



U.S. DEPARTMENT OF COMMERCE

CITIZENS' REPORT

Summary of Performance and Financial Results



FISCAL YEAR

2011

STATEMENT FROM THE SECRETARY



I am pleased to present the Department of Commerce's fiscal year (FY) 2011 Citizens' Report. The Citizens' Report summarizes the Department's accomplishments and the challenges we faced in FY 2011, and summary information on our financial management and performance. The Department helps make U.S. businesses more innovative for economic growth and opportunity. Every day, the Department promotes innovation, entrepreneurship, competitiveness, and stewardship informed by world-class scientific research and information. The Department achieves its mission through its 12 bureaus in partnership with U.S. businesses.

Through weather forecasts, climate and ocean monitoring, marine resource management, and support for marine commerce, the National Oceanic and Atmospheric Administration's (NOAA) services have a daily impact on our lives and U.S. commerce. The Economics and Statistics Administration (ESA), including the Census Bureau and the Bureau of Economic Analysis (BEA), provides the economic and demographic information necessary to evaluate growth, understand markets, and make sound decisions for the future. The National Telecommunications and Information Administration (NTIA), through broadband grants and spectrum reform, is expanding the information highway to propel job growth and competitiveness. The National Institute of Standards and Technology (NIST) and U.S. Patent and Trademark Office (USPTO) are critical to supporting innovation and advancing U.S. commerce. Economic development and commercialization activities supported by the Economic Development Administration (EDA) and the Minority Business Development Agency (MBDA) turn ideas into jobs. Export promotion and economic security activities at the International Trade Administration (ITA) and the Bureau of Industry and Security (BIS) directly support our Nation's international competitiveness and help U.S. companies sell more of what they make in countries around the world.

Our FY 2011 accomplishments and our challenges are highlighted within the three programmatic themes of our strategic plan: Economic Growth, Science and Information, and Environmental Stewardship.

Economic Growth

The Department, through ITA continued to strengthen the economy by promoting exports and protecting against unfair trade practices. ITA assisted over 20,000 companies with export transactions worth over \$54 billion. Additionally, ITA successfully removed 56 trade barriers in 31 different countries that have directly benefitted U.S. industry and competitiveness, and has issued 268 anti-dumping and countervailing duty determinations covering a variety of products. ITA also continues to assist small and medium-sized businesses to compete in international markets through counseling and innovative programs like the Market Development Cooperator Program. On average, every government dollar invested in this program has generated \$172 of exports.

In FY 2011, EDA led a number of successful efforts to coordinate federal resources and streamline processes and procedures. EDA championed two interagency funding competitions in FY 2011: the i6 Green challenge and the Jobs and Innovation Accelerator Challenge. The i6 Green Challenge combines the resources of six different agencies in order to encourage and reward innovative approaches to accelerating technology commercialization, new venture formation, job creation, and economic growth across the United States. The Jobs and Innovation Accelerator Challenge leveraged the resources of 16 different federal agencies to support the development and implementation of locally driven economic development strategies that foster the development of high-growth clusters and accelerate the benefits of regional innovation cluster-based economic development. EDA also implemented an overhaul of its grant award process in order to enhance the transparency of its decision-making process and to provide applicants with information on the status of their application as quickly as possible. EDA now provides winners of its quarterly funding competitions with letters of non-binding commitment within 20 business days of its quarterly

competition deadline. EDA is also committed to providing feedback to any prospective applicant on the application merits and deficiencies of their application within 15 business days of submission to EDA.

MBDA promotes the ability of minority businesses to succeed in the local, national, and global economies. MBDA continued its upward trend of increasing contract and financial awards, rising from \$1.6 billion in FY 2005 to \$3.5 billion in FY 2011. One of MBDA's goals is to increase the number of new job opportunities. In that regard, MBDA has increased the number of new jobs created from 2,270 in FY 2005 to 4,200 in FY 2011.

In FY 2011, the President announced that the Administration released a series of regulations and requests for comment as part of the implementation of the new U.S. export control system. The Administration also deployed its Export Control Reform Initiative Web page at www.export.gov. This Web page features the government's first-ever consolidated electronic screening list, which will enhance exporter compliance. Prior to this release, exporters had to check different lists published in different formats, maintained by different departments, or read the Federal Register every day for names that are not published on any list, to ensure they were not exporting to someone who is sanctioned or otherwise requires special scrutiny before receiving U.S. origin goods. For the first time, exporters can download a single electronic list of the literally thousands of names maintained across the U.S. government for whom there is an export control restriction or special requirement. This will provide significant time-saving and compliance benefits, particularly to small businesses. All these steps—more clearly identifying what is controlled, how it is controlled, and how to screen to ensure that items do not end up where they should not—are tangible results in implementing the Administration's common sense approach to export controls. This clarity ensures that our export control system works as it was intended, as a key tool in protecting our national security.

BIS is currently helping to implement the long-term goals of the Export Control Reform Initiative. In the near term, the initiative will result in the transfer of a significant number of export-controlled items from the jurisdiction of the State Department's Directorate of Defense Trade Controls to BIS. BIS will need to increase its outreach efforts to educate exporters about changes in export control regulations and provide the necessary guidance to ensure compliance with new regulations.

With a focus on measurement science, standards, and technology, the laboratories and programs of NIST provide the tools and infrastructure critical to enable the innovation, development, and deployment of advanced technologies. In the area of healthcare NIST published a set of approved procedures for testing information technology (IT) systems for electronic health records which are necessary to create confidence in and accelerate deployment of the technology. NIST also issued draft recommendations for securely configuring and using technologies for cloud computing. The federal Chief Information Officer asked NIST to lead government efforts on developing standards for data portability, cloud interoperability, and security. NIST researchers also developed the world's most advanced low-temperature scanning probe microscope with unprecedented energy resolution. NIST has already used the device to uncover key properties of graphene, which is highly anticipated to play a revolutionary role in the future of devices such as computers and batteries. NIST continued its contributions to enhance building, occupant, and firefighter safety nationwide by issuing 11 new recommendations for building and fire codes at state and local levels based on its detailed investigation of the Sofa Super Store fire (Charleston, SC, 2007). To strengthen the competitiveness of our Nation's domestic manufacturing base, the NIST Hollings Manufacturing Extension Partnership (MEP) provided a range of tools and services which supported its clients, primarily small manufacturers, in generating an estimated \$3.6 billion in increased sales, \$1.9 billion in capital investment, and \$1.3 billion in cost savings during FY 2010 (MEP results have a one-year time lag). The NIST Technology Innovation Program (TIP) supported small and medium-sized businesses in their pursuit of high-risk, high-reward research in areas of critical national need, including civil infrastructure and manufacturing, by leveraging a federal investment of \$136 million in 38 grants since the program's inception for a total investment of \$280.0 million, including awardee cost-share contributions.

NTIA's Broadband Technology Opportunities Program is on track to meet—and in most cases exceed—its program goals, delivering significant progress in areas such as infrastructure construction, computer center launches, and delivery of training to new broadband users. NTIA, in collaboration with the Federal Communications Commission, launched the National Broadband Map on February 17, 2011. This map publicly displays the geographic areas where broadband service is available; the technology used to provide the service; the speeds of the service; and broadband service availability at public schools, libraries, hospitals, colleges, universities, and public buildings. NTIA created DigitalLiteracy.gov, in partnership with nine federal agencies, to provide

librarians, teachers, workforce trainers, and others a central location to share digital literacy content and best practices. Anyone can use the Web site to identify the skills needed for various jobs, locate suitable training, and search for employment.

NTIA participated with other Department operating units in the Internet Policy Task Force (IPTF), which is conducting comprehensive reviews of the nexus between privacy policy, copyright, global free flow of information, cybersecurity, and innovation in the Internet economy. In December 2010, the IPTF released a privacy report with initial recommendations, outlining a framework to increase protection of consumers' data while supporting innovation and evolving technology. One of the recommendations was the adoption of baseline privacy principles concerning how online companies collect and use personal information, a consumer online "bill of rights."

In order to strengthen the very infrastructure that marshals new innovation to the marketplace, USPTO made important strides in FY 2011. USPTO undertook a series of initiatives to improve the speed and quality of patent processing, in an ongoing effort to further strengthen its examination capacity. USPTO has also been aggressively re-engineering many systems and processes, including its internal IT systems. USPTO is working toward a 21st century system that is smarter, better, faster, and stronger for all stakeholders. For the first time in several years, the number of patent applications awaiting first action dropped below 700,000—an important milestone that shows USPTO is helping to usher technological innovations from the drawing board into the economic sphere more quickly. USPTO also issued its 8,000,000th patent, an important signal of the technological vigor and creative industry underpinning a healthy and highly-productive U.S. intellectual property system. For the fifth consecutive year, the Trademarks organization exceeded its pendency targets for first action and final disposition. Finally, patent reform legislation—passed in summer 2011 by Congress, and signed into law on September 16, 2011 by the President—is pivotal to USPTO operations. The America Invents Act ensures that USPTO remains sufficiently resourced to modernize its IT infrastructure, hire more examiners, and swiftly implement new cost-effective provisions that will increase the efficiency and the quality of its patent system.

Science and Information

BEA and the Census Bureau continued to upgrade the quality and availability of critical economic and demographic information for policymakers, business leaders, and the public. After successfully completing the field operations for the 2010 Decennial Census, the Census Bureau compiled the data to determine the final population counts of each state and the Nation and released it on December 21, 2010. Population data from the Decennial Census, which is mandated by the Constitution, supports the reapportionment of Congress as well as state and local legislative bodies, and is also used to allocate over \$400.0 billion in annual federal program funds. The Census Bureau completed the 2010 Census more than \$1.7 billion under budget, largely due to exceeding the estimated mail-back response rate and higher worker productivity.

In FY 2011, for the first time ever, the American Community Survey released five-year estimates, comprised of data collected from 2005 to 2009. These estimates are now available for every state, county, city, town, place, American Indian Area, Alaska Native Area, and Hawaiian Home Land, as well as for census tracts and block groups. In FY 2011, the Census Bureau released nearly 400 economic reports, including 120 principal economic indicators. Responses to censuses and surveys provide information on a wide range of activities, industries, and outputs. All targeted current survey programs achieved their response rate targets for FY 2011. In April 2011, the Census Bureau introduced a new profile of U.S. importing companies to complement the existing profile of U.S. exporting companies. The profile provides information on the value of goods imported and number of importing companies, based on several company characteristics, for the years 2008 and 2009. This new report provides information never before available about the U.S. import trade market, and introduces new capabilities to analyze companies that participate in importing and exporting.

