the advanced measurements, standards, and data that health care providers and researchers need to improve health care quality and reduce costs.

Of this amount, a transfer of \$425 will be made to the NIST Working Capital Fund.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Physics	179	\$38,361	+24	+\$14,950

An increase (+1 FTE, +\$1,450) is requested to provide the necessary critical back-up elements for the NIST Time Scale and Time Dissemination services. The NIST Time scale provides the official U.S. time and synchronization of millions of clocks everyday for purposes ranging from consumer electronic products, to stock market transactions, to navigation.

Of this amount, a transfer of \$1,190 will be made to the NIST Working Capital Fund.

An increase (+9 FTE, +\$5,200) is requested to develop the measurements, standards, and data the private sector and other agencies need to support research and development (R&D) and accelerate the production of nanotechnology-based products and services in most major industrial sectors, such as health care, semiconductors, information technology, communications, defense, biotechnology, and magnetic data storage.

Of this amount, a transfer of \$1,800 will be made to the NIST Working Capital Fund.

An increase (+9 FTE, +\$5,300) is requested to strengthen the national measurement infrastructure for radiation applications in homeland security. Improved radiation measurements are needed to better detect nuclear and radiological weapons of mass destruction before they are smuggled into the U.S.; to detect radiation threats such as explosives; and to safely and effectively sterilize containers potentially containing biowarfare agents such as anthrax.

Of this amount, a transfer of \$500 will be made to the NIST Working Capital Fund.

An increase (+5 FTE, +\$3,000) is requested to provide measurements, standards, data, and testing methods to accelerate the development of quantum information technology with applications in homeland security (cryptography and secure communications) and revolutionary computing.

Of this amount, a transfer of \$1,000 will be made to the NIST Working Capital Fund.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Building and Fire Research	114	\$19,265	+5	+\$4,000

An increase (+5 FTE, +\$4,000) is requested to develop and implement, through a public-private program, the standards, technology, and practices needed for cost-effective safety and security of buildings, including emergency response.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Computer Science and Applied Mathematics	365	\$56,291	+3	+\$1,000

An increase (+3 FTE, +\$1,000) is requested to provide standard methods for measurement of the accuracy of biometric identification systems in compliance with the USA PATRIOT Act of 2001.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Research support activities	229	\$46,202	0	+\$6,700

An increase (+\$1,200) is requested to provide funding for outsourcing the maintenance and operation of NIST's Advanced Measurement Laboratory (AML).

An increase (+\$5,500) is requested to provide the additional research equipment needed to realize the capabilities of NIST's Advanced Measurement Laboratory (AML). When completed in 2004, the AML will be the world's best measurement laboratory, helping provide the measurements and standards needed by industry and science in key 21st century technologies.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Advanced Technology Program	159	\$110,807	-66	-\$80,000

A decrease (-66 FTE, -\$80,000) is included. Consistent with the Administration's emphasis on shifting resources to reflect changing needs, the 2004 Budget proposes to terminate the Advanced Technology Program (ATP). Funding is provided for administrative costs and closeout.

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Construction and major renovations	52	\$34,370	+1	+\$35,220

An increase (+\$21,300) is requested to proceed with the next steps necessary to complete several urgently needed construction and major renovations projects on NIST's Boulder, Colorado, site. The construction and renovation projects include: completion of the Central Utility Plant (\$10.8 million); design and limited renovation of Building 4 (\$4.0 million); and renovation design of Building 1 (\$6.5 million).

An increase (+\$3,360) is requested to design the renovation of Building 220 at the Gaithersburg, Maryland, site.

An increase (+ 1 FTE, +\$10,560) is requested to increase NIST's safety, capacity, maintenance, and major repairs base funding to an annual level of approximately \$33 million to maintain NIST's Gaithersburg, Maryland, and Boulder, Colorado, sites.

Corresponding DOC FY 2004 Priorities

In addition, NIST addresses the following Departmental priorities for FY 2004:

- Providing Infrastructure for Technological Innovation—by accelerating technical innovation through advances in core science, technology, telecommunications, and manufacturing programs, and protection of intellectual property.
- Homeland Security and Critical Infrastructure Protection—by examining DOC programs in a post-9/11 context, by identifying what authorities or programs can be utilized to contribute to homeland security, and continuing to advance U.S. foreign policy and national security interests through the regulation of exports relating to critical goods and technologies.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

OTP Performance Goal 1: Provide Leadership in Promoting National Technology Policies that Facilitate U.S. Pre-eminence in Key Areas of Science and Technology and Leverage Technological Innovation to Strengthen American Global Competitiveness

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Support/improve American innovation system	New	New	New	Activities completed	Activities completed	Activities completed	Activities completed
Advance role of technology in U.S. economic growth and homeland security	New	New	New	Activities completed	Activities completed	Activities completed	Activities completed
Strengthen competitive position of American technology industries	New	New	New	Activities completed	Activities completed	Activities completed	Activities completed
Strengthen OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services	New	New	New	Activities completed	Activities completed	Activities completed	Activities completed

NIST Performance Goal 1: Research and Develop the Measurements and Standards Needed to Support Emerging Science and Technology-intensive Industries.

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Technical publications produced ¹	2,270	2,250	2,207	2,050	2,236	2,100	2,200

NIST Performance Goal 2: Develop and Efficiently Disseminate the Measurements and Standards Needed to Support the Nation's Strategic Interests in Homeland Security

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
% activity and output milestones achieved	New	New	New	New	New	New	80%

NIST Performance Goal 3: Assure the Availability and Efficient Transfer of Measurement and Standards Capabilities Essential to Established Industries

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Standard reference materials available	1,288	1,292	1,335	1,350	1,353	1,360	1,360
Standard reference data titles available	60	63	65	68	90	70	95
Number of items calibrated	3,118	2,969	3,192	2,900	2,924	2,900	2,800

NIST Performance Goals 1-3:

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Qualitative assessment and performance evaluation using peer review	Completed	Completed	Completed	Complete	Completed	Complete	Complete
Economic impact studies	Completed	Completed	Completed	Complete	Completed	Complete	Complete

NIST Performance Goal 4: Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies²

Measure	FY 1999 Actual ³	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Cumulative # of publications	468	565	747	770	Available May 2003	840	990
Cumulative # of patents filed	607	693	800	930	Available May 2003	1,020	1,220
Cumulative # of technologies under Commercialization	120	166	195	190	Available May 2003	210	250

NIST Performance Goal 5: Raise the Productivity and Competitiveness Small Manufacturers^{4,6}

Measure	FY 1999 Actual ⁵	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of clients served by MEP Centers receiving federal funding	23,092	20,903	21,321	21,534	21,420	392	392
Increased sales attributed to MEP Centers receiving federal funding	\$425M	\$698M	\$363M	\$726M	Available December 2003	\$13M	\$13M
Capital investment attributed to MEP Centers receiving federal funding	\$576M	\$873M	\$680M	\$910M	Available December 2003	\$17M	\$17M
Cost savings attributed to MEP Centers receiving federal funding	\$364M	\$482M	\$442M	\$497M	Available December 2003	\$9M	\$9M

NIST Performance Goal 6: Catalyze and Reward Quality and Performance Improvement Practices in U.S. Businesses and Other Organizations

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual ⁷	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of applications per year to Malcolm Baldrige National Quality Award and Baldrige-based state and local quality awards	1,067	911	646	954	Available May 2003	1,111	692
Number of Baldrige criteria mailed by BNQP and by Baldrige-based state and local quality programs	211,028	176,248	164,949	191,700	Available May 2003	177,870	165,363

NTIS Performance Goal 1: Enhance Public Access to Worldwide Scientific and Technical Information Through Improved Acquisition and Dissemination Activities

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of new items available (annual)	New	New	505,068	510,000	514,129	520,000	525,000
Number of information products disseminated (annual)	New	New	14,524,307	16,000,000	16,074,862	17,000,000	18,000,000
Customer satisfaction	New	New	97%	97%	98%	98%	98%

- ¹ FYs 1999 and 2000 actuals have been adjusted slightly from the previously reported figures due to improved database systems and data verification procedures that have been implemented in recent months.
- ² Due to the cumulative nature of ATP's performance measures and the long time lags from 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 2004.
- ³ FY 1999 actual has been adjusted very slightly from the previously reported figure (from 616 to 607, a 1.5% change) due to data verification improvements made in consultation with an audit team from the Department of Commerce's Office of the Inspector General.
- ⁴ FY 2001 actuals are not yet available due to data collection requirements (lag is one year). FY 2000 actuals are reported here for the first time.
- ⁵ In addition, the FY 1999 actual for "increased sales attributed to MEP assistance" has been adjusted slightly from the previously reported figure (from \$447M to \$425, a 4.9% change) due to data verification improvements made in consultation with an audit team from the Department of Commerce's Office of the Inspector General.
- ⁶ The FY 2003 estimate reflects the FY 2003 President's budget request, which provides funding for two centers.
- ⁷ Data is based on applications to and Criteria disseminated by BNQP and 41 out of 54 state and local programs.

Resource Requirements Summary

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

Information Technology (IT)

Full Time Equivalent (FTE)

OTP Performance Goal 1: Provide Leadership in Promoting National Technology Policies that Facilitate U.S. Pre-eminence in Key Areas of Science and Technology and Leverage Technological innovation to Strengthen American Global Competitiveness

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Under Secretary (US)/OTP	10.8	7.1	7.8	7.9	7.9	8.1	-0.1	8.0
Reimbursable	0.2	0.1	0.4	0.2	0.4	0.4	0.0	0.4
Total Funding	11.0	7.2	8.2	8.1	8.3	8.5	-0.1	8.4
IT Funding ¹	0.2	0.4	0.3	0.3	0.3	0.3	0.0	0.3
FTE	44	39	40	46	50	50	-4	46

NIST Laboratory Performance Goals (Goals 1-3):

- 1. Research and Develop the Measurements and Standards Needed to Support Emerging Science and Technology-intensive Industries**
- 2. Develop and Efficiently Disseminate the Measurements and Standards Needed to Support the Nation's Strategic Interests in Homeland Security**
- 3. Assure the Availability and Efficient Transfer of Measurement and Standards Capabilities Essential to Established Industries**

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Scientific and Technical Research & Services								
Electronics and Electrical Engineering	38.5	38.6	40.6	41.5	43.1	44.2	0.0	44.2
Manufacturing Engineering	19.1	19.0	18.9	19.4	21.6	21.8	0.0	21.8
Chemical Science and Technology	32.0	33.2	34.3	34.3	40.1	40.6	0.6	41.2
Physics	29.1	29.8	32.8	34.5	37.3	38.4	10.5	48.8
Material Sciences and Engineering	50.0	51.9	54.0	56.0	69.9	66.5	0.0	66.5
Building and Fire Research	14.9	15.2	17.6	20.2	19.3	19.3	4.0	23.3
Computer Science and Applied Math	42.5	46.5	55.6	56.4	54.9	56.3	1.0	57.3
Technology Assistance	17.6	17.8	17.8	18.1	19.0	19.1	0.0	19.1
Research Support Activities	31.7	26.2	29.0	44.5	84.1	46.2	6.7	52.9
Construction	19.6	200.5	37.7	70.6	70.4	34.4	35.2	69.6
Working Capital Fund								
Direct Investments	18.8	23.1	28.5	44.8	27.9	23.8	4.9	28.7
Reimbursable	100.5	110.7	115.5	125.7	154.5	149.2	0.0	149.2
Total Funding	414.3	612.5	482.3	566.0	642.1	559.8	62.9	622.6
IT Funding ¹	48.0	50.2	54.2	64.0	66.3	63.7	0.0	63.7
FTE	2,762	2,670	2,594	2,607	2,761	2,762	25	2,787

NIST Performance Goal 4: Accelerate Private Investment and Development of High-risk, Broad-impact Technologies

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Industrial Technology Services								
Advanced Technology Program	190.3	198.3	175.4	197.8	145.0	110.8	-80.0	30.8
Working Capital Fund	0.0	0.5	0.4	0.3	0.3	0.3	0.0	0.3
Total Funding	190.3	198.8	175.8	198.1	145.3	111.1	-80.0	31.1
IT Funding ¹	2.8	5.8	4.0	5.0	5.0	4.7	0.0	4.7
FTE	271	270	239	249	159	159	-66	93

NIST Performance Goal 5: Raise the Productivity and Competitiveness of Small Manufacturers

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Industrial Technology Services								
Manufacturing Extension Partnership	127.9	103.3	105.9	108.2	18.2	12.6	0.0	12.6
Working Capital Fund	3.5	1.1	0.5	0.3	0.3	0.3	0.0	0.3
Total Funding	131.4	104.4	106.4	108.5	18.5	12.9	0.0	12.9
IT Funding ¹	2.6	2.9	1.5	3.1	2.4	2.1	0.0	2.1
FTE	109	91	87	89	89	89	0	89

NIST Performance Goal 6: Catalyze and Reward Quality and Performance Improvement Practices in U.S. Businesses and Other Organizations

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Scientific and Technical Research and Services								
National Quality Program	3.9	5.3	5.4	4.9	6.2	5.8	0.0	5.8
Working Capital Fund	2.3	3.5	1.1	0.2	1.8	1.8	0.0	1.8
Total Funding	6.2	8.8	6.5	5.1	8.0	7.6	0.0	7.6
IT Funding ¹	0.5	0.7	0.7	0.3	0.3	0.3	0.0	0.3
FTE	39	51	49	54	55	55	0	55

NTIS Performance Goal 1: Enhance Public Access to World Wide Scientific and Technical Information Through Improved Acquisition and Dissemination Activities

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Reimbursable	33.3	38.3	34.7	27.7	50.9	41.5	0.0	41.5
Direct								
Total Funding	33.3	38.3	34.7	27.7	50.9	41.5	0.0	41.5
IT Funding ¹	9.9	9.9	9.8	10.7				
FTE	322	230	196	186	260	260	0	260

Discontinued Performance Goal: Protect the National Information Infrastructure

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Scientific and Technical Research and Services								
Critical Infrastructure Protection Grant Program	N/A	N/A	5.0					
Total Funding	N/A	N/A	5.0					
IT Funding ¹	N/A	N/A	0.0					
FTE	N/A	N/A	2					

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
OTP	11.0	7.2	8.2	8.1	8.3	8.5	-0.1	8.4
NIST								
Scientific and Technical Research and Services	279.3	283.5	311.0	329.8	395.5	358.2	22.8	380.9
Industrial Technology Services	318.2	301.6	281.3	306.0	163.2	123.4	-80.0	43.4
Construction	19.6	200.5	37.7	70.6	70.4	34.4	35.2	69.6
Working Capital Fund	125.1	138.9	146.0	171.3	184.8	175.4	4.9	180.3
NTIS	33.3	38.3	34.7	27.7	50.9	41.5	0.0	41.5
Total Funding	786.5	970.0	818.9	913.5	873.1	741.4	-17.2	724.1
Direct	627.9	792.7	637.8	714.3	637.0	524.1	-22.1	501.9
Reimbursable ²	158.6	177.3	181.1	199.2	236.1	217.3	4.9	222.2
IT Funding ¹	64.0	69.9	70.5	83.4	74.3	71.0	0.0	71.1
FTE	3,547	3,351	3,207	3,231	3,374	3,375	-45	3,330

¹ IT funding is included in total funding; total funding includes direct and reimbursable obligations.

² Reimbursable funding includes NIST working capital fund investments.

Skill Summary:

At the end of FY 2002, the staffs of the three component bureaus of TA reflected the following levels of educational attainment:

- Total OTP staff included 11% Ph.D., 22% M.A. or M.S., and 38% B.A. or B.S. holders.
- Total NIST staff included 28% Ph.D., 14% M.A. or M.S., and 18% B.A. or B.S. holders. The breakdown of professional staff by major NIST organization was:
 - NIST laboratories: 54% Ph.D., 19% M.A. or M.S., 18% B.A. or B.S. holders.
 - Advanced technology program: 48% Ph.D., 34% M.A. or M.S., 17% B.A. or B.S. holders.
 - MEP: 5% Ph.D., 64% M.A. or M.S., 27% B.A. or B.S. holders.
 - BNQP: 25% Ph.D., 38% M.A. or M.S., 25% B.A. or B.S. holders.
 - Total NTIS staff included 6% M.A. or M.S. and 20% B.A. or B.S. holders.

IT Requirements:

The IT systems NIST operates will continue to shape the ability of its employees to effectively and efficiently accomplish their work and achieve NIST's mission. It is essential that NIST be able to provide an integrated, effective suite of IT resources and services that support current NIST personnel and organizational needs, anticipate the future needs of the organization, and enable NIST to appropriately disseminate information to the public. The efficiency and quality of NIST activities, including technology transfer services and many administrative functions, depend upon seamless, powerful, and highly accessible IT resources. Intramural research programs comprise the bulk of NIST's high-performance and laboratory-based computing needs and drive its IT strategies. To achieve its IT objectives, NIST must:

- Upgrade computing and communications systems on a regular basis, focusing on high-end computational resources, networking, and electronic information dissemination capabilities; data storage capacity; and security conditions.
- Promote interoperability within and across hardware and software platforms.
- Provide enhanced management information systems, particularly e-commerce applications for internal systems.
- Develop central support for local workstations, improving user efficiency and system security.
- Develop more coordinated and integrated public information dissemination technologies, keeping in mind the Administration's commitment to making government information more easily accessible and useful to the public.
- Deploy computer systems security to protect business and scientific information.

FY 2004 Performance Goals

Office of Technology Policy (OTP)

Mission Statement

Develop and advocate national policies and initiatives that use technology to build America's economic strength.

Performance Goal: Provide leadership in promoting national technology policies that facilitate U.S. pre-eminence in key areas of science and technology and leverage technological innovation to strengthen American global competitiveness.

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

The Technology Administration's (TA's) Office of Technology Policy (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.

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.'s economy.

In working to achieve the performance goal, OTP's efforts are focused on general goals (measures) and objectives that will support and improve the U.S.'s innovation system, advance the role technology plays in US economic growth and homeland security, and strengthen the competitive position of the U.S.'s technology industries.

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 U.S.'s S&T workforce.
- 2 Advance the role technology plays in US economic growth and homeland security.
 - a. Increase policymakers' and public understanding 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 the U.S.'s technology industries.
 - a. Increase US policymakers' understanding of globalization's effects on competitiveness, technological development, and standards.
 - b. Propose and recommend policy options on critical US business climate issues.
 - c. Promote recognition and adoption in other countries of policies and practices that support the U.S.'s innovation and innovators.
- 4 Strengthen OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services.
 - a. Transform OTP's internal organization and procedures to align with President's Management Agenda (PMA) objectives.

OTP has identified the following action plans, strategies, and activity milestones for FY 2003-2004 in each of the general goals (measures) and objectives. In addition to these programmatic goals, OTP identified an organizational and management goal that advances the organization's performance in keeping with the PMA.

For each of OTP's goals and objectives, performance metrics rely chiefly on milestone accomplishments in achieving specific activities. The following action plans' activities emphasize outreach, analysis and education, and advocacy—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, OTP will pursue the following strategies, activities, and performance targets in FY 2003-2004.

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"> Facilitate inter-agency coordination of regulatory and legislative policy initiatives. Prepare and deliver reports on technology transfer practices and issues in response to Administration requests, congressional mandates, and emerging policy issues. 	<p>FY 2004:</p> <ul style="list-style-type: none"> Develop and publish legislatively mandated annual report to Congress and the President on U.S. government technology transfer activities and trends. Publish and disseminate regulations clarifying Bayh-Dole policies to improve effectiveness of U.S. government technology transfer practices. Facilitate development of educational materials for use at the national laboratories, such as Web sites, online resources, and videos. <p>FY 2003:</p> <ul style="list-style-type: none"> Develop and publish legislatively mandated annual report to Congress and the President on U.S. government technology transfer activities and trends. Convene interagency and stakeholder groups to develop recommendations for clarification or change to specific policies and practices under the Bayh-Dole Act. Assist with development of Web-based tools to facilitate consideration of national security factors in technology transfer at national labs.

Objective #1.b. Identify and advocate policies that promote the competitiveness of America's S&T workforce

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> 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. 	<p>FY 2004:</p> <ul style="list-style-type: none"> 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. <p>FY 2003:</p> <ul style="list-style-type: none"> Develop and promote S&T career-related Web content for GetTech Web site. Convene roundtable to identify likely impacts of the next-generation of educational and training technologies, and barriers to their development and adoption. Manage the President's National Medal of Technology program to promote the value of technology innovation by providing public recognition to successful inventors.

General Goal #2: Advance the role technology plays in US economic growth and homeland security.

Objective #2.a. Increase US policymakers' understanding of the importance to the U.S. economy and homeland security of emerging and advanced technologies

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> • 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. • Serve as industry advocate within White House (WH), U.S. government and international policy fora to work 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. 	<p>FY 2004:</p> <ul style="list-style-type: none"> • 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. <p>FY 2003:</p> <ul style="list-style-type: none"> • Organize series of panel discussions to identify status, opportunities, and barriers to development and adoption of emerging technologies. • Prepare and disseminate summaries/analyses of quarterly panel discussions on emerging technologies, including recommendations for policymakers' actions. • In roundtables, conferences, and other public fora, promote understanding and use of productivity-enhancing information technologies (such as broadband Internet) in business, education, medicine, and research. • Participate in Office of Homeland Security initiatives (such as cyber security) as liaison to information communication technologies (ICT) industries. • Develop and publish report on status of telemedicine technologies. • Develop and publish first U.S. government survey of national biotechnology industries.

Objective #2.b. Identify and advocate strategies that facilitate technology-led economic development

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> • Prepare and deliver reports on strategies that facilitate technology-led economic growth. • Develop outreach events to provide information and promote infrastructure contributing to technology-led economic growth. 	<p>FY 2004:</p> <ul style="list-style-type: none"> • 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. • Initiate data collection and begin information dissemination on successful programs/efforts in TLED abroad. • Analyze current US digital opportunity efforts. • Consult with other U.S. government agencies and the private sector to coordinate international technology led economic development activities. <p>FY 2003:</p> <ul style="list-style-type: none"> • Develop, publish, and disseminate reports for use by state and local policymakers and the public, such as the fourth <i>State S&T Indicators</i> report. • Work with local communities, national experts, and other USG agencies to develop and deliver educational and training modules focused on developing capital and technology infrastructures for technology-led economic growth at the state and local levels.

General Goal #3: Strengthen the competitive position of American technology industries.

Objective #3.a. Increase US policymakers' understanding of globalization's effects on national interest, competitiveness, technological development, and standards

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> • Prepare and deliver reports on innovation and technology issues in response to Administration requests, Congressional mandates, and emerging needs. • Provide Administration and congressional policy-makers with policy options concerning U.S. innovation issues. 	<p>FY 2004:</p> <ul style="list-style-type: none"> • Develop and publish analytical report on the impact of globalization on U.S. innovation. • Develop and publish comparative analytical report on technology and innovation policy and programs in selected other countries. • Convene quarterly discussions with industry and S&T community to evaluate progress on policy recommendations and to identify new policies. • Organize and launch an outreach campaign to enlist a large and diverse group of partners to support the Digital Freedom Initiative. • Lead an effort to develop training materials and programs for small businesses and entrepreneurs in "host" countries. <p>FY 2003:</p> <ul style="list-style-type: none"> • Develop and publish comparative analytical report on technology and innovation policy and programs in selected other countries. • Develop and publish first in a series of the impact of globalization on U.S. innovation infrastructure. Primary data collection will include field work and conferences with key stakeholders. • Develop policy recommendations based on OTP analytical findings and regular consultations with industry and the S&T community.