In FY 2011, ESA released reports on women's economic and social well being, foreign direct investment, intellectual property and patent reform, broadband usage, and STEM (science, technology, engineering, and math) employment. Economic indicators are now released on Twitter. ESA also launched a blog in an effort to improve economic literacy and help journalists and the public better understand data releases. One of BEA's primary goals in 2011 was to maintain and improve the relevance and usefulness of its economic accounts. It successfully released the 2011 flexible annual revision, which included several

important improvements to the National Income and Product Accounts. BEA also continued its multi-year efforts to improve its international economic accounts by aligning them with international standards. It released the annual revision of the U.S. International Transactions Accounts, which included improvements in classifications within services as well as the exclusion of expenditures of foreign nationals working at international organizations in the United States. BEA continues to develop significant improvements to economic measures of health care. It also launched an updated, more user-friendly Web site that includes new interactive tables and charts. The new Web site makes BEA's data products easier to access and provides greater transparency of U.S. economic statistics to customers.

In 2006, NOAA introduced the annual Arctic Report Card, establishing a baseline of conditions at the beginning of the 21st century to monitor the quickly changing conditions in the Arctic. This year's report, released on October 21, 2010, found that the Arctic region continues to heat up, affecting local populations and ecosystems as well as weather patterns in the most populated parts of the Northern Hemisphere. Greenland is experiencing record-setting high temperatures, ice melt, and glacier area loss; summer sea ice continues to decline; and sea ice thickness continues to thin.

In 2011, the National Climatic Data Center released the 1981-2010 Climate Normals, which serve as a point of reference for typical climate conditions at a given location. Normals are three-decade averages of numerous climatological variables, most notably temperature and precipitation, and are used by numerous stakeholders such as builders, insurers, and engineers for planning and risk management; energy companies to predict fuel demand; farmers to help make decisions on both crop selection and planting times; and agribusinesses to monitor departures from normal conditions throughout the growing season and to assess past and current crop yields. This once-a-decade release updates the Normals for more than 7,500 locations across the United States.

Environmental Stewardship

NOAA's major coastal goal is to enable the advancement of resilient coastal communities and economies. Given the current economic challenges, this strategic focus on coastal communities is critical. In FY 2011, NOAA's authoritative environmental and geospatial data advanced the marine transportation system, which is worth \$742 billion and employs 13 million people, with 2,515 square nautical miles of hydrographic surveys in navigationally significant areas, and with the launch of a new nautical chart system to significantly enhance maintenance and production of over 1,000 nautical charts when fully operational. NOAA's Lake Erie Experimental Harmful Algal Bloom forecasts protected public health in Ohio, and in the state of Washington minimized economic impacts that have a potential to reach \$22.0 million in losses when razor clam digging closures occur.

NOAA's National Weather Service (NWS) exceeded warning performance targets for the May 22, 2011 violent tornado that devastated a large portion of Joplin, MO. The Joplin tornado was the first single tornado in the United States to result in over 100 fatalities since the Flint, MI, tornado of June 8, 1953. NWS first forecasted severe weather for the Joplin area three days in advance, and issued a Tornado Watch four hours prior to the tornado and a Tornado Warning with lead time of 24 minutes before the tornado entered Joplin, which exceeded average warning lead times for all tornadoes in FY 2011 by 10 minutes. While the early warnings saved countless lives, improvements in science and technology are required in order to see further improvements in warning lead times and build toward a more weather-ready Nation.

For each of the severe weather events in 2011, NWS forecasters relied upon proven operational and experimental models, which have been rapidly advancing forecasting capabilities and helping the United States become a more weather-ready Nation. More than nine hours before the Tuscaloosa tornado outbreak, NOAA Research's High-Resolution Rapid Refresh (HRRR) model accurately predicted the storms general location and severity. Hurricane Irene served as a real-world trial for the experimental global weather model FFIM (flow-following, finite-volume icosahedral model), which skillfully forecasted Hurricane Irene's track and heaviest precipitation three days before the storm made landfall over North Carolina's Outer Banks. Hurricane Irene also demonstrated the accuracy and utility of the experimental Coastal and Inland Flooding Observation and Warning (CI-FLOW) system that improves forecasts of inland and coastal flooding events and helps users to better react, respond, and recover.

As a result of the Magnuson-Stevens Acts of 1976 and 2007, fisheries harvested in the United States today are scientifically monitored, regionally managed, and legally enforced under 10 national standards of sustainability. NOAA is on track to have annual catch limits and accountability measures in place for all 528 federally-managed fish stocks and complexes in time to be effective for the respective 2012 fishing years. NOAA's annual *Status of Stocks Report to Congress* showed a 63 percent improvement from 2000-2010 in the Fish Stock Sustainability Index for the 230 most economically significant stocks, and also reported that three additional stocks have been rebuilt, bringing the total number of stocks rebuilt over the last 10 years to 21.

Customer Service and Organizational Excellence and Workforce Excellence

BusinessUSA/CommerceConnect extended its local reach to 17 locations across the country from Los Angeles, CA to Boston, MA. BusinessUSA/CommerceConnect made considerable progress in establishing an operational infrastructure to support the growth of the initiative, expand inter-bureau collaboration, and implement a Department-wide customer-oriented business model, including training over 175 Department staff to participate in the initiative; engaging over 770 business clients (vs. 90 clients in FY 2010); and providing over 1,160 referrals (vs. 333 referrals in FY 2010) to Department and other federal, state, local, and non-profit programs that address their specific needs. Referrals are critically important because among other things they help companies obtain financing for operations and expansion, improve the efficiency of their operations, protect their intellectual property, increase their exports, access data and information for more effective decision-making, and a host of other activities critical to the Nation's growth and economic prosperity. Approximately 75 percent of the referrals made have been acted upon by clients.

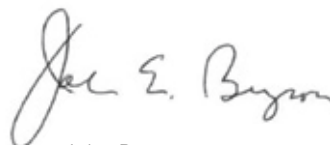
The Department's financial data and performance results for FY 2011 are provided together in this report in response to the Reports Consolidation Act of 2000. This information is crucial in helping us to effectively administer our programs, determine their success, and make adjustments that may be necessary to improve the quality of program operation and service delivery.

For the 13th year in a row, the independent auditors tasked with reviewing our financial statements have provided an unqualified opinion. Our financial management systems have been found to be in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996, and, in accordance with Office of Management and Budget (OMB) Circulars A-136 and A-11, the financial and performance data published in this report are substantially complete and reliable.

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) and OMB Circular A-123 provide the framework within which Departmental and operating unit managers may determine whether adequate internal controls are in place and operating as they should. We rely on a wide range of studies conducted by programmatic and administrative managers, the Office of Inspector General (OIG), the Government Accountability Office (GAO), and others to assist in this effort. Based on activities undertaken during FY 2011, the Department's system of internal controls, taken as a whole, is consistent with FMFIA.

In Conclusion

Again, I am proud to submit this report on the FY 2011 performance of the Department, and hope it provides a useful summary of the results of the Department and its 40,000 employees.



John Bryson
Secretary of Commerce
February 6, 2012

BUDGET, PERFORMANCE, AND FINANCIAL SNAPSHOT

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

Organization/Personnel: The Department has approximately 40,000 employees, expanding to over 120,000 employees during a decennial year. It consists of 12 bureaus ranging in size from 100 employees to over 13,000, with the Census Bureau expanding to over 90,000 in a decennial year.

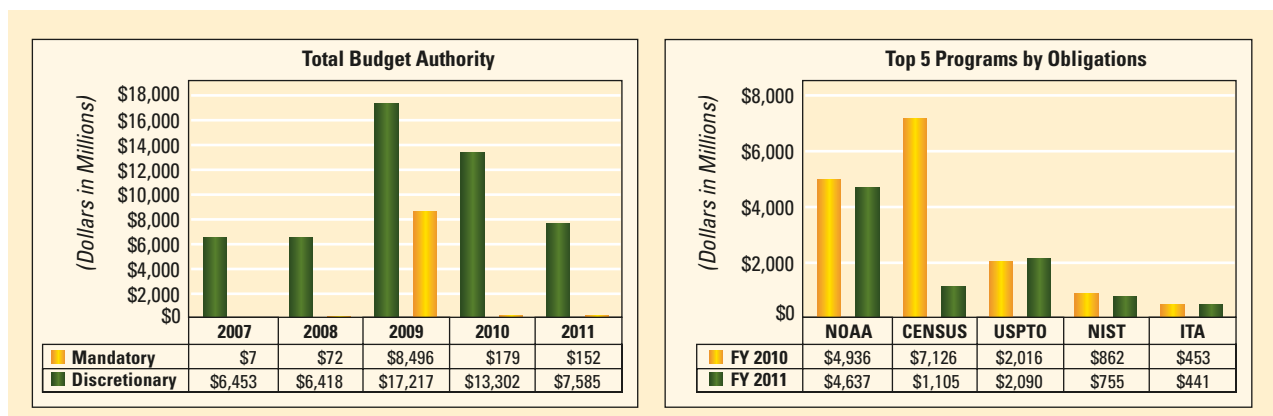
FULL-TIME EQUIVALENTS BY STRATEGIC THEME	PERCENTAGE CHANGE	FY 2011 ¹	FY 2010
Theme 1: Economic Growth	+5.0%	15,700	14,959
Theme 2: Science and Information ²	-81.5%	18,787	101,419
Theme 3: Environmental Stewardship	-1.0%	5,209	5,260
Themes 4-6: Management Themes ³	-1.1%	345	349
TOTAL FTEs	-67.2%	40,041	121,987

¹ These numbers have been updated since the FY 2011 Performance and Accountability Report (PAR).

² Theme 2 dropped significantly from FY 2010 to FY 2011 as a result of the 2010 Decennial Census being completed in FY 2010.

³ Management Themes includes three separate themes: Customer Service, Organizational Excellence, and Workforce Excellence.

Budgetary Resources¹: The FY 2010 budget was slightly more than \$13 billion with a substantial portion occurring as a result of the FY 2010 Decennial Census. This amount dropped to \$7.6 billion in FY 2011 with the decline primarily attributed to lack of funding needed for the Decennial Census.



¹ The budget (or budget authority) refers to the amount that Congress provides. Obligations refers to the actual amount spent (or obligated) and can include additional amounts such as fees, etc. Therefore, obligations are often greater than budget authority. Because USPTO is fee funded, its funding is not included in Discretionary Budget Authority. For FY 2011, the Census Bureau amount excludes a rescission of -\$1.7 billion as a result of savings in FY 2010.