Objective #3.b. Propose policy options/recommendations on critical US business climate issues

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> • Liaison with technology industries to learn views on policy priorities. • 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. 	<p>FY 2004:</p> <ul style="list-style-type: none"> • Identify areas of improvement in R&D tax credit and develop policy papers/articles advocating adoption of credit with improvements. • Attend industry meetings and organize outreach events to learn views on policies including broadband, information and communications technology. Use TA's position as Asia-Pacific Economic Cooperative's (APEC) Industrial Science and Technology Working Group Webmaster to improve utilization of information technology for informatin dissemination and activities related to international policy and project management. • Advise the Secretary of Commerce on technology issues based on on-going analysis and conslations with industry and the S&T community. <p>FY 2003:</p> <ul style="list-style-type: none"> • Interact with industry to identify views and priorities on domestic and international policies and priority recommendations. • Attend industry meetings and organize outreach events to learn views on policies including tax, regulatory, litigation, e-commerce, standards, and others. • Use TA's position as APEC's Industrial Science and Technology Working Group Webmaster to improve utilization of information technology for informatin dissemination and activities related to international policy and project management. • Advise the Secretary of Commerce on technology issues based on on-going analysis and consultations with industry and the S&T community.

Objective #3.c. Promote recognition and adoption in other countries of policies and practices that support American innovation and innovators

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> Represent the U.S. government in bilateral and multilateral meetings. 	<p>FY 2004:</p> <ul style="list-style-type: none"> Continue to represent the U.S. in multilateral and bilateral meetings related to international technology policy. <p>FY 2003:</p> <ul style="list-style-type: none"> As lead of the U.S. delegation to the semi-annual meetings of the APEC Industrial S&T Working Group, work with other federal agencies to encourage APEC collaboration on critical technology issues. As U.S. government representative to the semi-annual meetings of the OECD Technology and Innovation Policy Working Group, incorporate U.S. interests into OECD approaches to intellectual property rights protection, business investments in R&D, technology transfer, and workforce mobility. As lead of the U.S.-Israel Science and Technology Commission, develop and implement bilateral projects (for example, workshops and training) that advance U.S. technology and commercial interests through cooperation with Israel in biotechnology and information technology.

General Goal #4: Strengthen OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services

Strategies	Activities and Performance Targets
<ul style="list-style-type: none"> Transform OTP's internal organization and procedures to align with PMA objectives. 	<p>FY 2004:</p> <ul style="list-style-type: none"> Convene advisory group to assess current efforts and recommend future activities/directions. 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. Improve OTP's e-government participation through interagency participation in panels and improved Web presence.

FY 2003 & FY 2004 Targets

OTP re-examined its performance targets during FY 2002 as a part of an overall effort to further strengthen its performance, to align the targets with the President's Management Agenda (PMA), and to more accurately reflect the impact of OTP's efforts. The result of that reexamination was to regroup existing targets and add new targets. For the FY 2003 submission, TA's targets were grouped according to the three key action areas of Outreach, Analysis/Education, and Advocacy. Because of the overlap among the activities, and to align the targets with the PMA, TA restructured its efforts into one overarching goal and the four general goals and associated strategies, activities, and performance targets reflected in this submission.

Program Evaluation

OTP has incorporated the development of a program evaluation process into the FY 2004 plan, under general goal 4, with an activity and performance target to transform OTP's internal organization and procedures to align with PMA objectives by convening an advisory group to assess current efforts and recommend future activities and directions

Cross-cutting Activities

Intra-Department of Commerce

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 Export Administration on technology export issues; and with the International Trade Administration on issues related to international technology.

Other Government Agencies

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 U.S. Patent and Trademark Office, the Bureau of Export Administration, 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.

Government/Private Sector

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.'s economy.

External Factors and Mitigation Strategies

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. OTP can influence but not control other participants.

National Institute of Standards and Technology (NIST)

Mission Statement

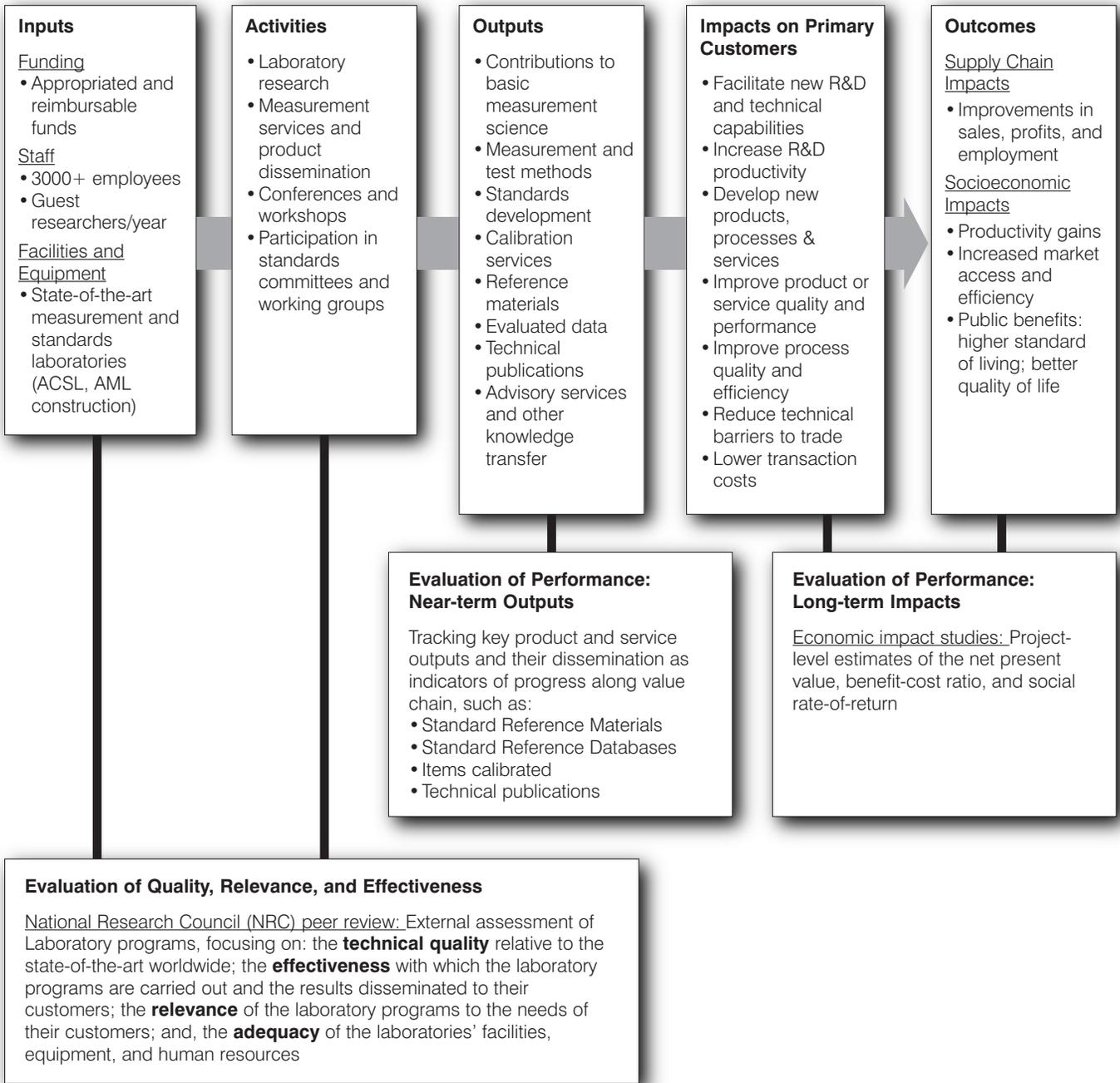
Develop and promote measurement, standards, and technology to enhance productivity, facilitate trade, and improve the quality of life.

Summary Information: NIST Performance Goals 1-3 (NIST Laboratories)

The first three performance goals for NIST pertain to the NIST Laboratory programs. The NIST Laboratories perform research to develop the measurement tools, data, and models for advanced science and technology. This model on the following page depicts the NIST Laboratories' value-creation chain—from inputs like funding and staff to outcomes like productivity gains and improved quality of life. The model also includes the evaluation methods and measures used to track progress 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, NIST evaluates its performance against each laboratory strategic goal using a mix, appropriate to each goal, 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 Laboratories' Impact Path and Evaluation Methods: Results-based Management for Research



Alignment with the President's Management Agenda R&D Investment Criteria

A key component of the President's Management Agenda involves the development of criteria for evaluating investments in federal research and development (R&D) programs. As developed to date, the R&D investment criteria center on the evaluation of quality, relevance, and performance. As depicted in the impact and evaluation graphic above, NIST uses a combination of external peer review, output tracking, and retrospective economic impact studies to evaluate quality, relevance, and performance over time. NIST's peer review process is particularly productive, as it is comprehensive and ultimately focused on evaluating the quality, relevance, and effectiveness of NIST's efforts to serve its customers' current and prospective measurement and standards needs.

To evaluate prospective investment choices, NIST has recently completed a long-term strategic plan (NIST 2010) that used a combination of external trend analysis and specific opportunity assessments to identify areas where NIST's measurement, standards, and advisory services are critical to technological advancements that have enormous potential impact on the U.S.'s productivity, trade, and quality of life. The priorities described in this annual performance plan reflect that long-term strategic assessment. Where feasible, NIST also contracts for focused prospective economic analyses that estimate the costs associated with inadequate technical infrastructure in specific markets. Most recently NIST sponsored a study of the software industry, and found that the national annual costs of inadequate infrastructure for software testing ranges from \$22.2 to \$59.5 billion (more than half of these costs derive from error avoidance and mitigation activities of software users; the remaining costs reflect the additional testing resources that software developers must use due to inadequate testing tools and methods). Prospective studies of this nature are used to help NIST refine its investment choices within specific arenas of potential work.

NIST augments these evaluation methods with continual feedback from customers as well as broad policy and management oversight by the Visiting Committee on Advanced Technology. These mechanisms provide additional means for aligning NIST's work with customer needs and managing its programs in the most effective manner possible.

Cross-cutting Evaluation Methods and Data for NIST Goals 1-3

Qualitative assessment and performance evaluation 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 2002 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 provide summary statements for the laboratories, excerpted from NRC's 2002 report. NRC reports are posted at: <http://books.nap.edu>.

NIST Scientist Wins Nobel Prize for Discovery of a New State of Matter

NIST's Eric A. Cornell and Carl E. Wieman of the University of Colorado at Boulder won the 2001 Nobel Prize in physics for their creation of an entirely new state of matter called Bose-Einstein condensate (BEC). Cornell and Wieman made the discovery at JILA, a joint research institute operated by NIST and the University of Colorado. The BEC is the coldest known material in the universe, forming only when special laser and magnetic techniques are used to chill atoms to a few hundred billionths of a degree above absolute zero. At these ultra-cold temperatures, the atoms no longer behave as separate particles but instead behave as a giant single atom or molecule. The BEC appears very promising for a wide range of applications including extremely precise time standards, new forms of lithography for making microelectronic devices, and quantum computing.

Sample Statements from NRC Peer Review, FY 2002

Laboratory

Electronics and Electrical Engineering (EEEL)

"The work under way in the Electronics and Electrical Engineering Laboratory continues to be of the highest technical quality. The impact of the programs on industry and other NIST customers is significant...The panel is pleased with the progress that has been made on strategic planning in the laboratory over the past year. The next step will be strengthening of the links between the laboratory-level plan and the NIST-level plan, as well as between the plans at the laboratory and the division levels...The laboratory has clearly placed increased emphasis on interactions with NIST customers; the panel applauds this outreach effort and has seen the positive impact that these relationships have on project selection and dissemination...The construction of the Advanced Measurement Laboratory at NIST Gaithersburg is a very special opportunity for NIST and EEEL." (p. 1-8).

Manufacturing Engineering (MEL)

"The quality of research in the laboratory is high overall. In general, the staff is highly competent and motivated to have a positive impact on U.S. competitiveness...The panel concurs with the broadening of the Manufacturing Engineering Laboratory mission statement to recognize manufacturing beyond that of discrete parts...MEL has made progress in its strategic and program planning efforts...The panel was impressed with the number of MEL researchers who had received awards and recognition from external organizations...MEL has improved its customer focus...The panel agrees with MEL's matrix management approach as a means to best utilize staff skills to accomplish laboratory objectives...The panel is concerned about the decline in the number of MEL technical staff and its impact on the laboratory's ability to meet its goals and objectives." (pp. 1-8, 1-9, 3-3).

Chemical Science and Technology (CSTL)

"Chemical Science and Technology Laboratory programs continue to have high technical merit overall...Several programs were noteworthy for the use and development of cutting-edge technologies...The panel found CSTL to be very proactive overall in identifying the customers of its work...all projects presented to the panel had a concise statement of the anticipated industrial use. The panel was pleased to see an increased awareness of customer impact...Particularly noteworthy for their relevance and effectiveness are the laboratory's efforts in Standard Reference Materials (SRMs), Standards Reference Databases (SRDs), and international standards activities...The panel is pleased with CSTL efforts in Web-based dissemination and finds that the laboratory's Web-based dissemination continues to improve in utility and effectiveness..." (pp. 1-9, 4-4).

Physics (PL)

"The Physics Laboratory continues its tradition of technical excellence and leadership. The awarding of the 2001 Nobel Prize in Physics to one of the laboratory's staff members is the most obvious evidence of this excellence...The Physics Laboratory reaction to the anthrax attacks of late 2001 was outstanding for its responsiveness to unanticipated national need and for its excellent utilization of established NIST skills and resources...The panel commends the leadership role that the Physics Laboratory is taking in the NIST-wide health care initiative and the strong focus that the laboratory has brought to its efforts in this area in the past year...The panel recommends enhanced efforts to develop interlaboratory collaborations and other partnerships that would help leverage Physics Laboratory resources while more effectively meeting NIST-wide strategic goals." (pp. 1-10).

Materials Science and Engineering (MSEL)

"The Materials Science and Engineering Laboratory continues to field programs of high technical merit and strong relevance and effectiveness...In general, the technical competence of staff members is very high, and their projects often push the state of the art and its applications...The laboratory's output is generally excellent in terms of both quality and quantity...Overall, the panel was pleased with the relevance and effectiveness of MSEL's programs...The panel is concerned that decreasing staff levels put core MSEL competencies at risk and hamper the laboratory's ability to step up to new challenges and priorities...The panel noted in particular that the laboratory is making better use of collaborations both within and outside of NIST...MSEL should seek further opportunities to leverage its human resources through appropriate collaborations..." (pp. 1-10, 6-3).

Building and Fire Research (BFRL)

"The panel continues to be impressed by the high quality of scientific and technical work produced in the Building and Fire Research Laboratory. Commendable efforts are made to reach out to a broad variety of laboratory customers, ranging from large construction companies to local firefighting units, from code makers to academic researchers, and from standards committees to the public...The laboratory has taken the first step toward the development of a strategic plan...BFRL's existing expertise and programs have placed it in an excellent position to make many positive contributions to the nation's homeland security efforts...The panel is very supportive of BFRL's ongoing and planned activities [in homeland security] but cautions that it is vital for the laboratory to maintain a balance between short-term investigative work and long-term programs aimed at developing research and applications that are broadly relevant." (pp. 1-10, 1-11).

Information Technology (ITL)

"The technical merit of the work in [the Information Technology Laboratory] remains strong...the panel has been consistently impressed with the technical quality of the work undertaken. The panel also particularly applauds ITL staff's willingness to take on difficult technical challenges...The panel is impressed with the progress that has occurred in strategic planning in the [ITL], particularly in the emergence and acceptance of a framework under which laboratory activities operate...ITL has done a remarkable job of becoming more customer-oriented over the past several years. The panel applauds the laboratory's efforts in outreach and notes that the progress reflects improvement in a whole range of areas, from gathering wider and more useful input to help with project selection to increased dissemination and planning for how customers will utilize NIST results and products." (pp. 1-11, 8-3).

(NRC reports are posted at: http://www7.nationalacademies.org/NIST/NIST_reports.html)

Economic Impact Studies: Retrospective Evaluation of Long-Term Impacts

NIST Programs Benefit U.S. Industry and Consumers: the NTRM example

Accurate, real-time monitoring of polluting gases emitted by electric utilities, automobiles and other sources depends heavily on equipment calibration standards made by or traceable to the National Institute of Standards and Technology (NIST). A new study now available from NIST, *The Economic Impact of the Gas-Mixture NIST-Traceable Reference Materials Program* (NIST Planning Report 02-4), found that the gas-mixture NIST-Traceable Reference Materials (NTRM) program—an innovative mechanism for meeting a high demand for standards—returns between \$21 and \$27 in benefits for every dollar spent, with substantial benefits extending into the future.

The NTRM program was created in the early 1990s by NIST, the U.S. Environmental Protection Agency (EPA), and specialty gas companies to increase the availability of NIST-certified reference materials needed to monitor compliance with environmental regulations. Most EPA regulations for stationary source, mobile source and ambient air monitoring require that measurements be traceable to NIST. Under the program, gas companies manufacture standards according to NIST's technical specifications and submit these mixtures to NIST for certification. (NIST also produces a smaller number of its own gas-mixture Standard Reference Materials, the benefits of which were not evaluated in the study.)

In addition to greatly increasing the supply of gas-mixture standards, the NTRM program, after an initial start-up investment by NIST, minimizes on-going costs to taxpayers because it is now supported by industry fees. According to the study, benefits of the program include reduced measurement uncertainty, helping users of the reference materials to avoid some operations and maintenance costs and reducing credit expenditures in emissions trading (an innovative approach to environmental regulation that is generally believed to reduce total pollution-abatement costs). The program enables NIST to meet the needs of these impacted industries, while freeing up its resources to solve other critical standards issues.

NIST Planning Report 02-4 is available in Adobe Acrobat format from: www.nist.gov/director/prog-ofc/report02-4.pdf.

NIST uses retrospective microeconomic studies to 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. Studies conducted over the last five years indicate that NIST outputs generate rates of return on R&D that consistently exceed the estimated average returns on R&D conducted by private industry (see table below).¹

Economic Impact Studies: Long-term Outcomes of NIST Laboratory Research

Industry: Project	Year	Output	Outcomes	Measures
Chemicals: 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
Communications: 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
Electronics: Josephson voltage standard	2001	Standard reference materials	Increase R&D efficiency; increase productivity; enable new markets	SRR: 877; BCR: 5; NPV: \$18M
Communications: 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
Pharmaceuticals: cholesterol measurement	2000	Standard reference materials	Increase productivity decrease transaction costs	SRR: 154%; BCR: 4.5; NPV: \$3.5M
Photonics: laser and fiberoptic power and energy calibration	2000	Calibrations	Increase productivity decrease transaction costs	SRR: 43%-136%; BCR: 3-11; NPV: \$48M
Chemicals: SRMs for sulfur in fossil fuels	2000	Standard reference materials	Increase productivity reduce transaction costs	SRR: 1,056%; BCR: 113; NPV: \$409M
Semiconductors: software for design automation (IGBT semiconductors)	1999	Software model	Increase R&D efficiency increase productivity	SRR: 76%; BCR: 23; NPV: \$10M
Chemicals: alternative refrigerants	1998	Standard reference data	Increase R&D efficiency increase productivity	SRR: 433%; BCR: 4
Materials: phase equilibria for advanced ceramics	1998	Standard reference data	Increase R&D efficiency increase productivity	SRR: 33%; BCR: 10
Materials: thermocouples	1997	Standard reference data (calibration)	Lower transaction costs increase product quality	SRR: 32%; BCR: 3
Pharmaceuticals: radiopharmaceuticals	1997	Standard reference materials	Increase product quality	SRR: 138%; BCR: 97
Photonics: optical detector calibration	1997	Standards and calibration services	Increase productivity	SRR: 72%; BCR: 3

SRR: social (internal) rate of return; BCR: benefit-cost ratio; NPV: net present value.

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).

¹ Nadiri (National Bureau of Economic Research, 1993) estimates an average 20 to 30 percent private return and an average 50 percent social return on R&D conducted by private industry.

Collectively, these studies validate NIST's fundamental impact logic model: they prove, in other words, 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.

Performance Goal 1: Research and develop the measurements and standards needed to support emerging science and technology-intensive industries

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

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.

Performance Evaluation Methods for Goal 1

- **QUALITY, RELEVANCE, and EFFECTIVENESS:** Peer review. Comprehensive external assessment of technical quality and research direction of NIST Laboratories (National Research Council review); see section above on crosscutting measurement methods for goals 1-3.
- **PERFORMANCE:** Outputs. Indicators of knowledge outputs, such as technical publications (see detail below).
- **PERFORMANCE:** Outcomes. Retrospective economic impact studies; see section above on crosscutting measurement methods for goals 1-3.

Next-generation measurement needs require NIST to focus its long-term research efforts on specific interdisciplinary technology areas where inadequate technical infrastructure is a barrier to development, commercialization, and public benefit: health care quality assurance, information/knowledge management, and nanoscale measurements and data. 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. Through its strategic planning processes, NIST has determined that these areas offer the greatest potential for increasing NIST's long-term impact on productivity, trade, and quality of life.

As with all NIST laboratory research, new work beginning in FY 2004 will be evaluated each year through extensive external peer review, as described above in the "cross-cutting measures" section. The results of these comprehensive evaluations are made available in annual reports by the National Research Council Board on Assessment of NIST Programs (the most recent evaluation can be found at: http://www7.nationalacademies.org/NIST/NIST_reports.html). In addition, NIST conducts

retrospective studies that seek to estimate the long-term benefits that derive from specific NIST products or services, as described above in the “cross-cutting measures” section. Collectively, these studies indicate the types and levels of public benefits that will likely derive from FY 2004 investments in NIST laboratory research.

In general, new research funded for FY 2004 will begin to generate tangible new outputs in FY 2006 and subsequent years. Since this goal centers on conducting research for potential future applications, NIST will rely most heavily on external peer review to evaluate performance in FY 2004. In addition, NIST will track a surrogate measure of new knowledge generated by the NIST Laboratories: the number of technical publications produced. Performance information on this indicator is provided below.

Measure 1: Technical Publications Produced						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	2,150	2,450	2,200	2,050	2,100	2,200
Actual	2,270	2,250	2,207	2,236		
Met/Not Met	Met	Not Met	Met	Met		

Explanation of Measure

This measure represents the annual number of technical publications generated by the NIST Laboratories staff. The number is a direct count of the number of technical publications approved by the NIST Editorial Review Boards at the Gaithersburg and Boulder sites. NIST uses publications as one of the mechanisms to transfer the results of its research to the U.S. private sector and to other government agencies that need cutting-edge measurements and standards. Many of these publications appear in prestigious scientific journals and withstand peer review by the scientific community. Others appear in technological forums where measurement standards and technologies developed by NIST staff (at times in collaboration with private sector partners) are disseminated. See also text box. Data are updated on an ongoing basis by the NIST Office of Information Services. Data are not adjusted for quality and do not capture impact.

Citation Rates Show High Demand for NIST Technical Publications

Print publications are a major channel through which NIST diffuses the scientific and technical knowledge generated by its staff. For GPRA purposes, NIST reports the number of publications generated by its staff as a partial indicator of the Institute's research output. Of these technical publications produced annually, approximately 80 percent are published externally (such as in scientific journals), while the remaining 20 percent are NIST reports and special publications.