OBLIGATIONS BY STRATEGIC THEME			
(DOLLARS IN MILLIONS)	PERCENTAGE CHANGE	FY 2011 ¹	FY 2010
Theme 1: Economic Growth	-49.8%	\$ 4,163.4	\$ 8,295.6
Theme 2: Science and Information ²	-51.8%	4,670.4	9,683.0
Theme 3: Environmental Stewardship	-12.8%	1,962.4	2,249.3
Themes 4-6: Management Themes ³	-3.2%	\$91.1	94.1
TOTAL	-46.4%	\$10,887.3	\$20,322.0

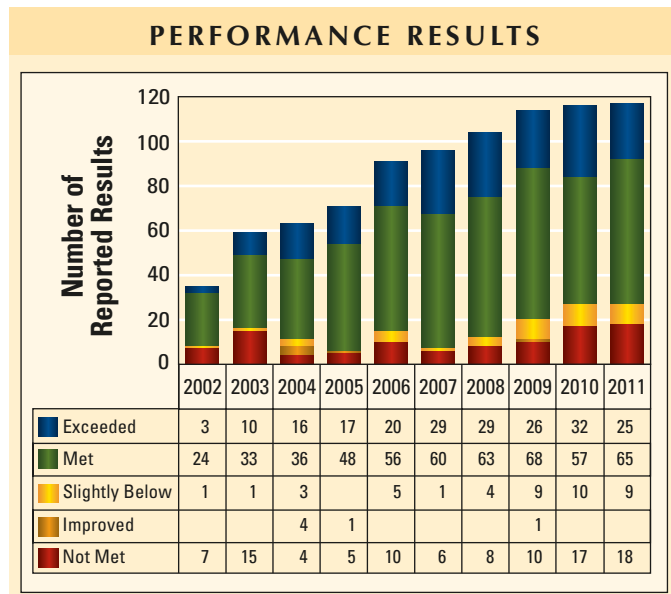
¹ These numbers have been updated since the FY 2011 PAR.

² Theme 1 dropped significantly as a result of the NTIA Broadband Technology Opportunities Program (BTOP) being completed by the end of FY 2010. Theme 2 dropped significantly as a result of the 2010 Decennial Census being completed in FY 2010.

³ Management Themes includes three separate themes: Customer Service, Organizational Excellence, and Workforce Excellence.

PERFORMANCE SNAPSHOT

In FY 2011, the Department had many significant accomplishments. The Department continued to improve its weather prediction capability, especially of severe storms such as tornadoes, hurricane track, flash floods, and winter storm lead time, thus both saving lives and minimizing property loss. NOAA continued to play a pivotal role saving, assessing, and rehabilitating Gulf wildlife and protecting critical habitat in response to the Deepwater Horizon Gulf crisis. ITA assisted over 20,000 companies with export transactions worth over \$54 billion. ITA also removed 56 trade barriers in 31 different countries that have directly benefitted U.S. industry and competitiveness. In addition, ITA generated \$1.8 billion in annual cost savings resulting from the adoption of Manufacturing and Services (MAS) recommendations. By FY 2011, EDA investments of \$296.6 million in FY 2002 had generated approximately \$3.96 billion in private investment and 56,058 jobs, a 13-to-1 benefit-to-cost ratio.



In FY 2011, operations funded by MBDA supported clients who obtained \$3.5 billion in contract and financial awards. NIST's laboratories and programs are recognized as critical to promoting U.S. innovation and competitiveness. For example, NIST prepared, analyzed, and distributed over 1,300 different reference materials used throughout the world to calibrate and check the accuracy of instruments, validate test procedures, and serve as the basis for quality control standards worldwide. As a result of FY 2010 funding, NIST's Hollings Manufacturing Extension Partnership (MEP) centers generated \$3.6 billion in increased manufacturer sales and an additional \$1.9 billion in capital investment. In addition, the Technology Innovation Program (TIP) funded nine new high-risk, innovative projects in FY 2011 for a total of 38 projects since the program's inception in the critical national need areas of inspecting and repairing the Nation's civil infrastructure and accelerating advanced materials in manufacturing processes. NTIA generated over 29,000 miles (target being 10,000 miles) of broadband networks deployed and over 24,000 new and upgraded public

computer workstations (the target being 10,000 workstations) in FY 2011. NTIA also far exceeded its target of 25,000 new household and business subscribers to broadband in FY 2011, with a result of over 230,000 new subscribers.

Challenges: For FY 2012, the OIG restructured its Management Challenges in that they represent cross-cutting issues that focus on the President’s most important goals. The first two challenges are new additions: Challenge 1 discusses the Department’s mission to promote the export of American goods, stimulate economic growth, and create jobs while simultaneously enforcing trade laws and protecting U.S. trade interests; Challenge 2 explains the Department’s need to reduce operating costs in the face of an extended period of constrained federal budgets. The remaining three challenges are longstanding Departmental concerns: enhancing IT security across the Department, improving Department-wide acquisitions and contracting practices, and ensuring NOAA meets its milestones to develop and launch its new environmental satellites while minimizing expected data gaps. The following table reflects a crosswalk between the FY 2011 and FY 2012 Management Challenges.

COMPARISON OF FY 2012 AND FY 2011 TOP MANAGEMENT CHALLENGES	
FY 2012 CHALLENGES	FY 2011 CHALLENGES
Effectively promote exports, stimulate economic growth, and create jobs ¹	<ul style="list-style-type: none"> Improving USPTO’s patent processing times, reducing its pendency and backlogs, and mitigating its financial vulnerabilities Effectively balancing NOAA’s goals of protecting the environment and supporting the fishing industry
Reduce costs and improve operations to optimize resources for a decade of constrained budgets ¹	<ul style="list-style-type: none"> Enhancing accountability and transparency of the American Recovery and Reinvestment Act’s key technology and construction programs Effectively planning the 2020 Decennial Protecting against cost overruns and schedule delays for the Commerce headquarters renovation
Strengthen Department-wide information security to protect critical information systems and data	Strengthening Department-wide information security
Manage acquisition and contract operations more effectively to obtain quality goods and services in a manner most beneficial to taxpayers	Managing acquisition and contract operations more effectively to obtain quality goods and services at reasonable prices and on schedule
Effectively manage the development and acquisition of NOAA’s environmental satellite systems to avoid launch delays and coverage gaps	Effectively managing the development and acquisition of NOAA’s environmental satellite programs
¹ The FY 2012 challenge is cross-cutting and broad-based. The FY 2011 challenges were bureau-specific and could be traced as a subset under the corresponding FY 2012 challenge.	

Further discussion of these challenges can be found in the FY 2011 Performance and Accountability Report (PAR) located at <http://www.osec.doc.gov/bmi/budget/>, or on the OIG Web site at <http://www.oig.doc.gov/Pages/default.aspx>.

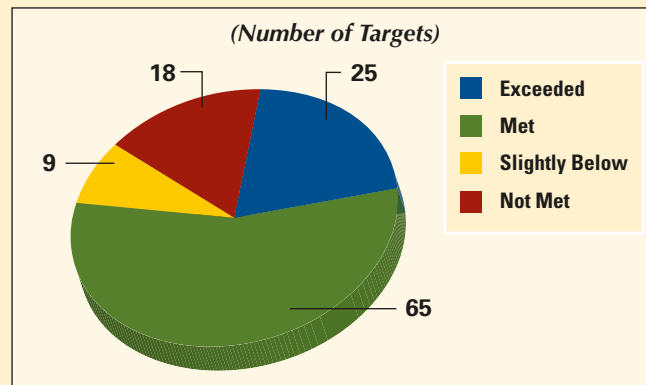
FINANCIAL SNAPSHOT

Clean Opinion on Financial Statements	Yes	Total Assets	\$31.4B
Timely Financial Reporting	Yes	Total Liabilities	\$4.6B
Material Weaknesses	0	Net Cost of Operations	\$9.2B
Improper Payment Rate	N/A		

SUMMARY OF COMMERCE PUBLIC BENEFITS AND PERFORMANCE

OVERALL

Overall performance results for the Department show that of the 117 performance targets, 77 percent were at or above target, eight percent slightly below target, and 15 percent not on target. These results are approximately the same as those in FY 2010. While the past two years have been slightly down, the Department has maintained a steady rate of performance with a low of 73 percent in FY 2003 to a high of 93 percent in FY 2007 with an overall 10 year average of 83 percent of targets met or exceeded. Further discussions of highlights and successes along with a 10 year history of performance, appears in the FY 2011 PAR and is available on the Department's Web site at <http://www.osec.doc.gov/bmi/budget/>.

TOTAL DEPARTMENT
FY 2011 RESULTS

STRATEGIC THEME 1: ECONOMIC GROWTH

The Economic Growth theme consists of three strategic goals related to Innovation and Entrepreneurship, Market Development and Commercialization, and Trade Promotion and Compliance. Within those three goals are 12 corresponding objectives, five associated with Innovation and Entrepreneurship, three with Market Development and Commercialization, and four with Trade Promotion and Compliance.

PUBLIC BENEFITS

Innovation and Entrepreneurship

The U.S. Patent and Trademark Office (USPTO) facilitates the generation of innovative and commercially viable processes and products, while protecting the intellectual property rights (IPR) of the inventor. USPTO's goal to provide efficient and thorough review of patents and trademarks optimizes the economic value to investors and improves U.S. competitiveness. The Economic Development Administration's (EDA) grants play a large role in encouraging innovation, and the forums that the Agency establishes create research-based communities of practice that foster commercialization. The National Telecommunications and Information Administration (NTIA) assist communication, key to business growth, by improving telecommunication performance, optimizing use of the federal spectrum, and increasing broadband access. As the federal government's National Laboratory focused on innovation and industrial competitiveness, the National Institute of Standards and Technology (NIST) has long recognized the importance of technological innovation and a robust manufacturing sector to the health of the Nation's economy both as a source of high-paying, high-skilled jobs, and as a driver for future technological advancement.

Market Development and Commercialization

NIST’s Hollings Manufacturing Extension Partnership (MEP) and the International Trade Administration (ITA) support small and medium-sized enterprises (SME) to encourage business growth, job creation, and innovation, with a focus on environmentally and economically sustainable practices, products, and technologies. Through private enterprise job creation, EDA and the Minority Business Development Agency (MBDA) assist in developing markets in disadvantaged or distressed communities so as to reduce economic duress.

Trade Promotion and Compliance

The Department generates economic growth and jobs through extensive assistance to firms engaging in international trade. ITA focuses on increasing exports by assisting U.S. exporters in expanding to foreign markets as outlined by the National Export Initiative (NEI). ITA works to achieve this goal in three ways:

- Provides the data and analysis used by businesses and government to develop effective trade policies and strategic decisions to support U.S. industries;
- Confronts unfair trade practices at home and abroad in order to give workers and firms the opportunity to compete on a level playing field; and
- Promotes strategically U.S. product and service exports.

Export control reform has become a central concern to the Bureau of Industry and Security (BIS) as it updates the intergovernmental processes that are in place. NTIA promotes the use of telecommunication devices, speeding the pace of business.

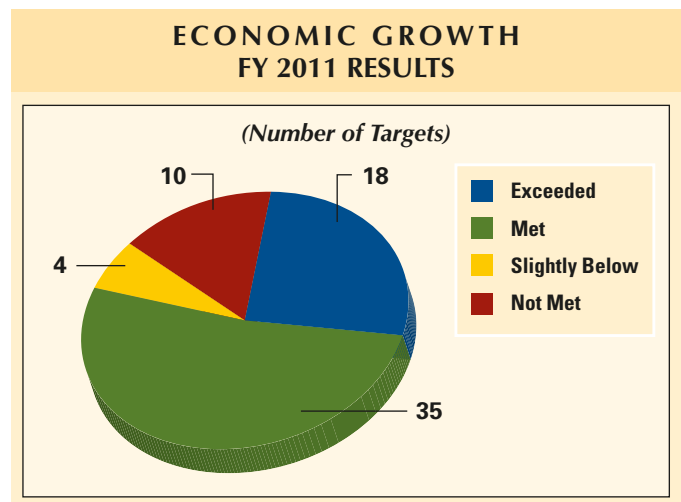
PERFORMANCE RESULTS

For this theme, in FY 2011, the Department met or exceeded 79 percent of the targets it had set for the year. As a general rule, the Department has increased its performance slightly from FY 2002 through FY 2011 in terms of having met/exceeded 76 percent of the targets in 2002.

Some of the significant achievements in FY 2011 include the following:

With USPTO, the Green Technology Pilot Program provides accelerated examination of inventions involving green technology, thereby promoting innovation in green technologies and reducing the pendency of patent applications critical to climate change mitigation.

In response to feedback from applicants, USPTO revised the Green Technology Pilot Program to allow more categories of technology to be eligible for expedited processing under the program. As a result, the Green Technology Pilot Program has increased the development and deployment of green technology and contributed to promoting U.S. competitiveness in this vital sector. More than 1,900 petitions have been granted to green technology patent applicants since the pilot began in December 2009.



EDA investments of \$296.6 million in FY 2002 helped generate, by FY 2011, approximately \$3.96 billion in private investment and 56,058 jobs, a 13-to-1 benefit-to-cost ratio. EDA data indicate that investments made in FY 2008, FY 2005, and FY 2002 (three, six, and nine years prior to FY 2011) helped generate \$7.1 billion in private investment and have helped create or retain 97,316 jobs. EDA anticipates that FY 2011 investments of approximately \$212 million will help generate \$224 million by FY 2014, and then continue to increase to \$561 million by FY 2017, and \$1,122 million by FY 2020. EDA expects that those same investments will help create or retain 5,357 jobs by FY 2014, 13,392 jobs by FY 2017, and 26,784 jobs by FY 2020.

NIST continued to work with U.S. industry and other stakeholders to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve quality of life. For example, in efforts to help the Nation's health care industry make the transition to the digital age in an effective and meaningful fashion, NIST published a set of approved procedures for testing information technology (IT) systems for electronic health records, which are necessary to create confidence in and accelerate deployment of the technology. The set of 45 approved test procedures evaluates components of electronic health records such as their encryption, how they plot and display growth charts, and how they limit access to authorized users only. The procedures also will help ensure that electronic health records function properly and work across systems developed by different vendors for doctor's offices, hospitals, and other health care providers. The development of these tools was mandated by the American Recovery and Reinvestment Act (ARRA) of 2009 in order to support a health IT infrastructure.

NIST's Technology Innovation Program (TIP) funded a total of 38 new high-risk, innovative projects since the program's inception in the critical national need areas of inspecting and repairing the Nation's civil infrastructure and accelerating advanced materials and critical processes in manufacturing and biomanufacturing. The unique multi-disciplinary approaches and teaming efforts of the 78 recipient organizations involved in these projects will help to achieve a transformational impact in both areas of national need.

NTIA's Broadband Technology Opportunities Program (BTOP) exceeded its program goals, delivering significant progress in areas such as infrastructure construction, computer center launches, and delivery of training to new broadband users. In FY 2011, NTIA deployed more than 29,000 miles of broadband networks, connected more than 4,000 community anchor institutions, delivered more than 24,000 new or upgraded public computer workstations, and had more than 230,000 new household and business subscribers to broadband, exceeding all their targets by a substantial amount. NTIA expects the deployment of new workstations and upgrades of existing workstations to accelerate as recipients order, configure, and install computers at their sites. Furthermore, NTIA expects the number of new subscribers to increase significantly as more households are reached by awareness campaigns, receive subsidized computer equipment or broadband service, complete training programs, and take advantage of workstations and discounted subscriptions provided by BTOP funds.

MBDA's year-end results exceeded its performance goals, achieving over \$1.4 billion in contract awards and over \$2.0 billion in financial awards. Through its direct federal client services and network of funded centers, MBDA helped minority business enterprises obtain contracts and financial awards. MBDA's programs and services helped create over 4,000 new jobs despite the economic downturn and overall decline in the national job market.

To expand the number of contract and financial awards and to create new job opportunities, MBDA initiated several new programs in FY 2011. On November 10, 2010, MBDA completed a nationwide solicitation to operate 30 new MBDA Business Centers. These funded centers provide one-on-one and group consulting services in such areas as business counseling (i.e., management and technical assistance), deal facilitation and brokering services, marketing and growth strategies, teaming assistance, global expansion assistance, and assistance in obtaining contract and financial award opportunities.

ITA's Manufacturing and Services (MAS) program launched the Free Trade Agreement (FTA) Tariff Tool which combines tariff and trade data into a simple and easy-to-search public interface. With this tool, users are able to see how U.S. and FTA partner tariffs on individual products—searchable by keyword or tariff code—are treated under an agreement. By combining sector and product groups, trade data, and the tariff elimination schedules, users are able to analyze how various key sectors are treated under recently concluded FTAs. The tool allows users to easily identify the share of trade or the share of tariff lines that fall within the various tariff elimination baskets. The tool is especially useful to small and medium-sized firms that have limited resources to search for this kind of information.

MAS also completed the development and deployment of an enhanced TradeStats Express platform which features monthly data and expanded commodity detail at the national and state levels in addition to a host of new features. Since the deployment of this new system, TradeStats Express and the new TradeStats Express Plus sites have received more than 65,000 hits from users.

NIST's MEP provides tools and services to keep manufacturers competing and thriving in today's global marketplace. In FY 2010, MEP's nationwide network of field staff continued to serve as trusted business advisors focused on solving manufacturers' challenges and identifying opportunities for growth. MEP provides the services that reduce manufacturers' bottom-line expenses and increase efficiency while offering tools to improve manufacturers' top-line growth with the development of new sales, new markets, and new products. As a result of MEP assistance, sales increased for manufacturers by \$3.6 billion as a result of FY 2010 funding, capital investment increased by \$1.9 billion, and cost savings increased by \$1.3 billion. (Results of investments lag funding by one-year.)

The U.S. and Foreign Commercial Service (US&FCS) continued to help U.S. businesses maximize their export potential, enabling them to diversify their customer base, remain globally competitive, and maintain jobs for Americans. In 2011, US&FCS assisted over 20,000 U.S. companies by providing in-depth export counseling, market entry plans, business-to-business matchmaking services, market research and due diligence reports, and other customized export development and market entry services. US&FCS also led trade missions around the globe, brought foreign buyer delegations to U.S. trade shows, represented U.S. companies at international trade events, and organized product launches and technical seminars overseas. In addition, US&FCS continued to provide front-line diplomatic support to U.S. companies overseas and advocated for U.S. companies bidding on foreign government procurements. US&FCS facilitated more than \$54 billion in exports for nearly 5,600 U.S. companies in 2011. Over 85 percent of these companies were SMEs that exported for the first time, entered a new market, or increased their market share in an existing market.

US&FCS continues to support President Obama's NEI. Launched in February 2010, the NEI is designed to reach the goal of doubling exports by 2014 to support two million jobs in the United States. The NEI focuses on three key areas: (1) a more robust effort by this administration to expand its trade advocacy in all its forms, especially for SMEs; (2) improving access to credit with a focus on small and medium-sized businesses that want to export; and (3) continuing the rigorous enforcement of international trade laws to help remove barriers that prevent U.S. companies from getting free and fair access to foreign markets. Since the President announced the NEI, the Department's Advocacy Center has assisted U.S. companies competing for export opportunities, supporting \$37.6 billion in exports and an estimated 188,000 jobs. With offices and staff around the globe and throughout the United States, the Department's Commercial Service has helped more than 8,000 companies generate \$81.7 billion worth of exports. In FY 2011, the Department has coordinated 55 trade missions with over 638 companies.

On December 9, 2010, as part of the implementation of the new U.S. export control system, the President announced: (1) the publication of a draft rule setting out the criteria and procedures to be used in determining whether a product is

subject to export controls; (2) the application of these criteria to one category of items (Category VII: Tanks and Military Vehicles), to be seen as an example of how the new policies would apply; and (3) the publication of a draft rule specifying what licensing policies will apply to products subject to export controls.

In FY 2011, the Administration debuted its Export Control Reform Initiative Web page, a new component of export.gov. It features the government's first-ever consolidated electronic screening list, which will enhance exporter compliance. Prior to this release, exporters had to check different lists published in different formats maintained by different departments, or read the Federal Register every day for names that are not published on any list, to ensure they were not exporting to someone who is sanctioned or otherwise requires special scrutiny before receiving U.S. origin goods.

Enforcement efforts in FY 2011 include the initiation of five countervailing duty (CVD) and 11 antidumping (AD) investigations covering a variety of products. Among these 16 cases were four CVD and five AD investigations involving China. In FY 2011 to date, ITA's Import Administration (IA) has issued 269 AD and CVD determinations. This year, partnering with the U.S. Customs and Border Protection (CBP), IA deployed a new module for the management and oversight of proper AD/CVD duty collection within CBP's Automated Commercial Environment. This was a major step toward more efficient and effective AD/CVD duty collection.