In addition, within the scientific community, citation rates often are used to gather additional information about the demand for or relevance of published research: the cumulative number of citations per publication provides a rough gauge of the level of use and hence "impact" of the publications. NIST has assessed the citation rates for its publications 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 the most comprehensive source of available publication data for scientific and technical organizations. According to these data, NIST's "relative impact"—that is, the average citation rate per NIST publication relative to ISI's baseline citation rate number for all scientific and technical organizations in its database—from 1981 through 1999 has been consistently above average. These data indicate that NIST consistently produces relevant scientific and technical publications that are cited frequently and hence used quite broadly.

Over time, NIST expects a relatively constant level of high quality publications (approx. 2,000-2,200/year) by its technical staff. The target level for FY 2003 was produced on the basis of 2001 data, as per the terms of the FY 2003 Annual Performance Plan. The target level for FY 2004 has been updated to reflect final FY 2002 data (see also section above, "**Cross-Cutting Evaluation Methods for NIST Goals 1-3**").

Performance Goal 2: Develop and efficiently disseminate the measurements and standards needed to support the nation’s strategic interests in homeland security

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

The terrorist attacks on September 11, 2001 and subsequent delivery of anthrax via the mail resulted in unprecedented death, destruction, and widespread disruption of everyday life in the United States. These attacks dramatically demonstrated that the U.S. homeland is vulnerable to terrorism. While the national response to these terrorist acts has been significant and effective, a coordinated national effort is required to secure the U.S. homeland from terrorist attacks in the future. Indeed, President Bush has declared that improving homeland security is one of the U.S.’s highest priorities.

NIST plays a distinct role in national efforts to improve homeland security. As in other times of national emergency, NIST responded to the initial terrorist attacks by quickly and effectively deploying its measurement and standards expertise to solve critical needs: technical support for mail irradiation; investigating and analyzing the World Trade Center, Pentagon, and Senate Hart Office Building sites; and accelerating development of protective equipment guides for first responders. NIST’s competencies and capabilities build on measurements, standards, and technical advice that for years have helped federal, state, and local agencies and the private sector protect U.S. citizens from terrorist, military, natural disaster, and other types of threats.

The economic consequence of the recent terrorist attacks is estimated to be \$151B, or 1.5 percent of U.S. domestic output. This total includes estimates of loss in the following areas:

Logistics	\$65B
Insurance and Liability	\$35B
Workplace Security	\$18B
Information Technologies	\$15B
Travel and Transportation	\$12B
Employee Costs	\$ 6B

A. Bernasek "The Friction Economy," Fortune 2/18/2002

Performance Evaluation Methods for Goal 2

- **QUALITY, RELEVANCE, and EFFECTIVENESS:** Peer review. Comprehensive external assessment of technical quality and research direction of NIST Laboratories (National Research Council review); see section above on crosscutting measurement methods for goals 1-3.
- **PERFORMANCE:** Outputs. Percent of activity and output milestones achieved (see detail on following page).
- **PERFORMANCE:** Outcomes. Retrospective economic impact studies; see section above on crosscutting measurement methods for goals 1-3.

Since homeland security activities continue to be developed within the federal government, NIST’s FY 2004 budget for homeland security incorporates and responds to strategic directions set forth by the Administration and Congress (including, in particular, the National Strategy for Homeland Security). In FY 2004 NIST plans to focus on four urgent dimensions of homeland security:

- 1 Standards, technology, and practices for buildings and first responders, which will use an analysis of the technical cause of the collapse of the World Trade Center towers and the pattern of response to that crisis to develop cost-effective ways to strengthen buildings against attacks or natural disasters and assess ways to improve the safety and efficacy of first responders.
- 2 Standards for biometric identification, as needed to support the USA Patriot Act.
- 3 Measurement infrastructure for homeland security, focusing on measurements, testing methods, and performance standards needed to improve the cyber security of federal information systems and to support certification needs for technologies designed to detect and respond to chemical, biological, radiological, nuclear, and explosive threats.
- 4 Measurements, standards, data, and testing methods to accelerate the development of quantum computing for cryptography and secure communications.

As with all NIST laboratory research, new work beginning in FY 2004 will be evaluated each year through extensive external peer review, as described above in the “cross-cutting measures” section. The results of these comprehensive evaluations are made available in annual reports by the National Research Council’s Board on Assessment of NIST Programs. In addition, NIST conducts retrospective studies that seek to estimate the long-term benefits that derive from specific NIST products or services, as described above in the “cross-cutting measures” section. Collectively, these studies indicate the types and levels of public benefits that will likely derive from FY 2004 investments in NIST laboratory research.

In addition to peer review and retrospective impact studies, NIST also will track its overall progress in developing and disseminating the diverse outputs—measurements, test methods, models, guidelines, standards, and related infrastructure tools—that support the U.S.’s strategic interests in homeland security, as to be specified in the FY 2004 NIST budget appropriation agreed to by Congress and the Administration.

Measure 2: Homeland Security: Percent of Activity and Output Milestones Achieved						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	New	80%
Actual						
Met/Not Met						

Explanation of Measure

This measure represents NIST’s ability to deliver the activities and milestones for FY 2004 and subsequent years that are specified in and funded through the FY 2004 NIST appropriation. With respect to the President’s FY 2004 budget request, this measure would capture NIST’s activity and output performance in four major areas of infrastructure support for homeland security:

- 1 Homeland Security standards and practices.
- 2 Biometric identification standards.
- 3 Measurement infrastructure for Homeland Security.
- 4 Quantum information science.

Over time, NIST's portfolio of work for Homeland Security will contribute to significant national benefits, including more effective deterrence against terrorist attacks, improved safety for first responders, lower vulnerability and greater integrity of critical systems dependent on IT, and greater public protection. As described above, these end impacts will be evaluated where feasible through retrospective impact studies (see also section above, "**Cross-Cutting Evaluation Methods for NIST Goals 1-3**").

Performance Goal 3: Assure the availability and efficient transfer of measurement and standards capabilities essential to established industries

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

A major component of the Commerce Department's mission is to promote U.S. competitiveness by strengthening and safeguarding the U.S.'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.

Performance Evaluation Methods for Goal 3

- **QUALITY, RELEVANCE, and EFFECTIVENESS:** Peer review. Comprehensive external assessment of technical quality and research direction of NIST Laboratories (National Research Council review); see section above on crosscutting measurement methods for goals 1-3.
- **PERFORMANCE:** Outputs. SRMs available; SRD titles available; number of items calibrated.
- **PERFORMANCE:** Outcomes. Retrospective economic impact studies; see section above on crosscutting measurement methods for goals 1-3.

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.

Measurement services for the United States originate at NIST and are disseminated through calibrations, artifacts, and reference data, which ensure product attributes, normalize the U.S.'s productive output, and facilitate domestic and international trade. NIST measurement services derive directly from NIST research efforts and are transferred through measurement standards, data, and technical services generated in the NIST Laboratories. Through these services NIST provides its customers in industry, government, and the scientific community in general with measurement uniformity, traceability, and equity in domestic and international commerce.

Today’s global marketplace demands rapidly conducted and highly accurate measurements. NIST’s measurement services support an increasingly diverse and dynamic group of customers whose needs rapidly change with advances in technology. NIST must establish and maintain effective customer feedback mechanisms so it can deliver high quality rapid service and continually react to emerging needs. In technology-based industries, NIST needs to respond 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.

As with all NIST laboratory research, work conducted in FY 2004 will be evaluated through extensive external peer review, as described above in the “cross-cutting measures” section. The results of these comprehensive evaluations are made available in annual reports by the National Research Council’s Board on Assessment of NIST Programs. In addition, NIST conducts retrospective studies that seek to estimate the long-term benefits that derive from specific NIST products or services, as described above in the “cross-cutting measures” section. Collectively, these studies indicate the types and levels of public benefits that will likely derive from FY 2004 investments in NIST laboratory research.

In addition to peer review and retrospective impact studies, NIST also tracks three output measures: Standard Reference Materials (SRMs) available, Standard Reference Data (SRD) titles available, and the number of items calibrated to NIST measurement standards. While NIST has diverse measurement and standards outputs, these three products and services represent major channels through which NIST delivers measurement and standards capabilities to established industries. As such, the set of output indicators provided below collectively illustrate the level at which NIST transfers measurement and standards capabilities to existing industries.

Measure 3a: Standard Reference Materials (SRMs) Available						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	1,315	1,300	1,315	1,350	1,360	1,360
Actual	1,288	1,292	1,335	1,353		
Met/Not Met	Not Met	Not Met	Met	Met		

Explanation of Measure

The number of Standard Reference Materials (SRMs) available illustrates the breadth of measurements supported by NIST. SRMs are certified for their specific chemical and material properties in the NIST Laboratories. 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. The data represent a direct count of SRMs available to customers at the close of the fiscal year and are tracked on an ongoing basis by NIST Technology Services. Data provide information on output levels only. There are no obvious replacements for these output tabulations; NIST continues to explore the use of additional metrics that could capture leverage in the secondary market and other factors related to downstream impact. As with other NIST products and services, downstream outcomes are measured through project-specific economic impact studies. The text box on the following page describes an example of NIST SRMs that assure the accuracy of cholesterol tests.

Standard Reference Materials Improving Health Care: Cholesterol Measurements

Diagnosing and treating cardiovascular disease requires accurate measurements of cholesterol and its constituents. Since 1966, NIST has developed and disseminated measurement methods, standards, and Standard Reference Materials (SRMs) needed to assure the accuracy of cholesterol tests. As a result of NIST's work, clinical laboratories and other users have adopted increasingly accurate measurement techniques and have significantly reduced uncertainties in cholesterol measurement results. Due to better measurements, fewer patients have been misdiagnosed, public health has been improved, and health care costs have been lowered significantly. The economic benefits of NIST's Cholesterol Standards Program have been analyzed in an independent study by TASC, Inc. The study covered the period of 1986-1999, and estimated a social rate of return of 154 percent and a benefit-to-cost ratio of 4.5:1 during that timeframe.

The target level for FY 2003 was produced on the basis of 2001 data, as per the terms of the FY 2003 Annual Performance Plan. The target level for FY 2004 has been updated to reflect final FY 2002 data. Projections of future performance assume slight growth in the number of SRMs available, given NIST's strategy of focusing on those SRMs that cannot be produced by secondary laboratories and that have broad and/or high downstream impact. In establishing its out-year projections, the NIST SRM Program monitors, among other things, trends in emerging technologies, new regulations that will depend on SRMs for enforcement, and the reference material needs of other federal agencies.

Measure 3b: Standard Reference Data (SRD) Titles Available

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	62	63	66	68	70	95
Actual	60	63	65	90		
Met/Not Met	Not Met	Met	Not Met	Met		

Explanation of Measure

This measure describes the number of Standard Reference Data (SRD) titles that the NIST Laboratories produce and make available through the NIST Standard Reference Data Program. Standard Reference Databases provide numeric data to scientists and engineers for use in technical problem solving, research, and development. These recommended values are based on data that have been extracted from scientific and technical literature, assessed for reliability, and then evaluated to select the preferred values. The data represent a direct count of available SRD titles and are updated on an ongoing basis by the NIST Standard Reference Data Program. Data provide information on output levels only. There are no obvious replacements for these output tabulations. NIST continues to explore the use of additional metrics that could capture use rates, leverage, and other factors that may provide partial indicators of downstream impact.

Historically, NIST has produced two new SRD titles per year while also providing numerous upgrades to existing databases. Each year, however, some database titles are eliminated from the NIST catalog. The target level for FY 2003 was produced on the basis of 2001 data, as per the terms of the FY 2003 Annual Performance Plan. The target level for FY 2004 has been updated to reflect final FY 2002 data. The increase in FY 2002 largely reflects a revised and more accurate tabulation of the

SRD titles available. In FY 2002 NIST changed its method for tabulating the databases that it makes available to the public. Prior tabulations did not sufficiently represent the number of discrete databases that are being made available through the Web; in some cases, several distinct databases had been counted as a single database because they are clustered at a single overarching Web address. Out-year estimates from FY 2004 forward will reflect this change in methodology, and will assume modest growth in the total number of SRD titles available. Over time, a larger percentage of these titles will be distributed via the Internet.

Measure 3c: Number of Items Calibrated

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	3,375	3,200	3,100	2,900	2,900	2,800
Actual	3,118	2,969	3,192	2,924		
Met/Not Met	Not Met	Not Met	Met	Met		

Explanation of Measure

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). 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. 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 SRD titles, downstream impact is a function of the nature of individual calibration services more than the sheer volume of items calibrated. There are no obvious replacements for these output tabulations. NIST continues to explore complementary metrics that could capture leverage in the secondary market and other factors that may provide partial indicators of downstream impact.

The target level for FY 2003 was produced on the basis of 2001 data, as per the terms of the FY 2003 Annual Performance Plan. The target level for FY 2004 has been updated to reflect final FY 2002 data. Out-year forecasts show a relatively high but slightly declining number of items calibrated. This is in keeping with a long-term trend, over the past several decades, of a decline in the number of items calibrated by NIST. (Despite this long-term trend, individual years may fluctuate slightly, as with the slight increase from FY 2000 to FY 2001, due to the periodicity of multi-year calibration cycles.) This decline is taking place 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. 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.

In general, new research funded for FY 2004 will begin to generate new outputs in FY 2006; as with all NIST laboratory research, new work beginning in FY 2004 will be evaluated each year through extensive external peer review, as described above.

Performance Goal 4: Accelerate private investment in and development of high-risk, broad-impact technologies

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This goal was previously worded as “Accelerate technological innovation and development of the new technologies that will underpin future economic growth.”)

Corresponding Strategic Goal

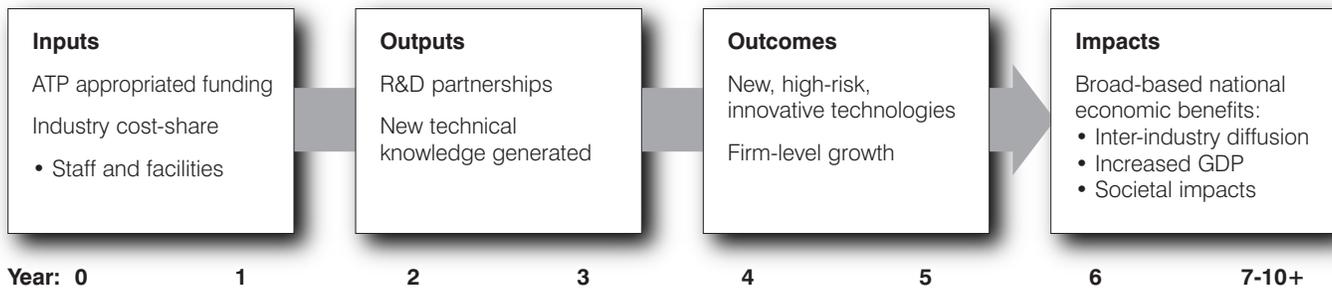
Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

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 and informal teaming arrangements to combine private investment and the best available scientific and technological talent in industry, universities, and government.

Consistent with the Administration’s emphasis on shifting resources to reflect changing needs, the President’s FY 2004 budget proposes to terminate the ATP. Funding is provided for administrative closeout costs of the program. Due to the cumulative nature of ATP’s performance measures and the long time lags from 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 2004.

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).

Each of these major stages of ATP’s impact path is described below, along with the corresponding performance evaluation methods employed. As appropriate, current performance data (both qualitative and quantitative) are provided, and out-year performance indicators are described.

Outputs

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. The data below indicate ATP’s cumulative progress on these two output measures (through FY 2001, the most recent data available).

Measure 4a: Cumulative Number of Publications						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	480	680	720	770	840	990
Actual	468	565	747	Available May 2003		
Met/Not Met	Not Met	Not Met	Met			

Explanation of Measure

This 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. For FY 2001, the number of publications produced represents 104 percent of the expected level. 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.

Measure 4b: Cumulative Number of Patents Filed						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	640	770	790	930	1,020	1,220
Actual	607	693	800	Available May 2003		
Met/Not Met	Not Met	Not Met	Met			

Explanation of Measure

The second of ATP's set of output measures, these data represent cumulative direct counts of the number of patents filed by all ATP-funded research project participants through the close of a given fiscal year. For FY 2001, the number of patents produced represents 101 percent of the expected level. 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.

For all ATP output metrics, final data for FY 2002 will not be available until approximately May 2003 and will be reported in the FY 2003 Annual Program Performance Report.

Outcomes

In addition to tracking patents and technical publications, ATP's Business Reporting System also tracks mid-course outcomes of ATP-funded technology development projects. 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.

Measure 4c: Cumulative Number of Technologies Under Commercialization

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	120	170	180	190	210	250
Actual	120	166	195	Available May 2003		
Met/Not Met	Met	Not Met	Met			

Explanation of Measure

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, scale-up for volume production, and the sale and licensing of products and services derived from the technology base created by the ATP-funded project.

The data provide a cumulative direct count of the number of technologies commercialized, as determined through ATP’s Business Reporting System. For FY 2001, the number of technologies commercialized represents 108 percent of the expected level. FY 2003 and out-year projections are based on extrapolations of past commercialization rates and projections of projects initiated and completed. These projections have been updated to take into account all currently available performance and budgetary data. For all ATP output metrics, final data for FY 2002 will not be available until approximately May 2003 and will be reported in the FY 2003 Annual Program Performance Report.

To provide a more comprehensive measure of mid-term outcomes from ATP funding, the program recently 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

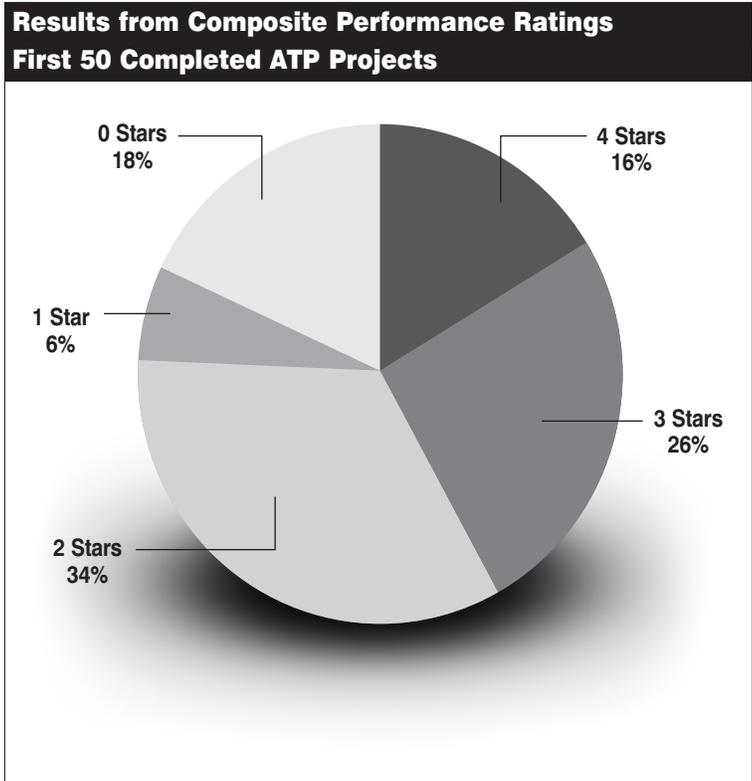
Knowledge Creation and Dissemination Measures

- Technical awards
- Collaborations
- Patent filings
- Publications and presentations
- New product/process in market or expected soon

Commercialization Progress Measures

- New product/process in market or expected soon
- Attraction of capital
- Employment gains
- Business awards
- Outlook

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 fifty completed ATP projects found that 16 percent of the projects are top-rated in terms of overall project performance, with four stars. Twenty-four percent are in the bottom group of zero or one stars. Sixty percent make up the middle group. Over the next several fiscal years NIST expects to continue evaluating the pipeline of completed ATP projects, applying the rating system to all projects two to three years after they have completed their ATP funding cycle. NIST will include the results of this on-going evaluation in future performance plans and reports.



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 study of an ATP-funded joint R&D venture for closed cycle air refrigeration technology estimated a social rate of return of at least 83 percent and a benefit-to cost ratio of at least 220:1. Forthcoming studies include an evaluation of the economic benefits from a portfolio of projects in component-based software, and two additional studies that evaluate individual projects in digital video and digital mammography.

External Program Evaluation

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.

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 second NRC review resulted in a recent report called *The Advanced Technology Program: Assessing Outcomes*, which was published in the summer of 2001 and is available online at <http://www.nap.edu/books/030907410X/html/>.

Performance Goal 5: Raise the productivity and competitiveness of small manufacturers

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This goal was previously worded as “Improve the technological capability, productivity, and competitiveness of small manufacturers.”)

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

While U.S. manufacturing firms are among the most productive in the world, small manufacturing establishments consistently lag behind their larger counterparts, which are able to apply their greater financial, technical, and human resources to production modernization and continuous performance improvements. But the U.S.’s 361,000 small manufacturers employ approximately 12 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 will rest largely on the ability of these small establishments to improve their quality, raise their efficiency, and lower their costs.

The comparatively low productivity growth of small U.S. manufacturing establishments can be attributed to numerous factors, including technical, cost, and information barriers. NIST helps small manufacturers overcome these barriers through the Manufacturing Extension Partnership (MEP). MEP, a federal-state-local partnership program consisting of a national network of centers and field offices, provides information, decision support, and implementation assistance to help businesses adopt new and more advanced manufacturing technologies, techniques, and business practices. Through an annual client survey, MEP reports on performance measures that track the impact of MEP assistance on several major business indicators, including (1) increased sales attributed to MEP assistance, (2) capital investment attributed to MEP assistance, and (3) cost savings attributed to MEP assistance.

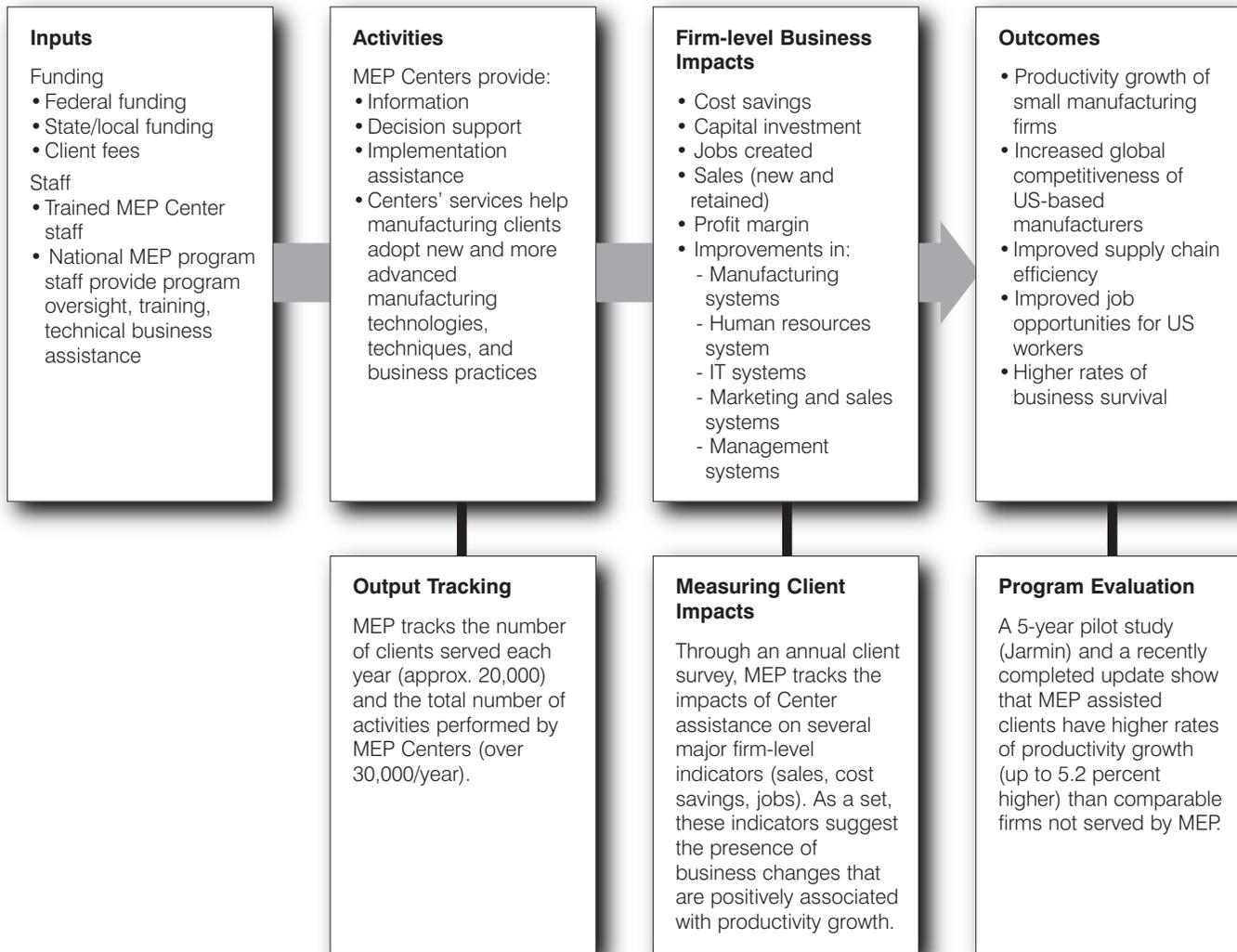
In FY 2000, MEP significantly improved the process by which it evaluates its clients’ performance by updating its survey instrument and collection methods. Improvements to the survey design and implementation process have made it more likely that a larger number of surveyed clients will be able to provide quantifiable responses to interview questions. For example, new categories of questions were added to improve data utility and the wording of the questions was revised to improve accuracy and efficiency. In addition, clients are asked to comment on the impact of MEP services on intermediate outcomes such as improvements in manufacturing, sales/marketing, human resources, information and management systems, and client satisfaction. The survey process is client-based rather than activity-based; it takes a more holistic approach, asking clients to estimate how the entire group of services an MEP Center has provided over the previous two years has affected business performance in the twelve-month period prior to the survey date.

Two additional factors should be noted when considering the measures discussed below. First, MEP's data collection and reporting process lags by approximately one year due to the requirements of its surveying procedures; for example, clients who completed a project with MEP in January 2000 were surveyed in early 2001. Second, in the sections that follow, the targets for FY 1999 were computed using the old survey and method. The actual data for FY 1999 and FY 2000 and all out-year projections are based on the new survey instrument and process.

MEP Impact: Improving the productivity of small manufacturing establishments

The model below demonstrates the impact path (or value creation chain) of the Manufacturing Extension Partnership (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.

MEP's Impact Path and Evaluation Methods: Results-based Management for Advisory Services



Measure 5a: Number of Clients Served by MEP Centers Receiving Federal Funding

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	21,543	392	392
Actual	23,092	20,903	21,321	21,420		
Met/Not Met				Not met		

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This measure was previously worded as "Number of clients served by MEP managed extension services.")

Measure 5b: Increased Sales Attributed to MEP Centers Receiving Federal Funding

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	443	670	708	726	13	13
Actual	425	698	636	Available December 2003		
Met/Not Met	Not Met	Met	Not met			

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This measure was previously worded as "Increased sales attributed to MEP assistance.")

Measure 5c: Capital Investment Attributed to MEP Centers Receiving Federal Funding

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	359	864	913	910	17	17
Actual	576	873	680	Available December 2003		
Met/Not Met	Met	Met	Not met			

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This measure was previously worded as "Capital investment attributed to MEP assistance.")

Measure 5d: Cost Savings Attributed to MEP Centers Receiving Federal Funding

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	545	576	497	9	9
Actual	364	482	442	Available December 2003		
Met/Not Met		Not Met	Not met			

(This measure has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This measure was previously worded as "Cost savings attributed to MEP assistance.")

Explanation of Measures

The goal of MEP is to assist small manufacturing establishments overcome barriers to productivity growth by providing information, decision support, and implementation assistance to help these businesses adopt new and more advanced manufacturing technologies, techniques, and business practices. The measures reported above allow MEP to track its activities (number of clients served) and the impact of its services on three key quantitative business indicators that as a set indicate changes that are positively associated with productivity growth: (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.¹ Many of the benefits of MEP's services are intangible, difficult to quantify, and/or are qualitative in nature.

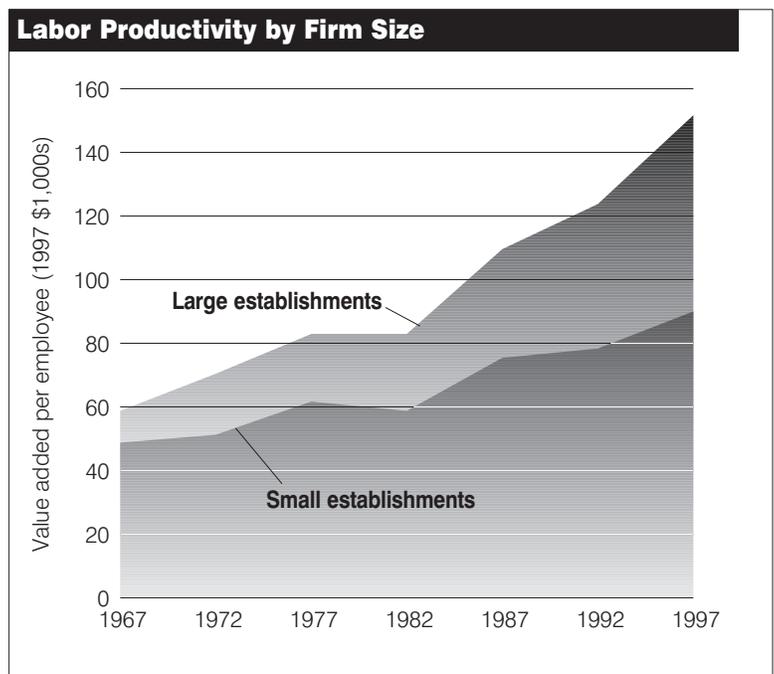
FY 2002 actuals are not yet available due to data collection requirements (lag is approximately one year). Assuming enactment of the President's FY 2003 budget request for MEP, federal support will be provided in FY 2003 only to those centers that are six years old or less (The President's FY 2004 budget request continues this policy). Under this proposal the national MEP program would focus on providing a central coordination role. This request is reflected in the FY 2003 and FY 2004 target performance levels. If the proposed changes to the program are enacted, MEP will reevaluate its performance measures.

Program Evaluation for Manufacturing Extension Partnership Program (MEP)

Small manufacturers consistently lag large firms in productivity (see graph). The MEP program provides the types of resources needed by small manufacturing establishments to overcome cost and knowledge barriers to realizing productivity growth. 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.

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).² A recently completed update to this original study (publication forthcoming) also prepared by the Center for Economic Studies (U.S. Census Bureau) 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.

As with other NIST programs, the programmatic objectives and management of MEP are reviewed regularly by the Visiting Committee on Advanced



¹ Reported data reflect the impact of MEP services primarily on small manufacturing establishments; on some occasions, Centers will 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.

² 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.

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 MEP 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.'s smaller manufacturers.

Performance Goal 6: Catalyze and reward quality and performance improvement practices in U. S. businesses and other organizations

(This goal has been reworded since the publication of the FY 2001 Annual Program Performance Report (APPR) and FY 2003 Annual Performance Plan (APP). This goal was previously worded as "Assist U.S. businesses and other organizations in continually improving their productivity, efficiency, and customer satisfaction by adopting quality and performance improvement practices.")

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

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.

Measure 6a: Number of Applications to the Malcolm Baldrige National Quality Award (MBNQA) and Baldrige-based State and Local Quality Awards

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	892	916	935	954	1,111	692
Actual	1,067	911	646	Available May 2003		
Met/Not Met	Met	Not Met	Not Met			

Measure 6b: Number of Baldrige Criteria Mailed by BNQP and Baldrige-based State and Local Quality Programs

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	203,700	197,600	193,600	191,700	177,870	165,363
Actual	211,028	176,248	164,949	Available May 2003		
Met/Not Met	Met	Not Met	Not Met			

Explanation of Measures

The Baldrige National Quality Program (BNQP) reports two key output metrics: (1) the total number of applications to the Malcolm Baldrige National Quality Awards (MBNQA) and Baldrige-based state and local awards, which reflects high-level corporate commitment to quality and high-performance business practices throughout the country; and (2) the number of printed BNQP *Criteria for Performance Excellence* documents that are distributed by BNQP and Baldrige-based state and local quality programs, which illustrates the dissemination of BNQP concepts and methods. Both of these metrics illustrate progress on core BNQP objectives: expanding the program itself and promoting the growth of quality awareness and performance excellence throughout the United States. However, the data are only partial representations of BNQP's output. The application count does not capture the large number of organizations that use Baldrige *Criteria* internally but do not formally apply for MBNQA or state awards. The number of documents mailed also does not capture additional dissemination channels, such as electronic acquisition and dissemination, reproduction of the Baldrige *Criteria* in textbooks, articles, and other documents, and secondary modes of copying and distribution. This is one reason why the "number of Baldrige *Criteria* mailed" (measure 6b) indicates a downward trend over time – as more copies of the *Criteria* are distributed via the Internet, the Program expects to mail fewer documents. See text box for additional information about electronic distribution. Moreover, direct counts of Baldrige *Criteria* do not capture various formal and informal ways in which BNQP concepts can be disseminated, such as through academic programs, consulting channels, business and organizational management literature, etc.

Baldrige *Criteria*: Online Dissemination

In February 2001, the Baldrige National Quality Program began to track the number of times its *Criteria for Performance Excellence* documents were downloaded via the web [<http://www.quality.nist.gov>]. From February 2001 through the end of the fiscal year, the three types of Baldrige *Criteria* — for business, healthcare, and education — **were downloaded over 400,000 times**. This total demonstrates the very high level of dissemination of the *Criteria*, especially when considered in conjunction with the number of Baldrige documents distributed via mail. However, this count should not be interpreted as the number of distinct users who have read or utilized the documents. It is a direct count of the number of times the documents were downloaded in Adobe Acrobat form. For technical and privacy reasons, it is not possible to determine the number of unique users, if the document was printed, or how long each user spent on the site.

A portion of the discrepancy between target levels and actual performance is due to the difficulties inherent in collecting data from state and local programs. Data from state programs is uneven and can take months to collect. For example, in January 2002, fifty-four state, regional, and local quality award programs were asked to provide information on these and other metrics. Overall, forty-one programs responded and, of these, five did not report application information for confidentiality or other reasons. The completeness and timeliness of data generated by state quality programs is difficult to influence. Even with these collection challenges, however, the available data provide a rough proxy for the leveraging effect of the MBNQA on state-level programs. BNQP uses other methods to assess the program's relevance and utility, such as occasional executive surveys and review of anecdotal evidence.

Program Evaluation

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.

In general, the programmatic objectives and management of the BNQP are reviewed by the Visiting Committee on Advanced Technology (see VCAT information under "External Oversight and Evaluation" of the NIST Laboratories, following Performance Goal 3 above), a legislatively mandated panel of advisors that meets quarterly to review NIST's general policy organization, budget, and programs. In addition, the performance of BNQP is evaluated by the 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. Other annual external reviews are provided to NIST by the Panel of Judges and the Foundation for the Malcolm Baldrige National Quality Award. See <http://www.quality.nist.gov> for additional information.

NIST-wide External Program Review and Oversight

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. As described earlier, 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 – 2002**

Mr. Gary Floss, Business Partner
Bluefire Partners

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. Jennie Hunter-Cevera, President
University of Maryland Biotechnology Institute

Dr. Caroline A. Kovac, Vice President
Services, Applications and Solutions, IBM

Dr. Thomas A. Manuel, President
Council for Chemical Research

Dr. Wayne H. Pitcher, Jr.
Technology Management Consultant

Dr. F. Raymond Salemme, 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

Dr. Masayoshi Tomizuka, Director,
Engineering Systems Research Center, University of California, Berkeley

National Technical Information Service (NTIS)

Mission Statement

Support the nation's economic growth and job creation by providing access to information that stimulates innovation and discovery.

Performance Goal: Enhance Public Access to Worldwide Scientific and Technical Information through Improved Acquisition and Dissemination Activities

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance U.S. competitiveness.

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 is implementing a new initiative to provide the public with increased access to government information. The NTIS bibliographic database (from 1997 to the present) will be available via the Internet free of charge. NTIS will allow users to download any item in its collection that NTIS has 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.

Measure 1a: Number of New Items Available (Annual)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	510,000	520,000	525,000
Actual			505,068	514,129		
Met/Not Met				Met		

Explanation of Measure

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 27,000 scientific and technical reports annually and another 498,000 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 525,000, but the number largely depends on input from other government agencies.

Measure 1b: Number of Information Products Disseminated (Annual)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	16,000,000	17,000,000	18,000,000
Actual			14,524,307	16,074,862		
Met/Not Met				Met		

Explanation of Measure

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 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 is currently implementing an initiative that will enable customers to locate and download information directly from the originating agency 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.

Measure 1c: Customer Satisfaction

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	97%	98%	98%
Actual			97%	98%		
Met/Not Met				Met		

Explanation of Measure

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 inquires about the status of an order or other general questions.

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 Mitigation Strategies

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 1997 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 \$8.95. Of course, all documents in the NTIS collection can be ordered in the traditional formats (i.e. paper and microfiche), if desired.

TA Data Validation and Verification

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 TA Data Validation and Verification table can be found starting on the following page.

TA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<p>OTP Measure 1a: Support and improve the American innovation system</p> <p>OTP Measure 1b: Advance the role technology plays in US economic growth and homeland security</p> <p>OTP Measure 1c: Strengthen the competitive position of American technology industries</p>	OTP	OTP performance is cumulative and is reported annually.	OTP	Data represent verifiable tabulations of 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
<p>OTP Measure 1d: Strengthen OTP's organization, capabilities, and resources to maximize the effectiveness of its activities and services</p>	OTP	OTP	OTP	Data represent verifiable tabulations of OTP activities.	Output only	None
<p>NIST Measure 1: Technical publications produced</p>	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 that have been cleared for publication by the internal Washington and Boulder Editorial Review Boards. Internal verification includes review by the NIST Director's Office. In addition, in the past year database improvements have been made to better track and report publication counts.	Output only	NIST will continue to provide additional information to supplement these output counts, such as providing the breakdown of internal vs. external publications.
<p>NIST Measure 2: Homeland Security: Percent of activity and output milestones achieved</p>	NIST Laboratories	Ongoing	NIST Director's Office.	Data represent direct and verifiable counts of activities performed and outputs produced, measured against expectations established in the FY 2004 budget appropriation. Internal verification includes review by NIST Director's Office.	Data provide information on activity and output milestones only.	There are no obvious replacements for milestone tracking; NIST continues to explore the use of additional metrics that could capture external sources of leverage and other factors related to downstream impact.

TA Data Validation and Verification (Cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
NIST Measure 3a: Standard Reference Materials (SRMs) available	NIST Standard Reference Materials Program (measures 3a & 3b).	Ongoing	NIST Standard Reference Materials Program (measures 3a & 3b).	Data represent direct and verifiable counts of SRMs available to customers at the close of the fiscal year (measures 3a & 3b) and direct and verifiable counts of items calibrated by the NIST Laboratories (measure 3c). Internal verification includes review by NIST Technology Services and the NIST Director's Office and Budget Division.	Data provide information on output levels only.	There are no obvious replacements for these output tabulations; NIST continues to explore the use of additional metrics that could capture leverage in the secondary market and other factors related to downstream impact.
NIST Measure 3b: Standard Reference Data (SRD) titles available	NIST Calibration Program (measure 3c).		NIST Calibration Program (measure 3c).			
NIST Measure 3c: Number of items calibrated						
NIST measure applying to NIST performance goals 1-3: Qualitative assessment and performance evaluation 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 applying to NIST performance goals 1-3: Economic impact studies	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.	Intermittent	Contractors collect and maintain all data. Survey results, cost data, and all calculations are presented in final reports.	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.	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.	None
NIST Measure 4a: Cumulative number of publications	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.	Annual over the course of ATP funding for projects funded since 1993; intermittent for projects funded prior to 1993; every two years after ATP funding ends.	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.	ATP's BRS 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.	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.	Administrative procedures have been enacted to increase reliability, per recent DOC IG audit.
NIST Measure 4b: Cumulative number of patents filed						
NIST Measure 4c: Cumulative number of technologies under commercialization						

TA Data Validation and Verification (Cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<p>NIST Measure 5a: Number of clients served by MEP Centers receiving federal funding</p> <p>NIST Measure 5b: Increased sales attributed to MEP Centers receiving federal funding</p> <p>NIST Measure 5c: Capital investment attributed to MEP Centers receiving federal funding</p> <p>NIST Measure 5d: 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, Market Facts Incorporated (MFI), 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 MFI.</p>	<p>Internal verification includes significant review of the MFI 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. MFI 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 will elect to serve establishments with over 500 employees. Based on the most recently compiled survey data (covering clients interviewed during FY 2001), approximately 94 percent of the clients served by MEP are small establishments with fewer than 500 employees; these clients account for approximately 96 percent of the attributed sales.</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>
<p>NIST Measure 6a: Number of applications to the Malcolm Baldrige National Quality Award (MBNQA) and Baldrige-based state and local quality awards</p> <p>Measure 6b: Number of Baldrige Criteria mailed by BNQP and Baldrige-based state and local quality programs</p>	<p>Application data are collected and tracked by the Baldrige National Quality Program; some data collected from state and local programs.</p>	<p>Based on the application cycle, data from state programs are collected annually.</p>	<p>Baldrige National Quality Program</p>	<p>Data represent direct and verifiable counts of BNQP business activities and processes. Internal verification includes review by the NIST Director's Office. Data collected from state and local programs may be incomplete.</p>	<p>Output only</p>	<p>NIST will provide additional information to supplement these output counts, such as information about online usage of Baldrige Criteria materials, and will explore possible new or replacement measures. Recently completed assessment of the program provides information on economic impact of the Award program.</p>

TA Data Validation and Verification (Cont.)

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
NTIS Measure 1a: Number of new items available (annual)	NTIS operates and maintains internal systems for processing collected information into available products.	Internal management activity reports are produced daily, summaries are produced monthly.	All performance-related information is stored within NTIS systems.	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.	None	None
NTIS Measure 1b: Number of information products disseminated (annual)	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.	Internal management activity reports are produced daily, summaries are produced monthly.	All performance-related information is stored within NTIS systems.	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.	None	None
NTIS Measure 1c: Customer satisfaction	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.	Internal management activity reports are produced daily, summaries are produced monthly.	All performance-related information is stored within NTIS systems.	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.	None	None



National Telecommunications and Information Administration

Mission Statement

The National Telecommunications and Information Administration (NTIA) advises the President on domestic and international communications policy, manages the federal government's use of the radio frequency spectrum, and performs research in telecommunications sciences.

NTIA's major responsibilities fall in the spectrum management and communications policy arena. NTIA is the manager of the federal government's use of radio frequency spectrum. NTIA is also the President's advisor on communications policy matters. NTIA is frequently asked by both the Administration and Congress to conduct studies of key policy issues.

In conjunction with the State Department and the Federal Communications Commission (FCC), NTIA represents the United States' interests on communications issues abroad. NTIA participates in a variety of international fora, such as the International Telecommunication Union, the Organization for Economic Cooperation and Development, the Asia-Pacific Economic Cooperation, and the Inter-American Telecommunications Commission. NTIA also participates in direct bilateral and multilateral negotiations with key strategic nations.

NTIA continues to promote competitive, private sector leadership of Internet domain name system (DNS) management. Progress towards DNS management privatization is achieved through agreements between the Department of Commerce and the Internet Corporation for Assigned Names and Numbers (ICANN), the organization selected by the Department of Commerce in 1998 as the project partner in this undertaking. Among the agreements overseen by NTIA are the umbrella Memorandum of Understanding (MoU), which recognizes ICANN as the not-for-profit organization to which DNS functions are being transitioned, and a contract for the performance of the Internet Assigned Numbers Authority (IANA) functions, which coordinates the technical operation of the Internet.

The Institute for Telecommunication Sciences (ITS) is NTIA's chief research and engineering arm, and also serves as a principal federal resource for solving the telecommunications concerns of other federal agencies, state and local governments, and private associations and organizations.

NTIA currently is the lead agency for the communications and information sector for purposes of helping industry ensure that the critical communications network remains functioning in the face of a cyber or physical attack.

Priorities/Management Challenges

NTIA's priorities are to promote competition and remove regulatory impediments to the development of new technologies, to promote international trade in telecommunications products and services, to identify and promote new wireless technologies and spectrum efficiencies, and to perform basic research on telecommunications technology. The major challenge for NTIA in the spectrum management area is to meet the ever-growing demands for spectrum on the part of both the public and private sectors. This ultimately will involve significant changes in spectrum management practices, both in the U.S. and worldwide. A major portion of NTIA's resources is devoted to this challenge.

FY 2004 Program Changes

(Dollars in Thousands)

Salaries and Expenses

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Paperless system for spectrum policy	26	\$4,808	0	+\$1,000

To meet increasing demand for Federal wireless communication systems and services, most notably for public safety requirements within the reduced spectrum resources available, NTIA will establish a paperless system for spectrum issue resolution, certification, satellite coordination and frequency authorization. This request will be matched with \$4.0 million in reimbursements from the Federal agencies that use spectrum.

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Spectrum efficiency and planning - interference determination methods	26	\$4,808	+2	+\$620

Interference determination methods will support more efficient use of the radio spectrum, a critical requirement as available spectrum becomes more and more scarce due to increasing requirements for spectrum access. This program will provide spectrum managers, radiocommunication designers and developers, and radiocommunication users with the capabilities, tools and procedures to minimize interference to and from their systems. Techniques and methods to define the electromagnetic environment, to define the interference effects from this environment; and to prevent and minimize these interference effects will be surveyed and documented.

In the national and international arena, interference problems are also beginning to surface with greater regularity as the search goes on to identify spectrum for an ever-expanding number of new and innovative radio-based telecommunication and radar services. Billions of dollars of investment are contingent on the availability of spectrum where in-band and adjacent-band interference concerns are resolved either through proper coordination or by innovative equipment designs. Within this environment of increased spectrum requirements and new and innovative radiocommunication systems, the single most challenging issue is the question of how to address the interference problems effectively relative to existing and emerging technologies.

Public Telecommunications Facilities, Planning and Construction

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Public Telecommunications Facilities Planning & Construction (PTFPC)	13	\$43,680	0	-\$41,142

NTIA will suspend all grants under this program in FY 2004. Instead, the Administration is proposing to make \$80 million available for digital transition grants for public television stations within the Corporation for Public Broadcasting’s already enacted 2004 funding. Funds for PTFPC for FY 2004 are requested for monitoring existing grants and administrative costs. Prior year unobligated balances may be made available for grants for projects for which applications have been submitted and approved during any fiscal year.