The following table shows the three-year results of key performance measures related to this theme. A 10-year history of all the performance measures related to this theme is available in the FY 2011 PAR available on the Department's Web site at <http://www.osec.doc.gov/bmi/budget/>.

KEY PERFORMANCE MEASURES	2009 Results	2010 Results	2011 Target	2011 Results	2011 Rating
Patent total pendency (months) (USPTO)	34.6	35.3	34.8	33.7	Met
Trademark average total pendency (months), excluding suspended and inter partes proceedings (USPTO)	11.2	10.5	12.5	10.5	Met
Private investment leveraged – 9 year totals (EDA)	\$2.2B	\$2.8B	\$1.9B	\$4.0B	Exceeded
Jobs created/retained – 9 year totals (EDA)	45,866	66,527	57,800	56,058	Slightly Below
Dollar value of contract awards obtained (MBDA)	\$2.1B	\$1.7B	\$1.1B	\$1.4B	Exceeded
Dollar value of financial awards obtained (MBDA)	\$0.9B	\$2.3B	\$0.9B	\$2.1B	Exceeded
Miles of broadband networks deployed (NTIA)	New	New	10,000	29,191	Exceeded
New household and business subscribers to broadband (NTIA)	New	New	25,000	230,755	Exceeded
Annual cost savings resulting from the adoption of MAS studies and analysis (ITA)	\$552M	\$647M	\$350M	\$1.8B	Exceeded
Commercial diplomacy success (cases)(annual) (ITA)	196	112	172	243	Exceeded
Standard Reference Materials sold (NIST)	29,769	31,667	31,000	32,864	Met
Number of calibration tests performed (NIST)	18,609	17,697	9,700	18,195	Exceeded
Increased sales attributed to Hollings MEP centers receiving federal funding ¹ (NIST)	\$3,610M	\$3,500M	\$2,500M	\$3,600M	Exceeded
Capital investment attributed to Hollings MEP centers receiving federal funding ¹ (NIST)	\$1,710M	\$1,900M	\$1,000M	\$1,900M	Exceeded

Regarding whether a target was met, the color scheme is as follows: Blue = Exceeded; Green = Met; Yellow = Slightly Below; Red = Not Met

¹ MEP results have a one year time lag.

STRATEGIC THEME 2: SCIENCE AND INFORMATION

The Science and Information theme contains one strategic goal, and within that strategic goal, three objectives. The following public benefits, achievements, and performance results are associated with each objective.

PUBLIC BENEFITS

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

Through its laboratory at the Institute for Telecommunication Sciences (ITS), NTIA supports basic research in innovative telecommunications and information technologies. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet.

Currently, ITS and NTIA's Office of Spectrum Management are conducting a pilot test-bed program to evaluate approaches and techniques to increase spectrum sharing between federal and non-federal spectrum users. NTIA will publish an annual report evaluating private sector-supplied devices in the areas of Emission Characterization, Sensor Characterization, Geo-Location Characterization, Spectrum Access Behavior, and Land Mobile Radio Emission Characterization.

NTIA, in collaboration with the Federal Communications Commission and other federal agencies, performed a "fast track" review of some federal and non-federal spectrum bands to determine whether any spectrum could be made available for wireless broadband within five years. NTIA identified and evaluated four bands for this review. NTIA recommended that 115 megahertz (1695-1710 MHz and 3550-3650 MHz) be made available for wireless broadband in the next five years, contingent upon timely allocation of funds. This is an important down payment on the Administration's commitment to address the growing demand for wireless broadband services.

In many ways the United States is a statistics driven society. The Nation depends on statistics provided by the Census Bureau and the Bureau of Economic Analysis (BEA) to determine business decisions, plan for geographic and economic (both national and international) expansion, provide funds to needy organizations, and determine political expansion and contraction. Accurate business information regarding the demographics of the Nation, including measures of the population, economy, and governments, assists entrepreneurs in identifying market opportunities that can generate jobs. Population estimates serve as a starting point for allocating federal, state, and local funds to various groups within society.

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

Current and benchmark measures of the U.S. population, economy, and governments play a vital role in the Nation's economic well being. The Census Bureau uses the Decennial Census to provide the official population counts for determining the allocation to states of seats in the U.S. House of Representatives and for determining how the districts

are defined for those seats. The Census Bureau provides to each state the data necessary to determine Congressional, state, and local legislative boundaries. The Decennial Census provides comprehensive and useful demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. The program also provides data for small geographic areas and population groups that federal agencies need to implement legally mandated programs. Approximately \$400 billion a year is distributed to state and local governments using formulas that are based on data such as state population and personal income.

The Economic Census provides comprehensive, detailed, and authoritative facts about the structure of the U.S. economy ranging from the national to the local level. The Economic Census covers nearly 29 million business locations and 84 percent of the Nation's economic activity. The Census of Governments is the only source of comprehensive and uniformly classified data on the economic activities of state and local governments. The Census of Governments covers about 90,000 local governments, 12 percent of the gross domestic product (GDP), and nearly 14 percent of the U.S. workforce. The Demographic Surveys Sample Redesign (DSSR) program designs and selects samples for the major national household surveys. The Intercensal Demographic Estimates program provides updated estimates of the U.S. population for the country, states, counties, cities, and townships.

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

One of the primary methods for improving the understanding of the environment is through the examination of oceanic and atmospheric patterns worldwide. To this end, the National Oceanic and Atmospheric Administration (NOAA) develops and procures satellite systems, aircraft, and ships with the purpose of providing information to determine weather patterns and predict weather forecasts. This information affects all facets of society from agricultural planning to electric power usage to disaster planning. It plays a major role in the accuracy of national, regional, and local forecasting as well as impacting short and long-term climate modeling. In certain situations, weather forecasting can affect the number of lives saved or lost as well as mitigate the extent of property damage as a result of weather events. Weather also affects how power companies plan for daily, weekly, and seasonal variances. Because of this, Americans benefit from sound weather forecasting both in their daily lives and planning, and in preparation for major storm events.

A weather-ready nation will be able to prepare for and respond to environmental events that affect safety, health, the environment, the economy, and homeland security. NOAA's capacity to provide accurate and relevant information can help create a society that is more adaptive to its environment; that experiences fewer disruptions, dislocation, and injuries; and that operates a more efficient economy. Over the long-term, climate change may increase the intensity and even the frequency of adverse weather events, ranging from drought and flooding to wildfires, heat waves, storms, and hurricanes. Changing weather, water, and climate conditions affect the economic vitality of communities and commercial industries, such as the energy, transportation, and agriculture sectors. Environmental information aligned with user needs will become ever more critical to the safety and well being of those exposed to sudden or prolonged hazards and will enable U.S. businesses and policymakers to make informed decisions.

NOAA's role in understanding, observing, forecasting, and warning of weather events is expanding. NOAA conducts sound, scientific research and provides integrated observations, predictions, and advice for decisionmakers who manage environmental resources, ranging from freshwater supplies to coastal ecosystems. Realizing that NOAA's information and services bridge both weather and climate timescales, NOAA will continue to collect and analyze environmental data

and issue forecasts and warnings that help protect life and property and enhance the U.S. economy. The Department is committed to excellent customer service and depends on its partners in the private sector, academia, and government to add value and help disseminate critical weather and climate information. NOAA will expand services to support evolving national needs, including those associated with space, weather, and freshwater and coastal ecosystems.

One of the growing challenges in the 21st century is the escalation of the demand for water and improved water and air quality. Changing water temperatures and poor air quality impact the Nation’s population and its fish and shellfish populations. To this end, NOAA can combine predictive weather information with an understanding of weather, water, and climate to develop integrated predictions that can improve the health of ecosystems and communities.

PERFORMANCE RESULTS

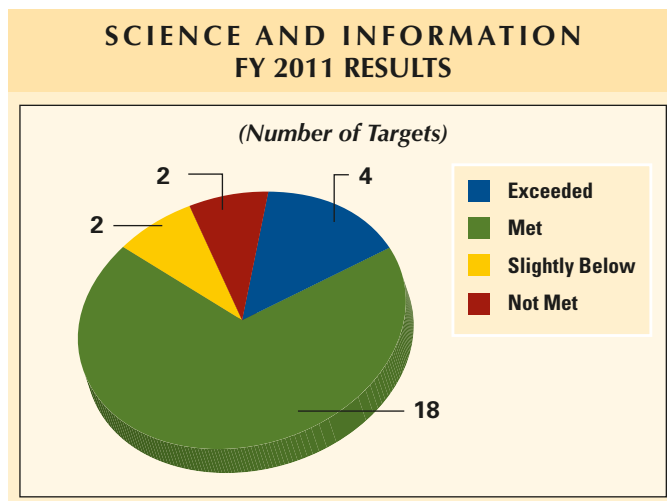
For this theme, in FY 2011, the Department met or exceeded 85 percent of the targets it had set for the year. The Department matched its 10-year average of 85 percent. The range was from 76 percent in FY 2004 to 97 percent in FY 2007.

Some of the significant accomplishments that the Department had include the following:

NTIS continued the development of the improved, open environment version of the National Technical Reports Library (NTRL) that will substantially increase discovery of federally funded Science, Technology, and Engineering Information (STEI) while maintaining the NTRL cost-recovery subscription model. The open environment version of NTRL is scheduled for release in early FY 2012. NTIS also established the Selected Research Services (SRS) in FY 2011 as a tailored information service that delivers electronic copies of government publications from 378 subject topics based on subscriber-selected criteria.

The Census Bureau delivered apportionment counts to the President based on the 2010 Census. The Census Bureau also delivered redistricting data products to the states. Release of other data products from the 2010 Census also occurred on schedule, as did various program evaluations and assessments. The Census Bureau also launched its Count Question Resolution program to provide jurisdictions a mechanism to challenge the census counts for their area. For the first time ever, the American Community Survey (ACS) released five-year estimates, comprised of data collected from 2005 to 2009. These estimates are now available for every state, county, city, town, place, American Indian Area, Alaska Native Area, and Hawaiian Home Land, as well as for census tracts and block groups. The core ACS tables were released the end of FY 2011.

The Census Bureau released nearly 400 economic reports, including 120 principal economic indicators. These reports provide information on manufacturing, retail, and wholesale trade; selected service industries; construction activity; quantity and value of industrial output; inventories; new orders; capital expenditures; e-commerce sales; foreign trade; and state and local government activities.