Information Infrastructure Grants

	Base		Increase / Decrease	
	FTE	Amount	FTE	Amount
Technology Opportunities Program grants	0	0	0	0

This program is proposed for termination. The use of deobligations and unobligated balances is requested for monitoring existing grants and close-out costs.

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure.

Performance Goal 1: Promote Competition within the Telecommunications Sector and Promote Universal Access to Telecommunications Services for All Americans

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Provide the policy framework for introduction of new technologies: See rationale for performance goal for explanation	New	New	New	New	Spectrum for 3G, ultra-wideband; broadband summit; spectrum summit; ENUM roundtable; ".us" domain name transfer; ICANN MOU.	Spectrum for 3G, ultra-wideband; ICANN reform; ".us" domain name administration.	Spectrum management reform, broadband policy development; ENUM; next generation Internet.
Policy customer survey	New	New	New	New	New	50 customers	50 customers

Performance Goal 2: Ensure that the Allocation of Radio Spectrum Provides the Greatest Benefit to All People

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Timeliness of processing	New	New	New	New	New	Fifteen business days	Twelve business days
Percentage of requests accomplished online	New	New	New	New	New	95%	95%
Completeness and accuracy of agency assignment request	New	New	New	New	New	85% complete 1st time	90% complete 1st time
Customer satisfaction survey on training course	New	New	New	New	New	90% satisfactory or better	90% satisfactory or better
Number of new agency-requested spectrum assignment actions	80,181	90,615	113,654	91,000	104,830	N/A	N/A

Performance Goal 3: Promote the Availability, and Support New Sources, of Advanced Telecommunications and Information Services

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Quality of basic research as reflected in peer-reviewed publications	New	New	New	New	New	5 publications	6 publications
Level of technology transfer activities conducted with the private sector through the Cooperative Research and Development Agreements (CRADA)	New	New	New	New	New	3 CRADA	3 CRADA
Number of models or grants available for nonprofit or public-sector organizations	43	35	74	30	25	N/A	N/A

Resource Requirements Summary

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

Information Technology (IT)

Full-Time Equivalent (FTE)

Performance Goal 1: Promote Competition within the Telecommunications Sector and Promote Universal Access to Telecommunications Services for All Americans

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses								
Domestic and International Policies	4.0	3.6	3.7	4.2	4.6	4.5	0.0	4.5
Spectrum Management	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Telecommunication Sciences Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Funding	4.0	3.6	3.7	4.2	4.6	4.5	0.0	4.5
IT Funding ¹	0.0	1.5	1.5	1.5	1.5	1.5	0.0	1.5
FTE	31	26	25	27	36	36	0	36

Performance Goal 2: Ensure Allocation of Radio Spectrum Provides the Greatest Benefit to all People

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses								
Domestic and International Policies	0.1	0.1	0.1	0.1	0.1	0.1	0.0	0.1
Spectrum Management	16.2	17.8	19.3	19.0	23.6	24.3	8.1	32.4
Telecommunication Sciences Research	1.8	2.0	2.1	4.3	5.7	6.0	0.0	6.0
Total Funding	18.1	19.8	21.5	23.4	29.5	31.5	8.1	38.6
IT Funding ¹	0.0	2.4	3.2	3.2	3.2	3.2	0.0	3.2
FTE	138	135	133	141	150	152	11	163

Performance Goal 3: Promote the Availability, and Support New Sources, of Advanced Telecommunications and Information Services

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses								
Telecommunication Sciences Research	0.0	0.0	0.0	5.6	8.5	7.8	0.0	7.8
Public Telecommunications Facilities Planning and Construction								
Grants	21.7	25.8	42.0	45.4	47.1	41.1	(41.1)	0.0
Program Management	1.9	1.7	2.2	2.2	3.0	2.5	0.0	2.5
Information Infrastructure Grants								
Grants	17.6	13.9	42.9	12.4	0.0	0.0	0.0	0.0
Program Management	3.8	3.8	3.3	3.1	3.8	0.0	0.0	0.0
Total Funding	51.9	50.6	96.0	68.6	62.4	51.5	(41.1)	10.4
IT Funding ¹	0.0	0.6	0.7	0.7	0.7	0.7	0.0	0.7
FTE	87	85	86	76	94	71	0	80
Grand Total								
	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Salaries and Expenses	29.0	28.8	30.7	33.2	42.6	42.8	8.1	50.9
Public Telecommunications Facilities Planning and Construction	23.6	27.5	44.2	47.6	50.1	43.7	(41.1)	2.5
Information Infrastructure Grants	21.4	17.7	46.2	15.5	3.8	0.0	0.0	0.0
Total Funding	74.0	74.0	121.1	96.3	96.5	86.5	(33.0)	53.4
Direct	56.5	56.2	101.8	77.1	71.1	60.9	(39.5)	21.4
Reimbursable ²	17.5	17.8	19.4	19.1	25.4	25.9	6.5	32.0
IT Funding ¹	0.0	4.5	5.4	5.4	5.4	5.4	0.0	5.4
FTE	256	246	244	244	280	268	11	279

¹ IT funding included in total funding.

² Reimbursable funding included in total funding.

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.

FY 2004 Performance Goals

Performance Goal 1: Promote Competition within the Telecommunications Sector and Promote Universal Access to Telecommunications Services for All Americans

Corresponding Strategic Goal

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

Rationale for Performance Goal

The telecommunications and information sectors account for approximately 10 percent of U.S. gross domestic product (GDP). Driven in large part by growth of wireless services and the Internet, this figure is predicted by some experts to approach 20 percent of GDP by 2004. 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 (FCC); 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.

As a result of NTIA's FY 2002 spectrum summit, NTIA will be examining an array of spectrum management policy issues in FY 2003 and 2004 dealing with innovative approaches to spectrum management and the effectiveness of current processes. This examination will be conducted in tandem with the FCC's proceeding on spectrum management policy in which NTIA will participate on behalf of the Administration. 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.

Measure 1a: Provide the Policy Framework for Introduction of New Technologies

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Spectrum for 3G, ultra-wide-band; ICANN reform; ".us" domain name administration.	Spectrum management reform, broadband policy development; ENUM; next generation Internet.
Actual				Spectrum for 3G, ultra-wideband; broadband summit; spectrum summit; ENUM roundtable; ".us" domain name transfer; ICANN MOU.		
Met/Not Met						

Explanation of Measure

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 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 third generation wireless (3G) and ultra wideband (UWB) 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 2002’s spectrum and broadband summits and ENUM roundtable provide the basis for continuing activities in FY 2003 and beyond.

FY 2003 & FY 2004 Targets

In FY 2003 and 2004, NTIA will participate in proceedings at the FCC on spectrum management reform aimed primarily at private sector uses. NTIA will continue its own examination of spectrum management reform, based in part on the results and recommendations of the 2002 spectrum summit. Other policy areas NTIA plans to be involved in include ENUM, Next Generation Internet, other Internet policy issues, and FCC and congressional proceedings on telecommunications regulation.

Measure 1b: Policy Customer Survey

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	50 customers	50 customers
Actual						
Met/Not Met						

Program Evaluation

NTIA demonstrates its involvement with development of competition policies within the telecommunication sector by providing essential information and analysis, and coordinating with other federal entities. Serving as the Administration’s voice on telecommunication issues and working with others to promote competition shows that its analysis in the telecommunication area is useful.

The customer survey that will take place in FY 2003 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; and the Technology Administration, the International Trade Administration, and the Office of the Secretary within the Department of Commerce. NTIA intends to survey at least fifty 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.

FY 2003 & FY 2004 Targets

The FY 2003 target is new and unchanged. As noted above, the FY 2004 target and the composition of customers surveyed may be changed in light of the FY 2003 survey results. For now, there is no reason to believe that a larger survey in FY 2004 would yield significantly different results in evaluating NTIA's policy activities.

Program Evaluation

NTIA management reviewed and assessed policy and program priorities in the development of FY 2003 and 2004 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 and 2004. Similarly, the broadband summit and ENUM roundtable served to inform NTIA of 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 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 FCC 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 make 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.

Performance Goal 2: Ensure that the Allocation of Radio Spectrum Provides the Greatest Benefit to All People

Corresponding Strategic Goal

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

Rationale for Performance Goal

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 UWB 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 fifty-six 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 U.S.'s 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; and (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.

Measure 2a: Timeliness of Processing						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Fifteen business days	Twelve business days
Actual						
Met/Not Met						

Explanation of Measure

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.

FY 2003 & FY 2004 Targets

The FY 2003 and 2004 targets were overstated in FY 2003 APP and have been changed to better reflect historical results. Fifteen business days is the level that has been obtained for several years now. The FY 2004 target is based on planned implementation of automated routines in the assignment process.

Measure 2b: Percentage of Requests Accomplished Online						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	95%	95%
Actual						
Met/Not Met						

Explanation of Measure

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 percent of frequency assignment actions handled entirely online.

FY 2003 & FY 2004 Targets

The FY 2003 target is the baseline, based on experience to date. The FY 2004 target may be changed in light of FY 2003 performance.

Measure 2c: Completeness and Accuracy of Agency Assignment Requests						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	85%	90%
Actual						
Met/Not Met						

Explanation of Measure

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.

FY 2003 & FY 2004 Targets

This FY 2004 target may be changed in light of FY 2003 results. Increased automation in the assignment process and continued provision of training to spectrum managers throughout the federal government should have a significant impact on the ability of spectrum managers to request an assignment action with no errors.

Measure 2d: Customer Satisfaction Survey on Training Course

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	90% satisfactory or better	90% satisfactory or better
Actual						
Met/Not Met						

Explanation of Measure

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 is useful to participants.

FY 2003 & FY 2004 Targets

The FY 2003 and 2004 targets may be changed in light of the FY 2002 customer survey results.

Program Evaluation

NTIA management reviewed and assessed policy and program priorities in the development of FY 2003 and 2004 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 encourages spectrum efficiency; that provides spectrum for new technologies; and that improves 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.

Discontinued Measure

Number of New Agency-requested Spectrum Assignment Actions

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	80,000	91,000	91,000	Discontinued	Discontinued
Actual	80,181	90,615	113,654	104,830		
Met/Not Met		Met	Met	Met		

Explanation of Measure

This measure was intended to cover the broad array of spectrum management activities. NTIA included, among other things, the average time required to process spectrum assignments when reporting internally on annual performance results

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 (Global Positioning System) Executive Board, which with DOD jointly manages the GPS satellite program as a national asset.

Other Government Agencies

NTIA authorizes spectrum assignments for fifty-six federal government agencies to operate radio-communications systems. NTIA works with the twenty-three other major spectrum using federal agencies on Interdepartment Radio Advisory Committee (IRAC) to manage frequency assignment requests. NTIA represents the interests of thirty-three 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 U.S.'s spectrum management team at home and abroad.

Government/Private Sector

NTIA coordinates on spectrum management issues through advisory committees and special information-sharing initiatives. Information on these activities may be found online 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 FCC initiates numerous spectrum-related proceedings in which NTIA participates on behalf of the Administration.

Performance Goal 3: Promote the Availability, and Support New Sources, of Advanced Telecommunications and Information Services

Corresponding Strategic Goal

Strategic Goal 2: Provide infrastructure for innovation to enhance American competitiveness.

Rationale for Performance Goal

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.

Measure 3a: Quality of Basic Research as Reflected in Peer-reviewed Publications						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	Five publications	Six publications
Actual						
Met/Not Met						

Explanation of Measure

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.

FY 2003 & FY 2004 Targets

There is no change in the FY 2003 target. The FY 2004 target reflects additional activity undertaken at ITS on Quality of Service issues related to the Internet, wireless networks, and advanced television broadcasting.

Measure 3b: Level of Technology Transfer Activities Conducted with the Private Sector through CRADAs

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	3 CRADAs	3 CRADAs
Actual						
Met/Not Met						

Explanation of Measure

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.

FY 2003 & FY 2004 Targets

The FY 2003 target was changed to reflect historical performance. ITS may have as many as a dozen ongoing CRADAs at any given time, some of many years' duration, but only a limited number are initiated in any given year.

Program Evaluation

NTIA management reviewed and assessed policy and program priorities in the development of FY 2003 and 2004 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.)

Discontinued Measures

Number of Models or Grants Available for Nonprofit or Public-sector Organizations

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	43	50	80	30	Discontinued	Discontinued
Actual	43	35	74	25		
Met/Not Met	Met	Not Met	Not Met	Not Met		

Explanation of Measure

This measure reflected the number of grants by NTIA's Technology Opportunity Program. The FY 2002 target was decreased to reflect a lower budget request. There is no target for FY 2003. NTIA staff will continue to monitor existing grantees for compliance with grant terms through required reporting and closeout procedures. The Inspector General may also conduct audits of grantees.

Timeliness of Grant Awards						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	100%	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

The Public Telecommunications Facilities Program has a number of steps to accomplish in each grant round before making awards near the end of the fiscal year. These include preparation of the application package, initial review of applications, engineering and outside review of applications, and rating and recommendations for grant applications. This measure was designed to determine whether its procedures are working adequately for the timely award of grants. The target for FY 2003 was to make 100 percent of awards by September 30, 2003. NTIA has discontinued this measure because it does not adequately assess program performance.

Percentage of the United States Covered by Public Broadcasting Signals						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	>95% TV >90% radio	Discontinued
Actual						
Met/Not Met						

Explanation of Measure

One of the primary goals of the PTFP is to bring public radio or public television signals to unserved areas. This measure was meant to indicate how well the program is meeting that goal. The target for FY 2003 was to improve upon the current public broadcasting coverage of 90 percent radio and 95 percent TV in the U.S. NTIA has discontinued this measure because it does not adequately assess program performance (public radio and television coverage will still be measured in FY 2003, however).

Digital Broadcasting Conversion

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	40 grants	N/A
Actual						
Met/Not Met						

Explanation of Measure

The PTFP is a competitive grant program that helps public broadcasting stations, state and local governments, Indian Tribes, and nonprofit organizations construct facilities to bring educational and cultural programs to the American public using broadcast and nonbroadcast telecommunications technologies. The main objective of the program is to extend the delivery of public radio and television to unserved areas of the U.S. This grant program has been suspended for FY 2004.

Cross-cutting Activities

Intra-Department of Commerce

NTIA works closely with the Office of the Secretary of the Department of Commerce in determining funding priorities for each annual grant round, to establish rules and procedures for the grant program, and to administer the program. NTIA's PTFP and the National Oceanic and Atmospheric Administration jointly support the Pan-Pacific Educational and Cultural Experiments by Satellite program.

Other Government Agencies

NTIA works closely with the White House in determining funding priorities for each annual grant round. ITS conducts research under contract for a wide variety of federal agencies, including the Departments of Defense and Transportation.

Government/Private Sector

Panels of reviewers drawn from the private sector and other government entities evaluate grant proposals. PTFP consults with the Corporation for Public Broadcasting on funding priorities and to eliminate duplication of effort. ITS conducts extensive technology transfer activities through CRADAs with private sector entities.

External Factors and Mitigation Strategies

The number of grants that can be awarded in each grant round is determined in large part by the amount of funds appropriated for the grant program.

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 steps 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 Web site. 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 NTIA Data Validation and Verification table can be found on the following page.

NTIA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 1a: Provide the policy framework for introduction of new technologies	Activities are reflected on NTIA Web site; 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 1b: Policy customer survey	Customer surveys.	Annual	Office of Policy Coordination and Management.	Inspection	NA 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 2a: 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 2b: Percentage of requests accomplished online	IRAC Support Branch, OSM.	Annual	Computer Services Division, OSM.	ADP routines (measures 2b & 2c) and manual inspection (2c).	Classified information is not included in public data.	Collection of data.
Measure 2c: 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 included in public data.	Collection of data.
Measure 2d: Customer satisfaction survey on training course	OSM	Every course conducted.	OSM	Manual inspection	None	Develop survey.
Measure 3a: Quality of basic research as reflected in peer-reviewed publications	ITS	Annual	ITS	Manual inspection	None	Collection of data.
Measure 3b: Level of technology transfer activities conducted with the private sector through the Cooperative Research and Development Agreements (CRADA)	ITS	Annual	ITS	Manual inspection	None	Collection of data.



National Oceanic and Atmospheric Administration

Mission Statement

The National Oceanic and Atmospheric Administration's (NOAA's) mission is to describe and predict changes in the Earth's environment, and conserve and manage wisely the nation's coastal and marine resources so as to ensure sustainable economic opportunities.

NOAA is a future minded environmental science agency whose mission is to describe and predict changes in the Earth's environment and conserve and manage the U.S.'s coastal and marine resources to ensure sustainable economic opportunities. Known as the oceans and atmosphere agency, NOAA is also an Earth sciences and space agency. The FY 2004 request reaffirms NOAA's role by providing resources to maintain essential service, facilitate progress in key investment areas of national interest, and address statutory obligations.

Understanding 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 U.S. From satellite imagery to tornado warning, navigational charts to fishery stock assessments, hurricane tracking to El Niño 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 U.S. For example, lives, safety, and businesses depend on reliable weather and climate forecasts to minimize any 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 30 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 U.S.'s economic prosperity.

On September 11, 2001, the U.S. experienced unprecedented attacks on the World Trade Center and the Pentagon. NOAA responded to the attacks rapidly and with focused support through its agency-wide Incident Response Plan. NOAA was able to deploy critical assets, capabilities, and expertise immediately to support response and recovery efforts. NOAA personnel in weather offices, satellite and remote-sensing teams, hazardous materials units, marine transportation and geodesy offices, and fisheries enforcement teams provided a range of products and services to assist first responders in dealing with this tragedy. The September 11 attacks altered the context of NOAA's incident response planning by providing the impetus to reexamine all of NOAA's response capabilities and improve internal safety and preparedness.

To coordinate the diverse functions needed for this effort, NOAA has established a Homeland Security Coordination Team that includes representatives from across the organization. NOAA is striving to develop the capacity to support federal and state partners and local communities and will respond to the evolving needs of the Office of Homeland Security. NOAA will continue to protect property, serve as environmental stewards, and most important, save lives.

Priorities/Management Challenges

In FY 2002, a task force comprised of NOAA senior managers and staff was formed to take a bottom-up review of NOAA's organization, operation, and resource utilization. The mandate of the Program Review Team (PRT) was to respond to three central questions:

- Is NOAA's organization aligned with its current missions, now and for the future?
- Are NOAA's resources properly aligned with requirements?
- Is NOAA doing things as efficiently as possible?

The review is expected to not only develop answers and positions on the larger issues of NOAA's requirements and structure, but to improve NOAA's business processes like grant management and facilities planning and capital improvement. This review is also expected to assist in refining the NOAA Strategic Plan for the next decade.

NOAA, as described by the recommendations developed by the PRT, reflects a dynamic organization that builds upon current programs and talents while embracing the central themes of the President's Management Agenda: an organization that is citizen-centered, results-oriented and market-based. The future mission statement will build on NOAA's current programs and talents in order to remain the premier oceanic and atmospheric science, service, and stewardship agency for the U.S. NOAA will carry out these missions innovatively in partnership with other nations; other federal, state, and local agencies; the private sector; and academia.

Regarding the FY 2004 budget request, NOAA will continue to focus on its core responsibilities. Specifically, the budget request will continue NOAA's effort to provide ever increasingly accurate predictions of severe weather; to provide a deeper understanding of long-term climate and environmental trends that can impact daily lives; sustain healthy marine habitats, robust ecosystems and coastal environments; and address safety and environmental compliance issues impacting NOAA's number one resource—its people.

Moreover, the development of the FY 2004 budget was driven by the emphasis of six major cross-cutting themes. The thematic development of NOAA's budget underscores the inter-relationship of many of NOAA's programs that cut across product and service lines. They also underscore the importance of addressing critical environmental issues in a multi-disciplinary manner. The following is a brief summary of the theme's major highlights and performance factors.

Infrastructure, Maintenance, Safety, & Human Capital

This theme focuses on current infrastructure requirements; health, safety, and security-related activities; ensuring that ships and aircraft are available and can support NOAA's missions; workforce planning and analysis; employee training and retooling; and base resources for employees that provide direction and support to other line offices.

Critical performance factors include a 38 percent reduction of NOAA's facility maintenance and repair backlog in FY 2004. Upgrades to NOAA's aircraft will enable them to meet Federal Aviation Administration and International and Civil Aviation organization regulatory and safety requirements necessary for the aircraft to continue their support of NOAA programs. Replacement of the World Weather Building will enable NOAA personnel to move out of an obsolete space by FY 2008. Finally, the acceleration of facility modernization efforts in Alaska will be completed in FY 2008.

Homeland Security

As the U.S.'s top priority, this theme focuses on the further refinement as well as development of NOAA's contributions to the national homeland security effort. The budget supports a scaled upgrade of the current NOAA Weather Radio (NWR) operation to be capable of standardizing and automating receipt and disseminating non-weather emergency messages.

Climate Change, Research, Observations & Services

This theme emphasizes integration of NOAA's observation systems inclusive of both ocean and Earth-based (ground) observations; development of common standards for integrating weather-climate models; and requirements of the President's Climate Change Research Initiative.

Critical performance factors include implementing a global ocean observing system for climate to facilitate in producing a prototype carbon map of the oceans in FY 2005. Extensive work will be conducted to continue to inventory and model carbon sources and sinks over the contiguous United States. NOAA will lay the foundation for the next generation of carbon cycle observing system—regional scale estimate of carbon sources and sinks over North America by adding more sites and producing the first experimental carbon map in FY 2006.

Ecosystem Forecasting and Management

Among others, this theme focuses on assessing, monitoring, and characterizing the physical, chemical, and biological components of ocean and coastal ecosystems; developing information on how these environmental factors will impact ocean and coastal species and their habitats; conserving living marine resources and their habitats; rebuilding fishery resources; and recovering protected species.

Critical performance factors associated with the FY 2004 budget include reducing the number of overfished major stocks for which the status is known (from the year 2000 baseline) from forty-three stocks in 2004 to nearly 30 percent less (thirty-one stocks) in 2008; reducing the number of major fish stocks with an "unknown" status (115 stocks in 2004) to no more than ninety-three stocks in 2008, a 20 percent reduction; and reducing the level of bycatch in monitored fisheries in 2004 by 30 percent in 2008.

Energy and Commerce

This theme builds on the political imperative already developed for NOAA's role in energy, and examines the next steps toward implementing those objectives and activities required to upgrade the U.S.'s Marine Transportation System (MTS).

Critical performance factors include improved air quality forecasts of ozone and other air pollutants from thirty-six hours to five days by building on the information gathered from the FY 2002 Air Quality Study. For commerce, it establishes 100 new electronic nautical charts and supports new infrastructure for integrating electronic, raster, and paper data information. The request supports producing a new forecast model system that provides under keel clearance information to make port transit more efficient, reduce fuel consumption, and reduce water pollution.

Environmental Monitoring and Prediction

This theme focuses on collecting data in order to monitor the environment's climate and weather patterns. Monitoring and dissemination of the data will serve as a tool to facilitate the decision making process on management and forecasting. The theme also focuses on expanding the use of data collection platforms (aircraft, observing systems, satellites) in order to increase and improve forecast data resulting in improved performance.

The performance accomplishments include doubling of forecast improvements e.g. a forty-eight-hour forecast will be as good as the current twenty-four-hour forecast within ten years, and predictability will be extended from seven days to fourteen days. Infusion and acceleration of NEXRAD planned product improvement by one to two years will result in increased tornado detection accuracy from 68 percent to 75 percent and improve tornado warning lead time from eleven minutes to fourteen minutes by FY 2007.