BEA released the 2011 flexible annual revision to the U.S. National Economic Accounts, which included several important improvements to the National Income and Product Accounts, such as the incorporation of source data from the 2007 Economic Census, improved price indexes for personal consumption expenditures for property and casualty insurance, and improved seasonal adjustment of real measures of petroleum imports. This revision expands BEA's use of "flexible" annual revisions, which expand the period of years open to revision beyond the conventional three-year period, thereby providing BEA's customers with up-to-date economic accounts that incorporate definitional, classificational, or methodological improvements earlier than possible under the conventional revision cycle.

In FY 2011, the National Climatic Data Center (NCDC) released the decadal 1981–2010 Climate Normals. These Normals serve as a point of reference for typical climate conditions at a given location. Commonly seen on TV weather segments for comparisons with the day's weather conditions, Normals are three-decade averages of numerous climatological variables, most notably temperature and precipitation. Countless applications across a variety of sectors use them. Numerous stakeholders use Normals including: builders, insurers, and engineers for planning and risk management; energy companies to predict fuel demand; farmers to help make decisions on both crop selection and planting times; and agribusinesses to monitor departures from normal conditions throughout the growing season and to assess past and current crop yields. This release updated the Normals for more than 7,500 locations across the United States with over 1,000 new stations included in the new Normals. NCDC produced hourly, daily, monthly, seasonal, and annual Normals for numerous climatological variables, including temperature, precipitation, and snowfall.

NOAA has begun its Dual-polarization modification to the Next Generation Weather Radar (NEXRAD) array. Dual-polarization technology adds a vertical scanning capability to the NEXRAD providing a more three-dimensional look into weather systems. NEXRADs without the modification scan on a horizontal dimension which does not provide the same wealth of information as Dual-polarization. With the Dual-polarization technology, NOAA's National Weather Service (NWS) forecasters will improve their prediction capability in detecting the type, intensity, and duration of precipitation. Dual-polarization enables forecasters to detect tornado debris and improve hail detection for severe thunderstorm warnings. These improvements will result in increased warning lead times for flash floods, which will better enable those impacted by the events to move out of harm's way and limit property losses. NOAA conducted extensive testing of the Dual-polarization modifications on the NEXRADs located at Vance Air Force Base, OK; Phoenix, AZ; Morehead City, NC; and Pittsburgh, PA. NWS forecasters within the testing locations have begun using the enhanced radar data to improve and refine weather warnings and forecasts.

During a five-day period in late April 2011, NWS issued life-saving warnings, with an average lead time exceeding 20 minutes, for the historic tornado outbreak in the Deep South. During this period, NWS issued nearly 1,000 tornado warnings nationwide and over 1,500 Severe Thunderstorm Warnings. Despite early lead times, there were 321 fatalities during this period, with April 27, 2011, ranked as the deadliest day for tornadoes since modern record keeping began in 1950. NWS decision support for this event was extensive. NWS Weather Forecast Offices (WFO) in the affected areas of Arkansas, Tennessee, Mississippi, Alabama, and Georgia began alerting the public to the potential for a large tornado outbreak five days in advance. Local offices provided direct decision support services to meet the specific needs of local emergency manager partners and the general public. NWS upgraded its Hazardous Weather Outlook to the highest threat level at midnight prior to the event and issued "Particularly Dangerous Situation" Tornado Watches over Missouri and Alabama more than two hours prior to the first tornadoes. NWS WFOs also continuously coordinated with emergency managers and the broadcast media before and during the outbreak to ensure a coordinated approach to disaster response and recovery.

The following table shows the three-year results of key performance measures related to this theme. A 10-year history of all the performance measures related to this theme is available in the FY 2011 PAR available on the Department’s Web site at <http://www.osec.doc.gov/bmi/budget/>.

KEY PERFORMANCE MEASURES	2009 Results	2010 Results	2011 Target	2011 Results	2011 Rating
Number of updated items available (annual) (NTIS)	893,138	969,473	825,000	836,579	Met
Number of information products disseminated (NTIS)	49,430,840	50,333,206	47,800,000	48,958,993	Met
Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public (ESA/CENSUS)	<ul style="list-style-type: none"> 100% of Economic Indicators released on time At least 90% of key prep activities completed on time 	<ul style="list-style-type: none"> 100% of Economic Indicators released on time At least 90% of key prep activities completed on time 	<ul style="list-style-type: none"> 100% of Economic Indicators released on time At least 90% of key prep activities completed on time 	<ul style="list-style-type: none"> 100% of Economic Indicators released on time At least 90% of key prep activities completed on time 	Met
Percent of GDP estimates correct (ESA/BEA)	88%	88%	>85%	89%	Met
Severe weather warnings for tornadoes (storm-based) – Lead time (minutes) (NOAA)	12	12	12	15	Exceeded
Hurricane track forecast error (48 hours) (nautical miles) (NOAA)	70	89	106	89	Exceeded
Severe weather warnings for flash floods (storm-based) – Lead time (minutes) (NOAA)	66	71	38	71	Exceeded
Winter storm warnings – Lead time (hours) (NOAA)	18	21	15	20	Exceeded

Regarding whether a target was met, the color scheme is as follows: Blue = Exceeded; Green = Met; Yellow = Slightly Below; Red = Not Met

STRATEGIC THEME 3: ENVIRONMENTAL STEWARDSHIP

The Environmental Stewardship theme contains one strategic goal and within that strategic goal, three objectives, all of which are associated with NOAA. The following public benefits, achievements, and performance results are associated with each objective.

PUBLIC BENEFITS

The Nation has an urgent need to advance U.S. understanding of the climate system and climate impacts so as to improve climate predictions and projections and to better inform adaptation and mitigation strategies. Key scientific uncertainties limit scientists’ ability to understand and predict changes in the climate system. International, national, state, and local efforts to limit greenhouse gases require reliable information to support emissions verification, as do efforts to track climate changes and mitigate impacts. Adaptation and mitigation strategies must also be informed by a solid scientific understanding of the climate system.

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

Ocean and coastal ecosystems provide many extremely visible human benefits—they provide nourishment, they provide recreational opportunities, and they support economies. Yet ocean and coastal resources are already stressed by human uses and habitat changes resulting in depleted fish and shellfish stocks; increased numbers of species at-risk; and declining marine, coastal, and Great Lakes biodiversity. Since humans are an integral part of the ecosystem, these declines in ocean and coastal ecosystem functions and quality can directly impact human health and well being. As long-term environmental, climate, and population trends continue, global demands for seafood, recreational use of the marine environment, and other pressures on habitats and over-exploited species will increase, and concerns about the sustainability of ecosystems and safety of seafood will rise commensurately. Depleted fish stocks and declines in iconic species such as killer whales, salmon, and sea turtles result in lost opportunities for employment, economic growth, and recreation along the coasts. In addition, climate change impacts to the ocean—sea level rise, acidification, and warming—will alter habitats and the relative abundance and distribution of species as well as the productivity of coastal and marine ecosystems, affecting recreational, economic, and conservation activities.

NOAA will ensure that U.S. ocean, estuarine, and related ecosystems and the species that inhabit these ecosystems are vibrant and sustainable in the face of these challenges. A stronger understanding of these systems will support an ecosystem-based approach to management. These approaches account for the complex connections between organisms (including humans); their physical, biotic, cultural, and economic environments; and the wide range of processes that control their dynamics, and can assist policymakers weigh trade-offs between alternative courses of action. By working toward the long-term sustainability of all species, NOAA will also ensure, for present and future generations, that seafood is a safe, reliable, and affordable food source; that seafood harvest and production, recreational fishing opportunities, and non-consumptive uses of living marine resources continue to support vibrant coastal communities and economies; and that species of cultural and economic value can flourish. Restoration of natural habitat for compromised species requires a substantial amount of time. The levels of native species also can be affected by the inadvertent introduction of invasive species, often through the shipping industry or through direct human release of such species. NOAA defines them as "aquatic and terrestrial organisms and plants that have been introduced into new ecosystems (i.e., Great Lakes, San Francisco Bay, Florida, Hawaii) throughout the United States and the world and are both harming the natural resources in these ecosystems and threatening the human use of these resources." Examples of recent invasive species include zebra mussels and snakeheads.

Coastal areas are among the most developed in the Nation, with over half the population living on less than one-fifth of the land in the contiguous United States. At over 230 persons per square mile, the population density of the near shore is three times that of the Nation as a whole. The portion of the U.S. economy that depends directly on the ocean is also large, with 2.2 million people employed and over \$197 billion in value added to the national economy in 2000. Approximately 89 million people vacation and recreate along U.S. coasts every year. The amount added annually to the national economy by the commercial and recreational fishing industry alone is \$71 billion with an additional \$1 billion of marine and freshwater aquaculture sales. With its Exclusive Economic Zone of 3.4 million square miles, the United States manages the largest marine territory of any nation in the world. While an increasing range of uses will allow coastal communities to create diverse ocean-based economies, care must be taken to ensure continued access to coastal areas, sustained ecosystems, maintained cultural heritage, and limited cumulative impacts.

No single region better exemplifies the complex interdependence of communities and changing climate and ecosystem conditions than the Arctic. There is evidence of widespread, dramatic change in the Arctic region, with local to global implications. National security concerns are increasing as reductions in sea-ice bring opportunities for economic development and increased access to Arctic resources. The breadth and complexity of the cultural, societal, economic, and environmental impacts within this region require a concerted, systematic, and rapid effort with partners from local to international levels.

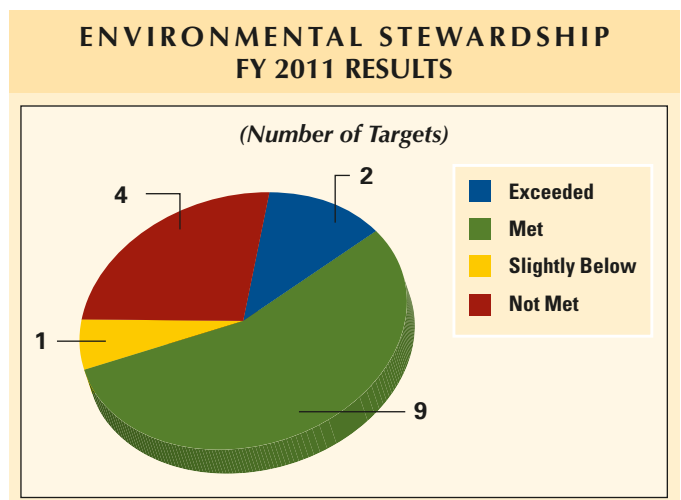
Within this context, NOAA works with its partners to achieve a balance between the use and protection of these resources to ensure their sustainability, health, and vitality for the benefit of this and future generations and their optimal contribution to the Nation’s economy and society. A coastal and marine spatial planning framework is a comprehensive management approach that is designed to support sustainable uses and ensure healthy and resilient ocean and coastal ecosystems. In some areas, NOAA and its partners collaboratively protect and manage critical coastal and ocean ecosystems.

NOAA will invigorate coastal communities and economies, and lead to increased resiliency and productivity. Comprehensive planning will address competing uses to protect coastal communities and resources from the impacts of hazards and land-based pollution on vulnerable ecosystems, as well as to improve water quality and foster integrated management for sustainable uses. Geospatial services will support communities, navigation, and economic efficiency with accurate, useful characterizations; charts and maps; assessments; tools; and methods. Coastal decisionmakers will have the capacity to adaptively manage coastal communities and ecosystems with best available natural and social science. Enabling this goal are strong collaborative partnerships with regional, state, and local private and public entities that have responsibilities and interests in managing coastal communities and ecosystems. Close collaboration across goals will ensure success in meeting NOAA’s strategic priorities.

NOAA’s Marine Transportation System (MTS) spans ports and inland waterways across U.S. coastal waters and oceans to support commerce, recreation, and national security. MTS supports the Nation’s economy, with more than 77 percent by weight and 95 percent by volume of U.S. overseas trade carried by ship. By 2020, the value of domestic maritime freight is forecasted to nearly double. MTS is increasingly vulnerable to natural and human-caused disruptions, potentially impacting the viability of the economy. Increased maritime activity can stress sensitive marine and freshwater environments and increase the risk of maritime accidents. Improving the reliability and resilience of MTS will decrease risks to the economy and the environment.

PERFORMANCE RESULTS

For this theme, in FY 2011, the Department met or exceeded 69 percent of the targets it had set for the year. As a general rule, the Department has substantially increased its performance from FY 2002 through FY 2011 in terms of having met/exceeded zero percent of the targets in 2002. However, it should be noted that only one measure that the Department tracked in FY 2011 appeared in FY 2002. Regarding this theme, nearly all the measures that initially appeared in FY 2002 have since been discontinued, replaced by measures that better reflected the activities of the programs involved. Thus, a comparison with FY 2002 provides little, if any, benefit to tracking performance trends.



Some of the significant accomplishments that the Department had include the following:

NOAA and its partners throughout the South Central U.S. region continue to monitor drought conditions and release outlooks, aiming to provide enough lead time to people whose lives and livelihoods may be vulnerable to drought impacts. The advance notice allowed state fire managers in Texas and the surrounding states enough time to assess their fire risk, assets, and resources during one of the driest winter and spring seasons on record. Texas experienced what may have been its worst fire season in history this past year. As the extreme drought continued through 2011, NOAA weather and climate experts collaborated with the Department of the Interior and other stakeholders in the South Central U.S. region to prepare an updated drought outlook.

The lessons learned from natural disasters over the past decade, such as the Deepwater Horizon spill and Hurricane Katrina, have shown that effective application of federal capabilities requires keen awareness and operational understanding of key products and services at every level of government. Delivering and applying these products and services requires highly trained staff and effective support resources, which highlights the importance of the new NOAA Disaster Response Center currently nearing completion in Mobile, AL. The center's mission to efficiently apply NOAA's capabilities to the unique circumstances of the Gulf of Mexico will improve the Agency's preparedness and response posture in a region known to be vulnerable to extreme events.

In FY 2011, NOAA made significant progress toward ending overfishing and rebuilding overfished stocks. In July 2011, NOAA released the 14th annual report to Congress on the status of the Nation's fisheries that showed three additional formerly overfished stocks rebuilt to healthy levels, bringing the total rebuilt since 2000 to 21. As of December 31, 2010, NOAA had put in place annual catch limits or other management measures for all stocks subject to overfishing as mandated by the Magnuson-Stevens Act, with NOAA being on track to have annual catch limits in place for all remaining stocks in time to be effective during the respective 2012 fishing years. During FY 2011, NOAA established required annual catch limits in 20 Fishery Management Plans (FMP), including key groundfish fisheries in Alaska, the mid-Atlantic, and on the Pacific Coast, crab and scallop fisheries in Alaska, and all the FMPs in the Western Pacific. As of December 31, 2011, 40 FMPs had all required catch limits in place.

On April 19, 2011, NOAA reopened 1,041 square miles of Gulf waters immediately surrounding the Deepwater Horizon wellhead, just east of Louisiana, to commercial and recreational fishing. This completed the reopening of all federal waters formerly closed to fishing due to the Deepwater Horizon oil spill. Sensory analysis found no detectable oil or dispersant odors or flavors, and chemical analysis for oil-related compounds and dispersants, conducted in part with a brand new method developed by NOAA to measure dispersants in seafood, were well below the levels of concern. The reopening followed consultation with the U.S. Food and Drug Administration.

NOAA continues to be involved in numerous activities following the reopening. Staff are engaged in both assessment studies and development of restoration activities under the Natural Resources Damage Assessment (NRDA) umbrella. NOAA is assessing damage to turtles, marine mammals, fish, and other trust resources. NOAA is the lead agency/Trustee for the development of the Deepwater Horizon Programmatic Environmental Impact Statement (PEIS), which will provide a framework to guide the decision-making of the Trustee Council, as well as provide transparency to the public and policymakers about the NRDA process. While the PEIS is being developed, NOAA has led the co-Trustees in the development of emergency restoration projects for submission to BP for funding, and is providing guidance and counsel to the Trustees to execute the \$1 billion framework agreement for early restoration.

Accurate depth information can make millions of dollars of difference to shippers taking U.S. exports to overseas markets, especially as the Nation attempts to double exports by 2015. With underwater keel clearances of less than 12 inches in

some places and overhead bridge clearances just as tight, captains rely on NOAA's navigational data to determine how much cargo they can load on a particular vessel. NOAA worked with maritime communities in South Carolina and California to survey approaches and update nautical charts to provide the most precise information to commercial mariners. NOAA's navigation managers and navigation response teams worked with the Charleston Pilots Association, who had voiced concerns about shoaling that may interfere with traffic approaching the port terminal. NOAA also worked with the U.S. Army Corps of Engineers and U.S. Coast Guard to update navigational charts to reflect depth changes in the Ports of Los Angeles and Long Beach. NOAA's navigation response teams investigated a series of potential threats to navigation in order to maintain safety and efficiency of the Nation's maritime transportation system. One team searched for a sunken vessel and investigated reports of shoaling and other depth changes causing problems for ships in the inter-coastal waterway and the approach to Panama City, FL. At the request of the San Francisco Bar Pilot Association, another team investigated a variety of navigation issues and surveyed anchorage areas where munitions were once (but are no longer) offloaded, so the restrictions can be removed from NOAA nautical charts.

NOAA significantly extended its Great Lakes forecasting of marine conditions, almost doubling its current 36-hour forecast capability to 60 hours. The improvement adds vital information to the Great Lakes Operational Forecast System, which provides forecasts of water levels, three-dimensional water temperature, and currents for the five Great Lakes every six hours. This output, combined with wind and wave forecasts provided by the National Centers for Environmental Prediction (NCEP), provides users a complete forecast package of important lake parameters. Users access the information via an interactive map offered online by NOAA's Center for Operational Oceanographic Products and Services (CO-OPS) and from the Office of Coast Survey's nowCOAST. This forecast improvement is possible thanks to a collaborative effort between CO-OPS, Office of Coast Survey, NCEP, the Great Lakes Environmental Research Laboratory, and Ohio State University.

The following table shows the three-year results of key performance measures related to this theme. A 10-year history of all the performance measures related to this theme is available in the FY 2011 PAR available on the Department's Web site at <http://www.osec.doc.gov/bmi/budget/>.

KEY PERFORMANCE MEASURES	2009 Results	2010 Results	2011 Target	2011 Results	2011 Rating
Error in global measurement of sea surface temperature (NOAA)	0.50°C	0.50°C	0.50°C	0.51°C	Slightly Below
Fish stock sustainability index (FSSI) (NOAA)	565.5	582.5	586	587	Met
Percentage of fish stocks with adequate population assessments and forecasts (NOAA)	59.1%	57.4%	60.4%	55.7%	Not Met
Number of habitat acres restored (annual) (NOAA)	9,232	6,907	8,888	15,420	Exceeded
Percentage of U.S. coastal states and territories demonstrating 20% or more annual improvement in resilience capacity to weather and climate hazards (NOAA)	N/A	N/A	36%	43%	Exceeded
Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capability (NOAA)	72.0%	79.0%	83.0%	84.3%	Exceeded

Regarding whether a target was met, the color scheme is as follows: **Blue** = Exceeded; **Green** = Met; **Yellow** = Slightly Below; **Red** = Not Met

**MANAGEMENT THEMES (CUSTOMER SERVICE,
ORGANIZATIONAL EXCELLENCE, AND WORKFORCE EXCELLENCE)**

The Management themes are made up of three themes: Customer Service, Organizational Excellence, and Workforce Excellence. Each theme contains one strategic goal, and within each strategic goal, three objectives. The following public benefits, achievements, and performance results are associated with these three themes.

PUBLIC BENEFITS

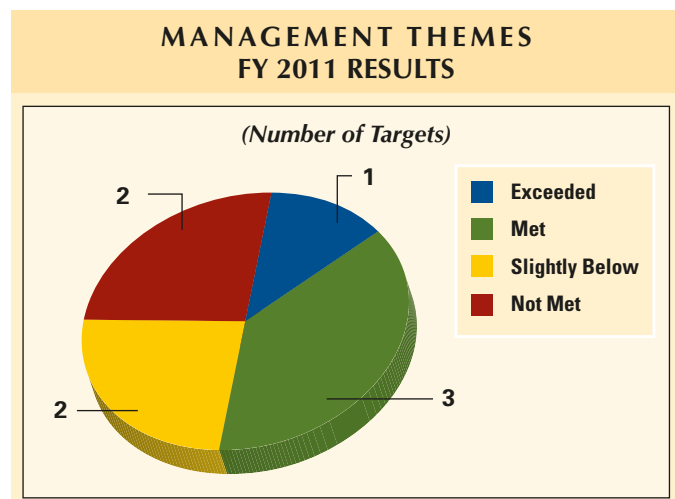
As U.S. society becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must ensure that they continue to be as responsive as possible to the needs of the public, the private sector, other levels of government, and other federal agencies.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

Achieving organizational and management excellence is a goal that requires extensive interaction and coordination among entities throughout the Department. DM—consisting of the Offices of the Secretary, Deputy Secretary, Chief Financial Officer and Assistant Secretary for Administration, Chief Information Officer, and General Counsel—provides the policies and guidelines that support the management infrastructure the Department needs to carry out its mission.