NOAA, through its five line offices and two supporting service line offices, has established itself as one of the world's premier scientific and environmental agencies. The demand for NOAA products and services is expected to increase significantly over the next few years. The FY 2004 budget submission strengthens NOAA's ability to respond to those demands and positions NOAA to address and provide assistance to national issues such as homeland security and climate change.

FY 2004 Program Changes

(Dollars in Thousands)

National Ocean Service (NOS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Navigation services	606	\$121,555	0	+\$6,500

An increase is requested to research, develop, and implement new oceanographic models for key ports (0 FTE; +\$1,000) and to maintain the existing suite of Electronic Navigation Charts and expand the suite by 100 (0 FTE; +\$2,000). An increase is requested to extend the use of a vessel lease or time charter for hydrographic surveying in the Gulf of Mexico and Alaska (0 FTE; +\$2,000). An increase is also requested to repair the degraded National Water Level Observation Network and begin to upgrade the network with real-time capabilities (0 FTE; +\$1,500).

National Marine Fisheries Service (NMFS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Fisheries research and management services	1,805	\$351,988	0	+\$11,020

Increases are requested to further the understanding of the effects of climate change on marine and coastal ecosystems (0 FTE; +\$2,000); to reduce bycatch in seven targeted fisheries (0 FTE; +\$2,800); to modernize and expand annual stock assessments (0 FTE; +\$3,000); to continue expansion of a multi-year comprehensive social sciences program within NMFS (0 FTE; +\$220); to continue building a national observer program for the collection of high quality fisheries and environmental data to assess impacts on marine resources and fishing communities, particularly in the New England Groundfish fishery (0 FTE; +\$3,000); and to streamline the current fisheries regulatory process (0 FTE; +\$1,500). A reduction is requested for the Science and Technology base line item (0 FTE; -\$1,500).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Protected resources research and management services	644	\$155,640	+10	+\$5,100

Increased resources are requested to further implement the Columbia River system biological opinion (0 FTE; +\$3,100) and to perform an increased number of Section 7 consultations (+10 FTE; +\$2,000).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Enforcement and surveillance services	229	\$50,948	0	-\$250

A decrease is requested for a fisheries enforcement vessel in New Hampshire, which was a one-time project.

Oceanic and Atmospheric Research (OAR)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Climate research	360	\$171,382	+8	+\$13,400

An increase is requested for the President’s multi-agency Climate Change Research Initiative (+8 FTE; +\$13,400).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Weather and air quality research	256	\$58,208	-8	-\$1,650

Increases are requested for the U.S. Weather Research Program for: the Administration’s Energy Security Program (0 FTE; +\$1,200); and for THORPEX (0 FTE; +1,300).

An offset is requested for the FSL Wind Profiler (-8 FTE; -\$4,150).

Oceanic and Atmospheric Research (OAR)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Ocean, coastal, and Great Lakes research	144	\$53,816	+23	+\$58,400

Increases are requested to reflect the transfer of the National Sea Grant College Program which was requested in the National Science Foundation budget for FY 2003 (+23 FTE; +\$57,400); and for NISA/Prevent and Control Invasive Species (0 FTE; +\$1,000).

National Weather Service (NWS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Operations and research (O&R)	4,393	\$625,700	-43	+4,050

Increases are requested for the following: to restore funding for the Susquehanna River Basin Flood System (0 FTE; +\$1,300); to continue Pacific Islands Weather Observation support (0 FTE; +\$3,550); and to support improved weather office facilities physical security (0 FTE; +\$2,200).

A decrease is requested in the Local Warnings and Forecast Base to reflect workforce savings resulting from the completion of Weather Service Modernization (-43 FTE; -\$3,000).

Program Support

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Corporate services	162	\$87,906	+0	+\$6,000

An increase is requested for the Under Secretary and Associate Offices to maintain a minimum level of funding necessary to provide centralized executive management (0 FTE; +\$2,000); for program planning and integration (0 FTE; +\$1,000); and for Government-wide e-government initiatives in combination with other Departmental funding (0 FTE; +\$3,000).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Facilities	15	\$24,500	0	+\$5,000

An increase is requested for the following activities: a multi-year plan to eliminate the current maintenance backlog at various NOAA facilities (0 FTE; +\$3,000); and for environmental compliance at NOAA facilities (0 FTE; +2,000).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Marine and aviation operations	910	\$104,414	+8	+\$4,722

All costs of on-going maintenance, minor repairs, and planning for future fleet modernization and replacement efforts are accounted for in this subactivity. Expenditures for future fleet modernization activities are accounted for in the Procurement, Acquisition and Construction (PAC) account.

Increased funding is requested for increased NOAA Corps strength and for standards of training (+8 FTE; +\$1,000); for operations and maintenance on the NOAA ship FAIRWEATHER (0 FTE; +\$1,950); and for aviation operations to cover maintenance on the Gulfstream IV airplane, routine maintenance on aircraft scientific instruments, general maintenance, and for crew training and documentation to meet FAA requirements (0 FTE; +\$1,772).

Procurement, Acquisition and Construction (PAC)

The PAC account captures the cost of acquiring and improving capital assets used by NOAA in carrying out its varied missions. This account is grouped by line office into three common activities: “Systems Acquisition” which contains projects associated with modernizing NOAA’s weather and climate programs, including satellite procurement; “Construction” which contains projects involving new construction, or major modification of existing facilities; and “Fleet and Aircraft Replacement” which contains funding to support modernization of NOAA’s fleet of ships and aircraft either through new construction, major modification to existing assets, or long term acquisition of capacity from third parties.

National Ocean Service (NOS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Construction	0	\$20,012	0	-\$12

A minimal decrease in funding is requested for the National Estuarine Research Reserve System (NERRS) construction and land acquisition needs and opportunities for partnership (0 FTE; -\$12).

National Marine Fisheries Service (NMFS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Construction	0	\$17,000	0	-\$3,000

The budget continues support for construction of a new Honolulu fisheries laboratory including possible consolidation with a new Pacific Islands Regional Office (0 FTE; -\$3,000).

Oceanic and Atmospheric Research (OAR)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Systems acquisition	0	\$10,584	0	+\$3,500

Increased funding is required at the Geophysical Fluids Dynamics Laboratory (GFDL) to maintain a multi-year acquisition for a state-of-the-art high performance computing system associated with the Climate Change Research Initiative (0 FTE; +\$3,500).

National Weather Service (NWS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Systems acquisition	54	\$64,946	0	+\$10,105

Increased funding is required to accelerate NEXRAD Product Improvements to increase lead time warnings for severe storms (0 FTE; +\$3,740); to replace the equipment of the NWS Telecommunications Gateway to increase its capacity and reliability (0 FTE; +\$2,870); to begin implementing an integrated NWS Coastal Global Observing System (0 FTE; +\$2,000); and to develop an All Hazards NOAA Weather Radio Warning Network (0 FTE; +\$5,500).

Decreased funding is requested for Advanced Weather Interactive Processing System (AWIPS) with the completion of Build 5.0 (0 FTE; -\$2,130); and a decrease is proposed for the NWS Weather and Climate Supercomputing to capture savings as the project moves from acquisition of new equipment to steady state (0 FTE; -\$1,875).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Construction	0	\$10,630	0	+\$13,400

This activity funds renovation and replacement of weather forecast offices in the continental U.S., Alaska and the Pacific Islands.

Increased funding is requested to accelerate Weather Forecast Office Construction to renovate and replace substandard housing and offices (0 FTE; +\$3,000); and to fund above standard lease costs for a NOAA Science Center which will replace the inadequate World Weather Building (0 FTE; +\$10,400).

National Environmental Satellite, Data and Information Service (NESDIS)

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Systems acquisition	94	\$598,736	0	+\$75,701

Increased funding is requested to continue the tri-agency acquisition of the next generation polar-orbiting satellites (NPOESS) (0 FTE; +\$31,545); and to fund systems design and development for the GOES R geostationary satellite series (0 FTE; +\$50,156).

Decreased funding is requested reflecting the non-recurring development of a Coastal Remote Sensing Imager (0 FTE; -\$6,000).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Construction	0	\$13,440	0	-\$673

A decrease is requested for the Suitland satellite operations command and control center as this project nears completion (0 FTE; -\$673).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Fleet replacement	0	\$54,059	0	-\$54,059

Reduced funding is requested for major repair of the WHITING hydrographic survey vessel (0 FTE; -\$3,185) and for acquisition and for delaying the option on the third Fisheries Research Vessel (FRV) (0 FTE; -\$50,874).

	Base		Increase/Decrease	
	FTE	Amount	FTE	Amount
Aircraft replacement	0	\$8,400	0	+\$738

Increased funding is requested for required regulatory upgrades to aircraft (0 FTE; +\$1,343); to replace the aging airframe for the Turbo Commander (0 FTE; +\$1,550); and for navigation upgrades on both WP-3D aircraft (0 FTE; +\$1,645).

Reduced funding is requested to upgrade the instrumentation on the Gulfstream IV hurricane surveillance aircraft to improve storm-tracking forecasts (0 FTE; -\$3,800).

Targets and Performance Summary

See individual Performance Goal sections for further description of each measure

Performance Goal 1: Build Sustainable Fisheries							
Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of overfished major stocks of fish	New	56	46	45	Available in the FY 2005 plan and FY 2003 report.	43	42
Number of major stocks with an "unknown" stock status	New	120	120	120	Available in the FY 2005 plan and FY 2003 report.	118	115
Percentage of plans to rebuild overfished major stocks to sustainable levels	New	93%	93%	94%	Available in the FY 2005 plan and FY 2003 report.	96%	97%

Performance Goal 2: Sustain Healthy Coasts							
Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Number of acres of coastal habitat benefited (cumulative)	New	New	83,002	108,531	108,531	117,884	120,532
Introductions and effects of invasive species in a total of six regions within the United States	0	1	2	2	2	2	2
Percentage of U.S. shoreline and inland areas that have improved ability to reduce coastal hazard impacts	5%	6%	8%	15%	8%	17%	17%

Performance Goal 3: Recover Protected Species							
Measure (new for FY 2003)	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Increase in number of threatened species with lowered risk of extinction	New	New	2	2	Available in the FY 2005 plan and FY 2003 report.	5	5
Number of commercial fisheries that have insignificant marine mammal mortality	New	New	2	6	Available in the FY 2005 plan and FY 2003 report.	6	6
Increase in number of endangered species with lowered risk of extinction	New	New	3	6	Available in the FY 2005 plan and FY 2003 report.	6	6

Performance Goal 4: Advance Short-term Warnings and Forecasts

Measure		FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Lead time (minutes), accuracy (%), and false alarm rate (FAR, %) for severe weather warnings tornadoes	Lead Time	12	10	10	11	12	12	12
	Accuracy	70%	63%	67%	69%	76%	72%	72%
	FAR	73%	76%	73%	71%	73%	72%	70%
Lead time (minutes) and accuracy (%) for severe weather warnings for flash floods	Lead Time	44	43	46	45	52	50	52
	Accuracy	85%	86%	86%	86%	89%	87%	89%
Hurricane forecast track error (48 Hour)	Nautical Miles	New	New	New	142	124	130	129
Accuracy (%) of 1-day threat score forecast for precipitation		New	New	New	New	30%	25%	25%
Lead time (hours) and accuracy (%) for winter storm warnings	Lead Time	11	9	13	13	13	13	14
	Accuracy	85%	85%	90%	86%	89%	88%	89%
Accuracy (%) and FAR (%) of forecasts of ceiling and visibility (½ mile/500 ft.) (aviation forecasts)	Accuracy	New	New	New	New	45%	45%	46%
	FAR	New	New	New	New	71%	71%	70%
Accuracy (%) of forecast for winds and waves (marine forecasts)								
wind speed	Accuracy	New	New	New	New	52%	54%	54%
wave height		New	New	New	New	68%	66%	66%

Performance Goal 5: Implement Seasonal to Interannual Climate Forecasts

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Determine the accuracy of the correlation between forecasts of the southern oscillation index (SOI) and El Niño/La Niña events	0.85	0.84	0.85	0.85	0.85	0.85	0.86
U.S. temperature—skill score	23.3	27	20	20	18	20	21
Number of new monitoring or forecast products that become operational/year (cumulative)	New	New	4	8	8	12	16
New climate observations introduced	New	New	132	174	192	275	412

Performance Goal 6: Predict and Assess Decadal to Centennial Climate Change

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Assess and model carbon sources and sinks throughout the United States	New	New	New	Establish five new pilot atmospheric profiling sites and four new oceanic carbon tracks.	Identified five new pilot atmospheric profiling sites and four new oceanic carbon tracks.	Reduce uncertainty of atmospheric estimates of U.S. carbon balance to ± 50%.	Improved model-data fusion techniques, reduce uncertainty of atmospheric transport models, incorporate new data.
Assess and model carbon sources and sinks globally	New	New	New	Establish three new global background sites as part of the global flask network.	Establish three new global background sites as part of the global flask network.	Complete a working prototype of a coupled carbon-climate model.	Carbon-climate scenarios developed and available for input to assessment.
Determine actual long-term changes in temperature and precipitation throughout the United States	New	New	New	Capture more than 60% of true contiguous U.S. precipitation trend and capture more than 25% of true contiguous U.S. precipitation trend.	Capture more than 85% of true contiguous U.S. precipitation trend and capture more than 55% of true contiguous U.S. precipitation trend.	Capture more than 70% of true contiguous U.S. 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.
Results of 90% of the research activities cited in the 2001 Intergovernmental Panel on Climate Change's third assessment of climate change	New	New	New	100% cited	N/A ¹	N/A ¹	N/A ¹

Performance Goal 7: Promote Safe Navigation

Measure	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Target	FY 2002 Actual	FY 2003 Target	FY 2004 Target
Hydrographic survey backlog (square nautical miles) for critical navigation areas (cumulative percentage)	20.7%	24.3%	31.2%	35.0%	34.3%	37.9%	44.5%
Percentage of national spatial reference system completed (cumulative)	59%	71%	75%	78%	81%	84%	86%

¹ The Intergovernmental Panel on Climate Change assessments are only published every five years. In off years there are no results to report.

Resource Requirements Summary

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

Information Technology (IT)

Full Time Equivalent (FTE)

Performance Goal 1: Build Sustainable Fisheries								
	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
National Ocean Service	9.2	9.1	0.0	9.8	9.9	10.0	0.0	10.0
National Marine Fisheries Service	291.4	309.1	439.1	400.4	389.8	403.5	10.8	414.2
NOAA Research	35.1	37.1	93.0	44.0	17.6	18.2	57.4	75.6
Program Support	26.2	21.6	18.7	42.2	45.6	74.6	3.3	77.9
Procurement, Acquisition, and Construction	10.1 ¹	61.8 ¹	—	—	—	—	—	—
National Marine Fisheries Service	—	—	62.5	14.8	15.0	15.0	(3.0)	12.0
Program Support	—	—	3.7	4.8	53.5	51.0	(50.7)	0.4
Other Accounts	32.4 ¹	2.9 ¹	—	—	—	—	—	—
Discretionary— National Marine Fisheries Service	—	—	2.4	0.4	1.1	1.4	0.0	1.4
Mandatory—National Marine Fisheries Service	—	—	6.9	16.4	5.5	5.7	0.0	5.7
Mandatory—Program Support	—	—	3.5	—	—	—	—	—
Total Funding	404.4	441.6	629.8	532.8	538.0	579.4	17.8	597.2
IT Funding ²	24.5	13.5	17.9	5.2	9.2	9.2	6.4	15.6
FTE	2,330	2,205	2,053	2,158	2,081	2,511	24	2,535

Performance Goal 2: Sustain Healthy Coasts

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
National Ocean Service	152.6	165.0	275.8	275.3	246.5	250.0	0.0	250.0
National Marine Fisheries Service	17.1	17.3	23.0	28.4	22.2	23.2	0.0	23.2
NOAA Research	63.2	58.4	28.3	80.0	30.8	31.2	1.0	32.2
National Environmental Satellite, Data, and Information Service	6.2	6.2	4.0	4.8	4.8	4.8	0.0	4.8
Program Support	6.7	7.9	14.9	28.9	29.3	48.2	2.2	50.4
Procurement, Acquisition, and Construction								
National Ocean Service	11.1 ¹	16.3 ¹	—	—	—	—	—	—
National Ocean Service	—	—	53.9	61.7	20.0	20.0	0.0	20.0
NOAA Research	—	—	14.0	0.0	0.0	0.0	0.0	0.0
Program Support	—	—	3.5	3.2	1.8	0.1	0.1	0.2
Other Accounts								
Other Accounts	4.0 ¹	7.5 ¹	—	—	—	—	—	—
Discretionary—National Ocean Service	—	—	152.9	142.7	0.0	0.0	0.0	0.0
Mandatory—National Ocean Service	—	—	0.0	9.0	1.4	0.0	0.0	0.0
Mandatory—Program Support	—	—	2.6	—	—	—	—	—
Total Funding	260.9	278.6	572.9	634.1	356.7	377.4	3.3	380.7
IT Funding ²	N/A	2.1	16.2	1.6	1.2	1.2	0.7	1.9
FTE	890	509	1,047	1,144	1,058	978	1	979

Performance Goal 3: Recover Protected Species

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
National Ocean Service	0.0	0.3	0.0	2.8	3.0	3.0	0.0	3.0
National Marine Fisheries Service	74.1	90.2	172.0	157.9	175.9	178.4	5.1	183.5
NESDIS	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NOAA Research	0.3	0.3	0.0	0.4	0.4	0.4	0.0	0.4
Program Support	3.2	4.6	8.5	21.7	22.8	39.0	1.8	40.9
Procurement, Acquisition, and Construction								
National Marine Fisheries Service	—	—	0.0	0.0	2.0	2.0	0.0	2.0
Program Support	—	—	9.8	5.6	1.6	0.1	0.1	0.2
Other Accounts								
Discretionary—National Marine Fisheries Service	—	58.0 ¹	—	—	—	—	—	—
Mandatory—Program Support	—	—	1.2	—	—	—	—	—
Total Funding	79.4	153.4	301.3	342.5	315.7	333.0	(13.0)	320.0
IT Funding ²	24.5	7.2	7.0	1.9	3.3	3.3	2.1	5.4
FTE	575	519	813	824	847	798	11	809

Performance Goal 4: Advance Short-term Warnings and Forecasts

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
NOAA Research	56.8	61.6	49.7	48.7	55.6	56.6	(1.7)	55.0
National Weather Service	547.8	587.0	629.0	674.1	694.9	715.0	4.1	719.1
NESDIS	54.4	54.0	56.2	73.0	84.2	86.5	0.0	86.5
Program Support	43.9	41.2	49.0	51.6	63.7	152.0	11.8	163.8
Procurement, Acquisition, and Construction								
NOAA Research	—	—	3.0	2.0	0.0	0.0	0.0	0.0
National Weather Service	—	—	63.4	71.9	75.6	75.6	23.5	99.1
NESDIS	—	—	515.0	517.1	609.2	609.2	75.0	684.2
Program Support	—	—	8.5	7.4	16.4	8.9	0.1	8.9
Other Accounts								
Mandatory—Program Support	—	—	2.2	—	—	—	—	—
Total Funding	1,269.4	1,260.9	1,376.0	1,445.9	1,599.4	1,703.7	112.8	1,816.5
IT Funding ²	160.9	290.3	241.1	210.9	230.7	230.7	44.2	274.9
FTE	6,351	5,812	5,997	5,859	6,091	5,952	(47)	5,905

Performance Goal 5: Implement Seasonal to Interannual Climate Forecasts

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
NOAA Research	63.6	70.5	58.5	77.8	74.9	76.0	0.0	76.0
National Weather Service	4.7	4.7	0.4	1.0	1.9	1.9	0.0	1.9
NESDIS	40.0	41.6	61.8	64.2	57.0	58.6	0.0	58.6
Program Support	3.6	4.3	4.0	13.0	13.9	21.8	0.9	22.7
Procurement, Acquisition, and Construction	0.6 ¹	—	—	—	—	—	—	—
Program Support	—	—	0.8	0.8	0.7	0.04	0.06	0.1
Other Accounts	—	—	—	—	—	—	—	—
Mandatory—Program Support	—	—	1.4	—	—	—	—	—
Total Funding	112.5	121.1	126.9	156.8	148.4	158.3	0.9	159.2
IT Funding ²	20.4	22.8	35.8	42.6	44.8	44.8	3.6	48.4
FTE	549	350	323	399	364	543	0.0	543

Performance Goal 6: Predict and Assess Decadal to Centennial Change

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
NOAA Research	67.9	69.2	97.8	95.4	110.8	113.1	13.4	126.5
National Weather Service	8.2	9.7	0.0	0.0	0.0	0.0	0.0	0.0
NESDIS	8.2	6.3	3.0	0.5	0.5	0.5	0.0	0.5
Program Support	5.1	5.2	3.5	12.8	17.5	25.4	0.9	26.3
Procurement, Acquisition, and Construction	0.6 ¹	4.9 ¹	—	—	—	—	—	—
NOAA Research	—	—	6.0	11.6	10.6	10.6	3.5	14.1
NESDIS	—	—	0.0	0.0	3.0	3.0	0.0	3.0
Program Support	—	—	0.7	0.6	0.7	0.0	0.1	0.1
Other Accounts	—	—	—	—	—	—	—	—
Mandatory—Program Support	—	—	0.9	—	—	—	—	—
Total Funding	90.0	95.3	111.9	120.8	143.1	152.7	17.9	170.5
IT Funding ²	9.6	22.1	18.9	15.8	17.6	17.6	4.4	22.0
FTE	485	127	370	487	469	428	8	436

Performance Goal 7: Promote Safe Navigation

	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
National Ocean Service	92.2	98.4	114.4	118.6	119.1	121.6	6.5	128.1
NOAA Research	0.4	0.4	0.0	0.9	0.9	0.9	0.0	0.9
Program Support	4.9	5.7	5.5	23.7	30.0	38.4	2.9	41.2
Procurement, Acquisition, and Construction								
Program Support	—	—	12.6	15.4	3.9	3.2	(3.1)	0.1
Other Accounts								
Mandatory—Program Support	—	—	3.5	—	—	—	—	—
Total Funding	97.5	104.5	136.0	158.5	153.9	164.0	6.3	170.3
IT Funding ²	3.9	9.7	22.8	10.3	11.2	11.2	0.5	11.7
FTE	878	807	870	734	878	880	0.0	880

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Grand Total	FY 1999 Actual	FY 2000 Actual	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Base	Increase/ Decrease	FY 2004 Request
Operations, Research, and Facilities								
National Ocean Service	254.0	266.3	390.2	406.4	378.5	384.5	6.5	391.0
National Marine Fisheries Service	382.6	416.6	634.1	586.8	587.9	605.1	15.9	621.0
NOAA Research	287.3	297.5	327.3	347.3	290.9	296.4	70.2	366.5
National Weather Service	560.7	601.4	629.4	675.2	696.8	716.9	4.1	721.0
NESDIS	100.6	101.8	125.0	142.5	146.4	150.3	0.0	150.3
Program Support	93.6	90.5	104.1	177.8	205.8	216.8	15.7	232.5
Procurement, Acquisition, and Construction								
National Ocean Service	—	—	53.9	61.7	20.0	20.0	0.0	20.0
National Marine Fisheries Service	—	—	62.5	14.8	17.0	17.0	(3.0)	14.0
NOAA Research	—	—	23.0	13.6	10.6	10.6	3.5	14.1
National Weather Service	—	—	63.4	71.9	75.6	75.6	23.5	99.1
NESDIS	—	—	515.0	517.1	612.2	612.2	75.0	687.2
Program Support	—	—	39.6	37.7	78.6	63.3	53.3	10.0
Other Accounts	36.4 ¹	68.4 ¹	—	—	—	—	—	—
Discretionary								
National Marine Fisheries Service	—	—	112.2	154.4	111.1	111.4	(20.0)	91.4
National Ocean Service	—	—	152.9	142.7	0.0	0.0	0.0	0.0
Mandatory								
National Marine Fisheries Service	—	—	6.9	16.4	5.5	5.7	0.0	5.7
National Ocean Service	—	—	0.0	9.0	1.4	0.0	0.0	0.0
Program Support	—	—	15.3	16.2	17.0	182.5	8.0	190.5
Total Funding	2,304.7	2,442.6	3,254.6	3,391.5	3,255.1	3,468.4	146.0	3,614.4
Direct	2,304.7	2,442.6	3,254.6	3,391.5	3,255.1	3,468.4	146.0	3,620.2
Reimbursable	256.0	290.6	204.0	197.0	219.0	219.0	0.0	219.0
IT Funding ²	243.8	367.7	408.2	440.1	485.7	485.7	70.1	555.8
FTE	12,058	10,329	11,472	12,330	12,903	12,939	(2)	12,937

¹ For FY 1999 and FY 2000, detailed stewardship portfolio spreads were not available for program support, PAC, and other accounts.

² 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) which were not included in the total IT dollars for each of the seven strategic planning goals.

Notes:

NOAA changed its methodology for allocating support costs by Performance Goal to more accurately reflect the distribution of the budget across performance goal.

Other Accounts/Mandatory/Program Support is a breakout of the CSRS funds.

PAC/Program Support includes the distribution of CAMS.

The differences between FY 1999 IT dollars and FY 2000, FY 2001, and FY 2002 amounts is a result of several factors: (1) In previous years, the amounts accounted for major projects only. We have expanded the definition of IT dollars to include all projects identified in Exhibit 53, NOAA's President's Budget for FY 1999. (2) The FY 1999 amount for performance goal 3, "recover protected species," was in error. This amount was inadvertently duplicated from performance goal 1, "build sustainable fisheries." The appropriate response should have been not applicable. (3) The apparent decrease in dollars for performance goal 1, "build sustainable fisheries," is actually a realignment of the stewardship portfolio.

Skill Summary

Marine ecologists, environmental educators, land use planners, toxicologists, economists, hydrologists, electronic technicians, hydrometeorological technicians, atmospheric scientists, computer specialists, instrumentation engineers, instrumentation technicians, physicists, mathematicians, electronic engineers, cartographers, photogrammetrists, geodesists, hydrographers, fishery biologists, fishery economists, oceanographers, engineers, chemists, meteorologists, physical scientists, and computer scientists.

IT Requirements

- National Marine Fisheries Service Fishing Information Technology System.
- Healthy Coasts does not rely on any one IT system.
- National Marine Fisheries Service Fishing Information Technology System.
- Advanced Weather Interactive Processing System, Next Generation Weather Radar System, Geostationary Operational Environmental Satellites Ground System, and Automated Surface Observing System.
- Satellite Active Archive, NOAA Virtual Data System, National Environmental Data Archive and Access System, and Climate Prediction Centers Climate Computer.
- Geophysical Fluid Dynamics Laboratory.
- Nautical Charting and Hydrographic Surveying System, Physical Oceanographic Real-time Systems, and Data Processing and Analysis Subsystem for National Water Level Observation Network, and Geodetic Support System.

FY 2004 Performance Goals

Performance Goal 1: Build Sustainable Fisheries

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth's environment to promote sustainable growth.

Rationale for Performance Goal

Billions of dollars in economic growth, thousands of jobs, and countless commercial and recreational fishing opportunities are not realized as a result of overfishing and overcapitalization in commercial and recreational fisheries. While many fisheries are well managed and produce positive benefits, others are severely depleted or overcapitalized and must be restored and managed to realize their long-term potential. Rebuilding and reducing overcapitalization in existing fisheries will promote the economic and biological sustainability of U.S. fishing resources. Building sustainable fisheries will increase greatly the U.S.'s wealth and quality of life.

The basis for the existing suite of performance measures is the sequence of events associated with sustaining or rebuilding fisheries over time. In concept, these events occur in the following order: (1) The first task is to identify if a stock is overfished; the performance measure on stock assessment and reducing the number of unknown stocks addresses this step. (2) Once a stock has been classified as overfished, the NOAA/National Marine Fisheries Service is mandated to create a rebuilding plan by statute; the rebuilding performance measure addresses this outcome. (3) Each rebuilding plan will have a trajectory and timeframe to achieve the rebuilding objective of recovering the stock to sustainable levels; the performance measure describing the number of overfished stocks measures how closely this target and trajectory is being met and other measures for this goal that are important indicator measures of these influences. An additional important area of concern that the National Marine Fisheries Service (NMFS) will address through its performance measures in the future is the issue of bycatch and its effect on fish stocks and protected species. For its FY 2004 budget request, NMFS anticipates initiating a comprehensive bycatch assessment and reduction program. The FY 2004 activities will include an increase in observer days at sea in fisheries thought to have high levels of bycatch and/or inadequate data regarding bycatch; initiation of a program to develop and incorporate new bycatch reduction techniques in at least three fisheries; and development of a bycatch database for use by NMFS, other federal agencies, states, regional councils, and constituents. Beginning in FY 2005, NMFS will begin measuring its success in reducing bycatch in fisheries toward its ultimate goal of reducing the level of bycatch in all fisheries.

Changes to the Performance Measures

For FY 2004, NMFS will continue to primarily use the existing performance measures for this strategic planning goal. However, NMFS is currently making improvements on its performance measures to better reflect the Agency's challenging responsibilities and performance in managing the living marine resources of the U.S. New performance measures will be considered carefully during the development of a new NMFS strategic plan slated for completion in the spring of 2003.

To assist NMFS, a workshop was held in June 2002 to solicit input from fisheries stakeholders and map a new path for fisheries management performance. Among the input, the workshop participants recommended three new focus areas for performance measures that could potentially be developed into objectives relevant to this strategic planning goal. The three areas are 1) biological sustainability, 2) socio-economic sustainability, and 3) internal administration and process.

Measure 1a: Number of Overfished Major Stocks of Fish

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	45	43	42
Actual		56	46 ¹	N/A ²		
Met/Not Met						

¹ Of the 56 listed as overfished in 2000, 10 were later reclassified as not being subject to the overfishing requirements of the Magnuson-Stevens Act.

² The FY 2002 Actual for this measure is anticipated in early FY 2003 pending release of the Report to Congress, Status of Fisheries of the United States, 2002. Future targets will be modified as appropriate.

Explanation of Measure

The purpose of this measure is to focus on the total number of overfished stocks defined as major stocks for which status is known; major stocks for which status is known is 167. A major stock is defined as a stock that yields annual catches of more than 200 thousand pounds (90.7 metric tons). There are approximately 905 stocks overall (as reported in the Annual Report to Congress), of which more than 600 are either unknown or undefined. The goal for this measure is to decrease the number of overfished major stocks from a FY 2000 baseline of forty-six to thirty-one by 2008. The original baseline was fifty-six of which ten were later reclassified as not being subject to overfishing requirements as defined in the Fisheries Management Plan.

The term overfishing means that the harvest rate is above a prescribed threshold. Overfished means that the biomass of a given fishery’s stock is below a prescribed threshold. Overfished stocks are defined in the Fisheries Management Plan.

The National Marine Fisheries Service is providing some financial assistance, such as a disaster relief program, to alleviate some of the hardship confronting fishermen during the course of rebuilding fisheries stocks.

Measure 1b: Number of Major Stocks with an “Unknown” Stock Status

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	120	118	115
Actual		120	120	N/A ¹		
Met/Not Met						

¹ The FY2002 Actual for this measure is anticipated in early FY 2003 pending release of the Report to Congress, Status of Fisheries of the United States, 2002. Future targets will be modified as appropriate.

Explanation of Measure

The purpose of this measure is to track the progress of improving knowledge about the 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.

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 metric reports on the outcome of investments in staff and data acquisition, such as charter and research vessel days-at-sea and stock assessment methodological research.

It is worth noting that the status of a large number of stocks continues to be classified as either unknown or undefined, which means that an overfishing definition is not possible. Of the 905 stocks mentioned in the 2001 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 percent of the stocks whose status were either unknown or undefined, while only 17 percent of the unknown and undefined stocks were categorized as major. The goal for this measure is to reduce the number of major stocks with an unknown status to no more than ninety-three by FY 2008.

Measure 1c: Percentage of Plans to Rebuild Overfished Major Stocks to Sustainable Levels						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	94%	96%	97%
Actual		93%	93%	N/A ¹		
Met/Not Met						

¹ The FY2002 Actual for this measure is anticipated in early FY 2003 pending release of the Report to Congress, Status of Fisheries of the United States, 2002. Future targets will be modified as appropriate.

Explanation of Measure

This measure relates directly to the statutory requirements of the Magnuson Stevens 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 can measure its performance in putting together an approved rebuilding plan within the eighteen-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 is to have 94 percent of rebuilding plans in place for forty-five overfished major stocks (45x0.94=42). Eventually, the target is to have 100 percent rebuilding plans in place by FY 2007, which by then, the number of overfished stocks will be at thirty-six.

The Magnuson Stevens Act outlines specific parameters and timeframes for rebuilding. At this point in 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.

Program Evaluation

Virtually every aspect of the NMFS’s fisheries science program is peer-reviewed, either internally 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 U.S. Moreover, reviews often occur by opposing parties’ scientists in the court system when fisheries management decisions are litigated.

Cross-cutting Activities

Intra-Department of Commerce

The NMFS 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 also enlist the support of other federal agencies, such as the U.S. Department of Agriculture, the Small Business Administration, and the U.S. Department of Labor, to mitigate the effect of resource conservation decisions.

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.

Performance Goal 2: Sustain Healthy Coasts

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

The National Oceanic and Atmospheric Administration (NOAA) has three primary objectives to sustain healthy coastal ecosystems and the communities and economies that depend on them. These are to (1) protect, conserve, and restore coastal habitats and their biodiversity; (2) promote clean coastal waters; and (3) foster well-planned and revitalized coastal communities. To meet these objectives, NOAA integrates a broad range of research, assessment, and management activities from four of NOAA’s five line offices: the National Ocean Service (NOS), the Office of Oceanic and Atmospheric Research (OAR), the National Marine Fisheries Service (NMFS), and the National Environmental Satellite, Data, and Information Service. NOAA works with many governmental and nongovernmental partners at local, state, national, and international levels to address the critical challenges facing coastal areas. NOAA measures its performance in meeting these objectives by tracking key outcomes, such as the acres of coastal habitat restored, changes in coastal water quality, number of coastal states with effective nonpoint pollution control programs, and the percentage of U.S. shoreline covered by improved ability to identify and mitigate the impacts of natural hazards.

Measure 2a: Number of Acres of Coastal Habitat Benefited (Cumulative)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	108,531	117,884	120,532
Actual			83,002	108,531		
Met/Not Met				Met		

Explanation of Measure

Basically, this measure reflects the number of acres that benefit from projects sponsored by NMFS and are 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 (IG) 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.

FY 2003 and FY 2004 Targets

This performance measure will be revised in the future. The current performance measure will be 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 will be established.

Measure 2b: 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
Target	1	1	2	2	2	2
Actual	0	1	2	2		
Met/Not Met	Not Met	Met	Met	Met		

Explanation of Measure

Primarily through research and education, this measure takes into account the two components that result in an overall reduction in the number of invasive species introductions in six regions around the country: (1) a decrease in the number of new non-indigenous species that become established in U.S. coastal regions from other countries, when compared to a base period, and (2) a decrease in the spread of new non-indigenous species out of the region where they originally became established. The measure reports on reductions in at least two of the six regions each year on a rolling basis. Therefore, the numbers in the outyears do not rise because results are expected in two different regions each year. Invasive nuisance species have become a major threat to global biodiversity, second only to habitat degradation and loss. The U.S.'s coastal habitats and aquatic resources are both directly and indirectly affected by non-indigenous species silently entering our waters through a variety of pathways, including ballast water discharge, live bait, and aquaculture. Many of these invaders displace native species, disrupting the ecological integrity of their ecosystems and threatening the economic and recreational value of these coastal resources. A recent Cornell University assessment (Environmental and Economic Costs of Nonindigenous Species in the United States, by Pimental, Zuniga, and Morrison.2000. BioScience 50: 53-65.) estimates that the annual cost of all invasive species to the U.S. economy exceeds \$130 billion, which is more than twice the annual cost of damage caused by all natural disasters. OAR will implement a program to monitor national marine sanctuaries for invasive species, develop rapid-response strategies to prevent and control invasive species in national marine sanctuaries and other areas, and continue support of ballast water demonstration projects.

FY 2003 and FY 2004 Targets

The target number does not rise because it is not intended to be a cumulative figure. In other words, in each year, steps are taken to reduce the impacts in the given number of regions and the next year steps can be taken in another region. There are literally thousands of nonindigenous species that can either be introduced or spread and dozens of methods by which this could happen.

Measure 2c: Percentage of U.S. Shoreline and Inland Areas that Have Improved Ability to Reduce Coastal Hazard Impacts

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	5%	14%	6%	15%	17%	17%
Actual	5%	6%	8% ¹	8%		
Met/Not Met	Met	Not Met	Met	Not Met		

¹ This figure was reported as 6 percent 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 percent (instead of 6 percent) of shoreline as having improved ability to handle coastal hazards.

Explanation of Measure

This measure tracks improvements in NOAA’s ability to estimate 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 2002 and FY 2004 Targets

In FY 2002, NOAA anticipated the completion of coastal risk atlas pilot projects for Mississippi and Florida. Florida has 8,436 miles of shoreline and Mississippi has 359 miles of shoreline. However, following an end-of-year review of the product delivered by a project partner, NOAA determined that the pilots needed additional work before they could be considered complete. Therefore, NOAA did not meet its FY 2002 target for this measure. NOAA expects the pilots to be completed by the end of the second quarter of FY 2003.

NOAA will also be working to expand the Coastal Risk Atlas to other areas in FY 2003 and FY 2004. None of this expansion will be completed until FY 2004.

Program Evaluation

NOAA’s goal to sustain healthy coasts is the product of more than twenty-five 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

Other Government Agencies

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 seventy 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

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.

Performance Goal 3: Recover Protected Species

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

To recover protected species, the National Marine Fisheries Service (NMFS) aims to prevent the extinction of protected species and to maintain the status of healthy species. NOAA measures its performance in meeting these objectives by focusing on the Agency’s ability to manage protected species through conservation programs and recovery plans, and through constant monitoring of and research into the status of species and the stresses that affect their mortality.

The quantitative measures of the probability of extinction for protected species were developed in FY 1999 and FY 2000 to establish the baseline from which program performance (reduction in the probability of extinction) could be measured. New performance measures have been developed to quantify outcome-oriented performance. The National Marine Fisheries Service (NMFS) recognizes the need for objective procedures to determine the status of protected species based on population analyses that take into account species biology and threats to existence that are the result of both human and natural causes. The Recover Protected Species (RPS) FY 2004 proposal is based in part on measuring NMFS’s ability to make progress toward the goal of recovering protected and at-risk species. RPS performance will be measured by the results of attempts such as reducing incidental and direct takes, increasing species habitat, decreasing negative interactions, and mitigating natural phenomena to reduce the risk of extinction for protected species from detrimental human activities.

The NMFS is continually making improvements on its performance measures to better reflect the Agency’s challenging responsibilities and performance in managing the living marine resources of the U.S. New measures will be integrated as they are developed and these new measures will also be tested during the development of a new NOAA strategic plan.

To assist NMFS, a workshop was held in June 2002 to solicit input and map a new path for fisheries management performance. Regarding endangered and threatened species, recommendations were made that performance measures should not only evaluate recovery of the stock but also show whether the stock population is increasing or decreasing and how it relates to recovery plan or take reduction plan goals. Other recommendations indicated that measures should also indicate the value added of fishing gear modification or change, e.g., number of turtles saved. Recommendations on bycatch noted that performance measures should define the bycatch level, evaluate the level of bycatch, and show changes in response to management actions. Finally, recommendations were also made that measures should also evaluate how well the U.S. meets international bycatch agreements. These recommendations are being considered in the development of new measures and metrics.

Measure 3a: Increase in Number of Threatened Species with Lowered Risk of Extinction						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	2	2	5	5
Actual			2	Available in the FY 2003 report		
Met/Not Met			Met			

Explanation of Measure

The measure addresses ten of the twenty-seven threatened species that have been identified as the threatened species most in danger of becoming endangered with extinction. The authority to list species as “threatened” or “endangered” is shared by the NMFS, 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 of 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 include 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.

FY 2003 and FY 2004 Targets

The two-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 3b: Number of Commercial Fisheries that Have Insignificant Marine Mammal Mortality						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	2	6	6	8
Actual			2	Available in the FY 2003 report		
Met/Not Met			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. By definition, insignificant levels mean that total mortality or rate of death is no more than 10 percent of the maximum number of marine mammals that could die from human-caused mortality. For this measure, fifteen out of thirty-two 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 fifteen 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 Main/Bay of Fundy 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 stock of thresher shark and swordfish the fishery is the California and Oregon fishery. New fishing technologies to reduce gear impacts and strategies to reduce offshore cetaceans need to be developed. 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 2003 and FY 2004 Targets

The two-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 3c: Increase in Number of Endangered Species with Lowered Risk of Extinction						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	3	6	6	6
Actual			3	Available in the FY 2003 report		
Met/Not Met			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 twenty-nine endangered species, eleven 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.

FY 2003 and FY 2004 Targets

The two-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. 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).

Program Evaluation

Evaluation efforts include peer reviews of proposals, internal and external reviews of programs, and quarterly reviews of NMFS's overall performance in protected species recovery. Constituent input is an important part of the evaluation process and is solicited regularly through constituent workshops.

Cross-cutting Activities

Other Government Agencies

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.

External Factors and Mitigation Strategies

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.

Performance Goal 4: Advance Short-term Warnings and Forecasts

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

The environment has profound effects on human welfare and economic well-being. Each year hundreds of lives and billions of dollars are lost due to severe storms, floods, and other natural hazards. The National Oceanic and Atmospheric Administration’s (NOAA’s) current ability to predict short-term change is restricted by observations that are incomplete. This limits the ability to improve basic understanding and predictive modeling of weather and other natural phenomena. Although NOAA can do nothing to prevent natural disturbances, it can minimize impact on humans. NOAA will continue to improve its observing systems, develop a better understanding of natural processes, and enhance numerical weather prediction models and dissemination systems.

Measure 4a: Lead Time (Minutes), Accuracy (%), and False Alarm Rate (FAR, %) of Severe Weather Warnings for Tornadoes		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Lead Time (minutes)	Target	11	12	13	11	12	12
	Actual	12	10	10	12		
	Met/Not Met	Met	Not Met	Not Met	Met		
Accuracy (%)	Target	70%	70%	68%	69%	72%	72%
	Actual	70%	63%	67%	76%		
	Met/Not Met	Met	Not Met	Not Met	Met		
FAR (%)	Target	72%	65%	73%	71%	72%	70%
	Actual	73%	76%	72%	73%		
	Met/Not Met	Not Met	Not Met	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 throughout the year are averaged to get this statistic. The accuracy of the warnings is the percentage of times a tornado actually occurred in an area that was covered by 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 will continue data collection and verification, and false alarm rates will be reported in future years.

NWS met only one out of the three tornado performance goals for FY 2001. However, the FY 2001 accuracy goal was missed by only one percentage point, which is statistically insignificant and well within standard deviation for this measure. NWS missed the warning lead time goal and is currently reviewing the storm data from individual events to pinpoint the causes and take corrective actions. Final data from this analysis should be available in late February 2003. Tornado lead times

have essentially remained steady at ten to eleven minutes since the deployment of the Next Generation Weather Radar (NEXRAD) network in the mid 1990s. NWS targets for FY 2003 and FY 2004 will remain at twelve minutes and will gradually increase to minutes minutes by FY 2005 after completion of retrofits of the NEXRAD systems, implementation of new training techniques such as a weather event simulators, and realization of the operational benefits of Advanced Weather Interactive Processing System's five software enhancements.

Measure 4b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Lead Time (minutes)	Target	54	55	45	45	50	52
	Actual	44	43	46	52		
	Met/Not Met	Not Met	Not Met	Met	Met		
Accuracy (%)	Target	85%	86%	86%	86%	87%	89%
	Actual	85%	86%	86%	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 throughout the year are averaged to get this statistic. The accuracy of the warnings is measured by the percentage of times a flash flood actually occurred in an area that was covered by a warning. NOAA's actions include data collection and verification, and new performance measures will be reported in future years. During FY 2001, both goals for flash flood warnings were met. The FY 2001 lead time actual was higher than the target due to a 15 percent increase in the number of flash flood events (2,600 compared with the ten-year average of 2,215). Performance scores tend to be higher if the number of events is above average in a given year. NWS expects steady improvement in both flash flood lead time and accuracy leading into FY 2003. The steady improvement is linked to the planned implementation of new flash flood decision assistance tools in FY 2002 and NEXRAD retrofits in FY 2003. The NEXRAD retrofits will allow NWS forecasters to run new algorithms for improved rainfall estimates.

Measure 4c: Hurricane Forecast Track Error (48 Hours)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	142	130	129
Actual				124		
Met/Not Met				Met		

Explanation of Measure

This measure was originally, “Accuracy of Hurricane Track Forecasts (48 hours).” The measure has been revised to better describe the activity and provide more accurate means of measuring the performance for this strategic goal.

Track forecasts have a significant impact on the U.S. economy. The average cost to evacuate the Atlantic coastline of the U.S. is approximately \$1 million dollars per mile. By improving track forecasts NOAA can both save lives and avoid unnecessary economic losses. This goal measures the difference between the projected location and the actual location in nautical miles for a forty-eight-hour forecast. This measure has been reintroduced for the FY 2003 Annual Performance Plan, replacing hurricane landfall warning lead time. Although landfall warnings are critical, only one to two storms make landfall in the U.S. each year. No storms made landfall during 2000 and 2001. Based on feedback from its key users, including emergency managers, NWS has concluded the track forecast measure provides a better gauge for the performance of our hurricane forecasting operations. Although NWS maintains statistics on twenty-four, forty-eight, and seventy-two-hour hurricane track forecasts, the forty-eight-hour measure is the most important time frame for emergency managers and other government officials to make planning decisions related to hurricanes, including coastal evacuations. The FY 2002 and 2003 targets are consistent with the trend for the last thirty years. The track accuracy will improve to 128 by 2007 with steady improvements in hurricane models and forecasting techniques, including use of ensemble forecasts, and completion of ongoing research within the U.S. Weather Research Program (USWRP).

Measure 4d: Accuracy (%) of One-day Threat Score Forecast of Precipitation

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	New	New	25%	25%
Actual				30%		
Met/Not Met				Met		

Explanation of Measure

This measure was originally, “Accuracy of 3-day Forecast of Precipitation.” The measure has been revised to better reflect the activity and provide more accurate means of measuring the performance for this strategic goal. The measure reflects the ability to accurately forecast a precipitation event one day in advance. NOAA’s actions include data collection and verification.

The Hydrometeorological Prediction Center (HPC) of the NOAA National Weather Service began providing quantitative precipitation forecasts (QPFs) in 1961. These forecasts indicate how much precipitation is expected, not just whether it will rain or snow. HPC has focused on relatively heavy amounts of precipitation, usually a half inch or more in a twenty-four-hour period, because of the major safety and economic impacts such heavy precipitation can have in producing flooding, alleviating drought, and affecting river navigation. 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 that is very challenging. This accuracy metric ranges from zero percent, indicating no skill, to 100percent for a perfect forecast. In verifying the accuracy of a one-inch precipitation forecast for day one, 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 wherever it falls is a significant event for that particular area. The HPC then compares these observed one-inch areas with the one-inch areas it had forecasted 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 one inch to fall at the point representing Washington, DC, and it observed only three-quarters of an inch 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 one 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 an inch or it had actually rained an inch. In summary, to earn a high accuracy score, HPC has to forecast the time, place, and amount of precipitation very well.

Several important point should be noted. First, although the accuracy scores are low with respect to perfection, the accuracy is sufficiently high to be of major utility to the U.S.’s decisionmakers. As indicated by the numerous requests for these products, especially in times of hardship, the Federal Emergency Management Agency, U.S. Army Corps of Engineers, the media, and farmers all rely heavily on NOAA forecasts to decide how to proceed.

Second, the scores are continuing to improve in accuracy. The metrics from the last forty years indicate the day two forecasts of one inch of precipitation in 2001 had the skill of day one forecasts in 1984, and our day three forecasts in 2001 were as accurate as our day two forecasts in 1989.

FY 2003 & FY 2004 Targets

In FY 2003 the NWS will be implementing the next generation super computer. The new computer will run higher resolution regional models (from 22 Km ETA models to 10 Km ETA models), thus improving the forecast skills for this model.

Measure 4e: Lead Time (Hours) and Accuracy (%) of Winter Storm Warnings							
		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Lead Time (hours)	Target	New	12	13	13	13	14
	Actual	11	9	13	13		
	Met/Not Met		Not Met	Met	Met		
Accuracy (%)	Target	New	85%	86%	86%	88%	89%
	Actual	85%	85%	90%	89%		
	Met/Not Met		Met	Met	Met		

Explanation of Measure

The FY 2001 targets for lead time in hours and accuracy of winter storm warnings for this performance measure were met. The FY 2002 target for accuracy is lower than the FY 2001 actual because of a 30 percent increase in the number of winter storms in FY 2001. An increase in the number of storms tends to improve performance scores in a given year. This higher level of winter storm activity is not expected during FY 2002 and FY 2003. A winter storm warning is issued when four or more inches of snow or sleet are expected in the next twelve hours, or six or more inches in twenty-four hours, or one-quarter of an inch or more of ice accretion. This performance indicator measures the accuracy and advance warning lead time of these conditions. Improving the accuracy and advance warnings of winter storms enables the public to take the necessary steps to prepare for disruptive weather conditions. With the introduction of high-resolution regional forecast models and introduction of new operational forecast techniques in FY 2002 and FY 2003, NWS lead times will improve to fifteen minutes and 90 percent accuracy by FY 2005.

Measure 4f: Accuracy (%) and FAR (%) of Forecasts of Ceiling and Visibility (1/2 Miles/500 Feet) (Aviation Forecasts)

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Accuracy (%)	Target	New	New	New	New	45%	46%
	Actual				45%		
	Met/Not Met				Met		
FAR (%)	Target	New	New	New	New	71%	70%
	Actual				71%		
	Met/Not Met				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 presented low skill score percentages. The NWS decided that a better criterion of performance is an aviation performance measure based on a 500-foot ceiling and one-half mile of visibility for both accuracy and false alarm rate. In addition, the new criterion reflects instrument flight rating (IFR) rules.

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

The FY 2003 President’s budget includes a budget initiative to improve aviation weather forecasts. The NWS expects that with funding from this initiative, an improved and expanded training program, and collaborative research with other federal government agencies to develop new software tools and forecast techniques, accuracy will gradually improve in the future.

Measure 4g: Accuracy (%) of Forecast for Wind Speed and Wave Height (Marine Forecasts)

		FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Wind Speed	Target	New	New	New	New	54%	54%
	Actual				52%		
	Met/Not Met				Met		
Wave Height	Target	New	New	New	New	66%	66%
	Actual				68%		
	Met/Not Met				Met		

Explanation of Measure

This measure was originally a “combined accuracy forecast for marine wind and wave.” The measure has been revised to better reflect the activity and provide more accurate means of measuring the performance for this strategic goal. Basically, this performance indicator measures the accuracy of wind and wave forecasts, which are important for marine commerce. The new measure separates the two components to better present the forecast in terms of wind speed and wave height.

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 2008. This improvement will be possible as a result of operational deployment of new marine forecast capabilities, including AWIPS Build 5 software, implementation of new wave forecast models in FY 2002, and improved communication and dissemination techniques to marine users.

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 U.S. 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 NOAA's 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 NOAA's 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.

Performance Goal 5: Implement Seasonal to Interannual Climate Forecasts

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

The National Oceanic and Atmospheric Administration (NOAA) works with academic and international partners to provide one-year lead time forecasts of global climate variability, especially that resulting from El Niño/Southern Oscillation (ENSO), and consequent precipitation and surface temperature distributions. These forecasts increase society’s ability to mitigate economic losses and social disruption resulting from such events.

Measure 5a: Determine the Accuracy of the Correlation between Forecasts of the Southern Oscillation Index (SOI) and El Niño/La Niña Events

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	0.85	0.85	0.85	0.85	0.85	0.86
Actual	0.85	0.84	0.85	0.85		
Met/Not Met	Met	Not Met	Met	Met		

Explanation of Measure

The atmosphere is tightly linked to ocean temperatures and circulation patterns. The pattern of warming of the tropical Pacific over periods of three to seven years known as ENSO has a tremendous impact on U.S. and global climate. This measure specifically assesses the correlation between forecasts of Pacific sea surface temperatures (based on models) and actual sea surface temperature (based on satellite and on site observations).

NOAA’s ENSO forecasts have become much more reliable in recent years. The 1997–98 El Niño (the warm phase of the ENSO cycle) was the best monitored and most successfully predicted El Niño on record. Typical impacts on the United States and the Atlantic basin include the following:

- Hurricanes: Below normal number of tropical storms/hurricanes in the Atlantic, although this does not imply any limits on the strength or location of any given tropical system.
- Monsoons: A drier-than-normal North American Monsoon, especially for Mexico, Arizona and New Mexico.
- Drought: A drier-than-normal fall and winter in the U.S. Pacific Northwest.
- Wintertime Storms: A wetter-than-normal winter in the Gulf Coast states from Louisiana to Florida, and in central and southern California if El Niño is strong.
- Warmer Temperatures: A warmer than normal late fall and winter in the northern Great Plains and upper Midwest.

NOAA provided advanced forecast of El Niño effects, leading to great savings for a variety of economic sectors. Weather and climate-sensitive industries that are directly impacted by weather (such as agriculture, construction, energy distribution, and outdoor recreation) account for nearly 10 percent of GDP. Furthermore, weather and climate indirectly impacts an even larger portion of the U.S.'s economy, extending to parts of finance and insurance, services, retail and wholesale trade, as well as manufacturing. El Niño impacts important business variables like sales, revenues, and employment in a wide range of climate-sensitive industries and sectors. Overall, total U.S. economic impacts of the 1997-1998 El Niño were estimated to be on the order of \$25 billion.

ENSO forecasts require a variety of data, such as ocean observations, remote satellite-based observations, and terrestrial measurements. This program is the only federal effort aimed at providing forecasts of climate events and their consequent impact. NOAA will undertake efforts to determine the limits of predictability of atmospheric changes induced by tropical Pacific sea surface temperature changes; to diagnose and model the global response to warm, cold, and neutral states of the ENSO cycle; and to examine the changes in probabilities of extreme events induced by ENSO.

Measure 5b: U.S. Temperature Forecasts (Skill Score)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20	20	20	20	20	21
Actual	23	27	20	18		
Met/Not Met	Met	Met	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 normal, cooler than normal, normal) is made, this score measures how much better the prediction is than the random chance of being correct.

Therefore, the HSS is a function of both whether or not a forecast verifies and whether or not it was predicted, 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 percent of the locations forecasted. Forecasts will likely be better in El Niño years than in non-El Niño years. Temperatures across the U.S. will be measured using NOAA's cooperative network maintained by volunteers across the nation. Temperature data will be collected and analyzed by NOAA.

FY 2003 & FY 2004 Targets

Based on preliminary data, NOAA did not meet the FY 2002 target. Skill of seasonal prediction is influenced by the strength of predictors, El Niño being one. The El Niño pattern experienced in FY 2002 was weak-to-moderate, resulting in reduced overall accuracy of climate forecasts for the year. However, the preliminary actual is within the standard deviation of +/- 1 point for this measure. NWS is planning a major increase in climate computing capacity and associated model resolution in FY 2003. These computing enhancements may provide some improvement in skill scores.

Measure 5c: Number of New Monitoring or Forecast Products that Become Operational per Year (Cumulative)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	4	8	12	16
Actual			4	8		
Met/Not Met			Met	Met		

Explanation of Measure

This performance measure reflects the seasonal-to-interannual climate team’s commitment to public service by stressing products that are available for public usage rather than data sets. A major motivation for this change was the formation of the new NOAA Climate Observations and Services program. New products will be developed and tested through NOAA research and implemented operationally through the NWS’s Climate Prediction Center (NCDC) as appropriate. As NOAA implements these products, usage will be evaluated through data transfers and external constituent interactions. Four new operational monitoring and forecast products became available to the public in FY 2002, namely:

- ❶ A gridded, daily U.S. surface temperature analysis for monitoring monthly and seasonal outlooks.
- ❷ Global monthly precipitation analyses extended back to 1948.
- ❸ A prototype near real-time global precipitation analyses every half hour at 8 Km spatial resolution.
- ❹ Heat index forecasts expressed in probabilistic terms.

Research advances provide the potential for NOAA to significantly expand its range of climate products and services, particularly in areas of high customer demand for information and where climate variability significantly affects national interests. Examples include improved information on and forecasts of extreme climate events, such as droughts and floods, and development of new forecasts on time scales that are not currently included in NOAA’s operational product line but where customer demand and interest is large and growing.

Measure 5d: New Climate Observations Introduced

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	New	New	120	174	275	412
Actual			132	192		
Met/Not Met			Met	Met		

The numbers for FY 2004 are based on the FY 2003 President’s budget which has an increase for the Argo profiling float system. If there is no increase then the numbers for 2004 go back to FY 2002’s target of 275 annually.

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 the National Environmental Satellite, Data, and Information Service (NESDIS) will expand their existing observation systems, that is, data buoys and new satellites.

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.

Program Evaluation

A number of NOAA line offices participate in the seasonal-to-interannual performance goal. 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). Programs are also 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.

Cross-cutting Activities

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.

External Factors and Mitigation Strategies

A major failure of Earth observing and computing infrastructure would impair NOAA's ability to produce seasonal to interannual 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.

Performance Goal 6: Predict and Assess Decadal to Centennial Change

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

National Oceanic and Atmospheric Administration (NOAA) scientists provide policymakers with the scientific information and expert assessments necessary to make decisions on long-term global and regional environmental issues. NOAA research, conducted in conjunction with its national and international partners, contributes significantly to the understanding of these issues. Experts in these fields periodically compile, summarize, and evaluate the current state of scientific knowledge and report their findings in assessment documents. NOAA’s research, authors, and review of these documents are essential to ensure the highest quality science is available to support important decisions on long-term climate issues. Additionally the national effort in climate research increasingly focuses on reducing uncertainty in projections of climate change and on building the research, modeling, and observational systems to further this objective. Central to the issue of climate change are descriptions of the greenhouse gases that influence how radiation is absorbed by the planet. Knowledge of how carbon dioxide is stored and released and how this will change in the future is essential. Other greenhouse gases and aerosols with shorter atmospheric lifetimes may offer the chance to influence climate change over a shorter period, as well as provide benefits for other environmental issues.

Measure 6a: 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 balance to +/-50%.	Improved model-data fusion techniques and reduce uncertainty of atmospheric transport models.	Reduce uncertainty of atmospheric estimates of U.S. carbon balance to +/-40%.
Actual	Identified five pilot carbon profiling sites and four new oceanic carbon tracks.			
Met/Not Met	Not Met			

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.

NOAA will work to reduce the uncertainties in climate projections. Progress depends on major advances in understanding and modeling radiative forcings (atmospheric concentrations and radiative roles of greenhouse gases and aerosols) and climate feedback mechanisms.

Through these activities, NOAA will develop 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.

Measure 6b: 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 ¹ .	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 ¹ .			
Met/Not Met	Met			

¹ 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 are 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 6c: Determine the Actual Long-term Changes in Temperature and Precipitation Over the United States

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.			
Met/Not Met	Met			

Explanation of Measure

This measure is designed to address the significant shortcomings in past and present observing systems. By FY 2006, it will capture more than 95 percent of the true national temperature trend in the contiguous United States. Further, by FY 2006, it will also capture more than 80 percent of the true national precipitation trend in the contiguous United States.

Inadequacies in the present observing system increase the level of uncertainty when government and business decisionmakers consider long-range strategic policies and plans. The U.S. Climate Reference Network, a benchmark climate-observing network, will provide the U.S. with long-term (fifty 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 percent 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 being 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 is 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.

Measure 6d: 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
Target	N/A ¹	N/A ¹	90% cited	N/A ¹	N/A ¹	N/A
Actual	N/A ¹	N/A ¹	100% cited	N/A ¹		
Met/Not Met	N/A ¹	N/A ¹	Met			

¹ The Intergovernmental Panel on Climate Change assessments are only published every five years. In off years there are no results to report.

Explanation of Measure

Intergovernmental Panel on Climate Change (IPCC) assessments provide the scientific, technical, and economic information used to evaluate the effects of human activities and natural variability on climate system and to evaluate strategies to reduce and respond to these effects. These assessments are conducted under the sponsorship of the World Meteorological Organization and the United Nations Environment Program and take several years to produce. They are undertaken every three to five years based on advancements in science. The current assessment was released in January 2001. NOAA climate research results are available in articles that describe research methods, results, and conclusions. These articles are published in peer-reviewed, scientific journals and become part of the permanent scientific record. These articles are used as the basis for the IPCC assessments. The IPCC provides periodic assessments of the understanding of all aspects of global climate change, including climate system, the impacts of climate changes, and options for mitigation. More than 90 percent of the research on climate performed by NOAA scientists was used (cited) as source material for the current assessment document. This measure was added in the FY 2001 Annual Performance Plan to reflect work NOAA has been doing for several years.

Program Evaluation

NOAA's programs are routinely evaluated by a variety of outside reviewers. 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, as well as the National Research Council and the National Science Foundation. The NOAA Research Laboratories are reviewed on a regular basis. The Sea Grant Colleges are visited at least every two 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 U.S. will depend upon to lead new emerging global industries in economically and environmentally sustainable ways.

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

The science of climate change crosses generations and has progressed as a result of evolving technology. NOAA's 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 NOAA's understanding of the natural environment requires advanced infrastructure and therefore continual investment in new technology, such as supercomputers and environmental satellites.

Performance Goal 7: Promote Safe Navigation

Corresponding Strategic Goal

Strategic Goal 3: Observe and manage the Earth’s environment to promote sustainable growth.

Rationale for Performance Goal

The National Oceanic and Atmospheric Administration (NOAA) serves commercial and recreational mariners around the U.S. by providing these customers with nautical charts, tides and currents data, and geographic positioning data for safe navigation. Geodetic services are vital to the mapping and surveying industry nationwide because they provide integrity to geographic coordinates obtained from Global Positioning Satellite (GPS) system 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. Shoreline data and real-time tides and currents information also serve the coastal resource management and oil spill and disaster response communities. NOAA continues to explore innovative ways to modernize its services in a cost-efficient manner to meet customer needs.

Measure 7a: Hydrographic Survey Backlog (Square Nautical Miles) for Critical Navigation Areas (Cumulative Percentage)

	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	20.7%	24.3%	27.8%	35.0%	37.9%	44.5%
Actual	20.7%	24.3%	31.2%	34.3%		
Met/Not Met	Met	Met	Met	Not Met		

Explanation of Measure

NOAA conducts hydrographic surveys to determine the depths and configurations of the bottoms of water bodies, especially of those that pertain to navigation. This includes the detection, location, and identification of wrecks, primarily through the use of side scan and multibeam sonar technology and GPS. This information is critically important to the production of both paper 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 disaster response planners. Ships traversing U.S. coastal waters rely on charts based on sounding data that are more than fifty years old in many places. In 1994, NOAA identified 43,000 square nautical miles of seafloor in U.S. waters in critical need of resurvey, with more than half of this area in Alaskan waters. Many of these high-priority areas carry heavy commercial traffic, are less than thirty meters deep, and are changing constantly. NOAA’s surveying activities balance in-house resources with contracts and use the latest full bottom coverage sounding technologies to eliminate the remaining critical area backlog of approximately 28,250 square nautical miles (end of FY 2002) in the U.S.’s ports, harbors, and other coastal areas. NOAA’s hydrographic fleet supporting in-house surveying capabilities consists of the Whiting, the Rude, and the Rainier. The National Ocean Service will coordinate acquisition and processing of hydrographic surveys both in-house and through contracts.

The percentage increase reflects an exceptional 2001 field season for hydrographic data collection by NOAA ship Rainier. Because variables such as weather, mechanical failure, and level of surveying difficulty are not constant for NOAA or its contractors, this increase may not be repeated or predicted in a given year. For example, in 2001, the survey areas completed in Alaska by both Rainier and contractors were very deep, allowing for wide-spaced survey lines without difficult shoreline and shallow area investigation, which takes additional time to complete.

Measure 7b: Percentage of National Spatial Reference System (NSRS) Completed (Cumulative %)						
	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Target	59	64	75	78	84	86
Actual	59	71	75	81		
Met/Not Met	Met	Met	Met	Met		

Explanation of Measure

This measure was added in FY 2000 to replace the Physical Oceanographic Real Time System measure, which was discontinued due to lack of funding increases in 1999 and 2000. 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 U.S.'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 GGPS, whose satellites transmit signals that allow determination of position, height, velocity, and time. The NSRS, a system of reference stations and monuments across the U.S., 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.

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 U.S. 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 U.S. 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 U.S. 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 (storms, winds, and high seas) 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 critical priority of 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 increase NOAA's designated critical areas. NOAA also receives requests to survey areas not identified as critical. For example, ship groundings frequently prompt requests from the U.S. Coast Guard and others to survey noncritical areas, diverting efforts away from the survey schedule. Finally, in addition to mission activities, NOAA ships and aircraft provide immediate response capabilities for unpredictable events such as recovery and search 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 the impacts of weather, disaster events, and equipment malfunction with backup plans for relocating assets to other projects, or by reassessing schedules for other windows of opportunity.

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 the 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. The NOAA Data Validation and Verification table can be found starting on the following page.

NOAA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
<p>Measure 4a: Lead time (minutes), accuracy (%), and false alarm rate (FAR, %) of severe weather warnings for tornadoes</p> <p>Measure 4b: Lead Time (Minutes) and Accuracy (%) for Severe Weather Warnings for Flash Floods</p>	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.	Review the storm data from individual events to pinpoint the causes and take corrective actions (tornadoes). NOAA will continue to collect data while reporting additional measures in the future (flashfloods).
<p>Measure 4c: Hurricane forecast track error (48 hours)</p>	PNWS/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 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.	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 location of the hurricane events. Some types of systems can be more accurate 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.	NOAA will report on the tracking of forecasts at 24, 48, and 72-hour intervals.
<p>Measure 4d: Accuracy (%) of one-day threat score forecast of precipitation</p>	The Hydrometeorological Prediction Center.	Annual	World Weather Building.	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.	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 products depicting the areas threatened by heavy precipitation in the contiguous United States. There will be a significant amount of variability, and the improvements may not be achieved exactly as predicted. 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 continued support of the Advanced Weather Interactive Processing System (AWIPS).	NOAA will implement planned weather model improvements along with ongoing research projects.

NOAA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 4e: Lead time (hours) and accuracy (%) of winter storm warnings	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 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.	Documentation for heavy snowfall is printed annually. Due to the relatively few number of cases each year, the projections assume a three-year average (current plus two previous years, all equally weighted). Due to the large volume of data gathered and computed, a document for lead time and accuracy of winter storm warnings 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 continued support of AWIPS.	Introduce high-resolution regional models.
Measure 4f: 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 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.	Due to the large volume of data gathered and computed, documentation for this measure 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 implementation of AWIPS.	NOAA will improve and expand its training program and work with the National Aeronautics and Space Administration and the Federal Aviation Administration to develop new software tools and forecast techniques.
Measure 4g: Accuracy (%) of forecast for wind speed and wave height (marine forecasts)	NWS field offices.	Daily	The NWS and the National Centers for Environmental Prediction's Ocean Modeling Branch.	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.	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 implementation of AWIPS.	NOAA will deploy enhanced versions of AWIPS (Build-5), implement new wave forecast models, and improve communication and dissemination techniques to marine users.

NOAA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 5a: Determine the accuracy of the correlation between forecasts of the southern oscillation index (SOI) and El Niño/La Niña events	Forecasts of sea surface temperature in a portion of the Pacific Ocean and observations from buoys, ships, and satellites.	Annual	The National Weather Service's (NWS's) National Centers for Environmental Prediction.	NOAA quality controls the incoming data (for example, through error checking and interstation comparison) and compares the satellite data with on site data to help validate data accuracy.	This measure assesses the correlation between forecasts of sea surface temperature (based on models) and actual sea surface temperature (based on satellite and on site observations). Improvements in forecasting ability depend upon improved observations, models, and research. Forecasts will likely be more accurate in El Niño years than in non-El Niño years.	None
Measure 5b: U.S. temperature forecasts (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 5c: Number of new monitoring or forecast products that become operational per year (cumulative)	NWS's Climate Prediction Center and National Environmental Satellite, Data, and Information Service's (NESDIS's) National Climatic Data Center (NCDC).	Annual	NCDC	Products are reported to NOAA management at quarterly reviews.	The new products are a response to increasing customer demands for expanded NOAA climate information and services. New products will be subsequently monitored for use and, in the case of forecast products, current skill and projected improvements.	None
Measure 5d: 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 6a: 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

NOAA Data Validation and Verification

Performance Measure	Data Source	Frequency	Data Storage	Verification	Data Limitations	Actions to be Taken
Measure 6b: Assess and model carbon sources and sinks globally	Flask samples taken from a global network and analyzed by NOAA.	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 data into advanced carbon models.	None
Measure 6c: 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 6d: Results of 90% of NOAA climate research activities cited in the 2001 intergovernmental panel on climate change's third assessment of climate change	Research from NOAA, the Office of Oceanic and Atmospheric Research, and the Aeronomy laboratory.	Periodic (approximately every three to five years).	NOAA's Aeronomy Laboratory.	NOAA collects data using proven, peer-reviewed procedures. In addition, internationally qualified experts peer review the results as part of the publication process.	None	None
Measure 7a Hydrographic survey backlog (square nautical miles) for critical navigation areas (cumulative percentage)	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 nautical miles as determined in 1994. Weather can affect scheduled surveys.	None
Measure 7b: 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