The Department must have the capacity to do business with the public and its partner agencies, both as a more than \$8 billion worldwide enterprise, and as an integrated set of individual programs. This requires that it identify, adopt, and maintain business practices essential to successful operations; use its resources wisely; and effectively implement the laws that affect it. In order to ensure the accomplishment of its mission, the Department has developed and put into place policies and programs designed to enable the successful operation of its units, the effective and efficient use of both material and human resources, and the implementation of laws and regulations that govern the use of those resources.

PERFORMANCE RESULTS

For the Management Themes (Customer Service, Organizational Excellence, and Workforce Excellence), the Department met or exceeded 50 percent of the targets it had set for the year. The Department has decreased its performance slightly from FY 2002, having met 67 percent of its targets 10 years ago. However, it should be noted that number of targets is small—in FY 2002, there was only three measures while by FY 2011, that number had only increased to a total of eight measures.



Some of the significant accomplishments that the Department had include the following:

BusinessUSA/CommerceConnect extended its local reach to 17 locations (beyond its stand alone operation in Michigan and a group of detailees working in the Gulf Coast) ranging from Boston to Los Angeles. BusinessUSA/CommerceConnect made considerable progress in establishing an operational infrastructure to support the growth of the initiative, expand inter-bureau collaboration, and implement a Department-wide customer-oriented business model. BusinessUSA/CommerceConnect trained over 175 Department staff to help small and medium-size businesses to grow and engaged nearly 900 customers (vs. 90 clients in FY 2010); and provided over 1,300 referrals (vs. 333 referrals in FY 2010) to Department and other federal, state, local, and non-profit programs that address their specific needs. Approximately 75 percent of the referrals made have been acted upon by clients. BusinessUSA/CommerceConnect served as the Department's singular point of contact for first time callers. Customers in search of assistance received (on average) three referrals, thereby broadening their growth objectives. Referrals are critically important because among other things they help companies obtain financing for operations and expansion, improve the efficiency of their operations, protect their intellectual property, increase their exports, access data and information for more effective decision-making, and a host of other activities critical to the Nation's growth and economic prosperity.

DM achieved an unqualified audit opinion for the thirteenth consecutive year in FY 2011, and plans to maintain the same in FY 2012 and beyond. DM continued work on the Business Application Solutions project (formerly known as the Future Financial and Administrative Planning Business Analysis). The project provided comprehensive business system modernization support services by determining the long-term viability of the legacy business systems and defining, planning, and driving Departmental modernization efforts.

In FY 2011, Office of Inspector General (OIG) audits and evaluations highlighted major Departmental challenges and made recommendations to improve the Department's operations. The OIG provided extensive oversight of the 2010 Census resulting in recommendations for the Census Bureau to operate more effectively and efficiently for the next decennial operation. In addition, the OIG has taken a proactive approach to monitoring the Broadband Technology Opportunities Program (BTOP) by providing NTIA with recommendations to enhance its administration of a critical ARRA program. Finally, the OIG's ongoing reviews of Department IT security systems revealed vulnerabilities and provided the Department with recommendations to better protect valuable systems and data. OIG investigative activities resulted in more than \$6.2 million in fines and other financial judgments in FY 2011. Most notable was a civil judgment against a NIST grantee convicted of intentionally misusing \$500,000 in grant funds that amounted to \$4.3 million in damages, penalties, restitution, and forfeited property, plus 15 months imprisonment.

The following table shows the three-year results of key performance measures related to these themes. A 10-year history of all the performance measures related to these themes is available in the FY 2011 PAR available on the Department's Web site at <http://www.osec.doc.gov/bmi/budget/>.

KEY PERFORMANCE MEASURES	2009 Results	2010 Results	2011 Target	2011 Results	2011 Rating
Improve the management of information technology (Organizational Excellence)	<ul style="list-style-type: none"> Cost/schedule overruns and performance shortfalls <10% CSAM C&A enhancements deployed IT security compliance in all operating units were reviewed 	<ul style="list-style-type: none"> Cost/schedule overruns and performance shortfalls < 10% Completed security and vulnerability assessments Implemented cybersecurity development program Deployed national security and emergency network in the development environment 	<ul style="list-style-type: none"> IT investments have cost/schedule overruns and performance shortfalls averaging <10% Perform IT security compliance review of all operating units Increase security training to 80% Deploy 80% of required NCSA 3-10 communications capabilities 	<ul style="list-style-type: none"> All IT investments within 10% of cost and schedule Reviews completed 89% completion rate NCSA 3-10 did not receive funding 	Met
Dollar value of financial benefits identified by the OIG (Organizational Excellence)	\$126.9M	\$47.8M	\$39.0M	\$33.6M	Not Met
Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management (Organizational Excellence)	<ul style="list-style-type: none"> One significant deficiency was not eliminated Completed FY 2009 A-123 assessments 	<ul style="list-style-type: none"> One significant deficiency was not eliminated Completed FY 2010 A-123 assessments 	<ul style="list-style-type: none"> Eliminate any significant deficiency within 1 year of determination that there is one Complete FY 2011 A-123 assessment of internal controls 	<ul style="list-style-type: none"> Eliminated significant deficiency Completed A-123 assessment 	Met
Acquire and maintain diverse and highly qualified staff in mission-critical occupations (Workforce Excellence)	<ul style="list-style-type: none"> Produced competency models for four occupations Fill time of 31 days for non-SES candidates Trained 100 participants via leadership programs 	<ul style="list-style-type: none"> Produced competency models for four occupations Established hiring process baseline of 133 days Trained 98 participants via leadership programs and 181 employees via Careers in Motion 	<ul style="list-style-type: none"> Have new competency models in place for three mission-critical occupations Meet or exceed the 80-day hiring goals Train 100-200 participants on leadership development programs Train 180-200 participants via Careers in Motion 	<ul style="list-style-type: none"> Four occupations 83 days 103 participants 382 participants 	Exceeded

Regarding whether a target was met, the color scheme is as follows: Blue = Exceeded; Green = Met; Yellow = Slightly Below; Red = Not Met

ORGANIZATION

The Department has 12 bureaus, three programmatic themes (Economic Growth, Science and Information, and Environmental Stewardship), and three management themes (Customer Service, Organizational Excellence, and Workforce Excellence). Most of the bureaus fall within one of the programmatic themes, however, NTIA (Economic Growth and Science and Information) and NOAA (Science and Information and Environmental Stewardship) do cross themes. While the management themes do apply to all the bureaus, the funding, full-time equivalent (FTE), and performance levels focus on the activities of DM and OIG. Within the Economic Growth theme, the Department focuses on three different aspects reflected in the following three strategic goals:

- **Innovation and Entrepreneurship:** *Develop the tools, systems, policies, and technologies critical to transforming our economy, fostering U.S. competitiveness, and driving the development of new businesses (USPTO, EDA, NIST, NTIA)*
- **Market Development and Commercialization:** *Foster market opportunities that equip businesses and communities with the tools they need to expand, creating quality jobs with special emphasis on unserved and underserved groups (EDA, MBDA, ITA, NIST)*
- **Trade Promotion and Compliance:** *Improve our global competitiveness and foster domestic job growth while protecting American security (ITA, BIS, NTIA)*

The Science and Information theme focuses on the following goal: *Generate and communicate new, cutting-edge scientific understanding of technical, economic, social, and environmental systems (NTIS, NTIA, ESA/CENSUS, ESA/BEA, NOAA)*, while the Environmental Stewardship theme focuses on the following goal: *Promote economically-sound environmental stewardship and science (NOAA)*.

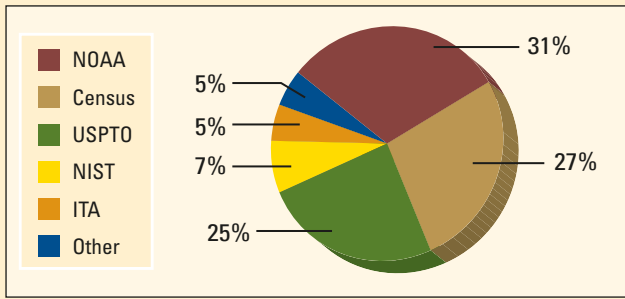
The management themes promote greater efficiency within all three of the programmatic themes through various outreach and IT activities, financial management oversight, and administration and periodic reviews of programs.

In terms of funding and FTE employment, the Science and Information theme accounts for approximately 48 percent of the Department's funding and 47 percent of its FTE. This is largely due to the Census Bureau and significant portions of NOAA. The Economic Growth theme accounts for 41 percent of funding and 39 percent of FTE while the Environmental Stewardship theme accounts for 11 percent of funding and 13 percent of FTE. The management themes account for less than one percent of funding and one percent of FTE. The following charts reflect the distribution of obligations and FTE by bureau and by theme for FY 2011.

Among the bureaus, NOAA accounts for 44 percent of the funding and 31 percent of the FTE of the Department. The Census Bureau is the next largest in terms of FTE while USPTO is the second largest in terms of funding. MBDA is the smallest of the bureaus both in terms of funding and FTE.

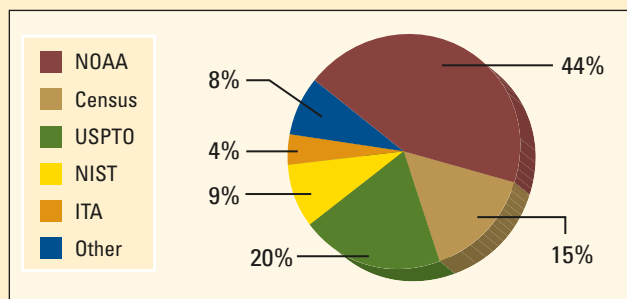
The following charts reflect the distribution of obligations and FTEs by bureau and by theme for FY 2011.

FY 2011 FTE BY BUREAU

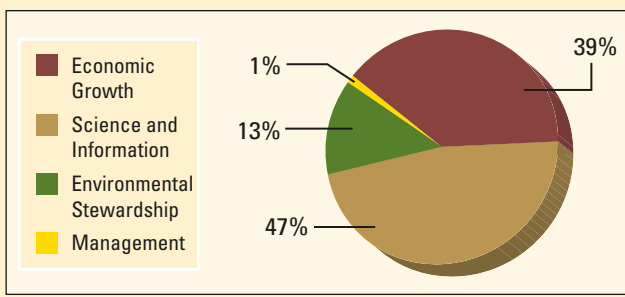


FY 2011 FUNDING BY BUREAU

(Includes ARRA Funding)

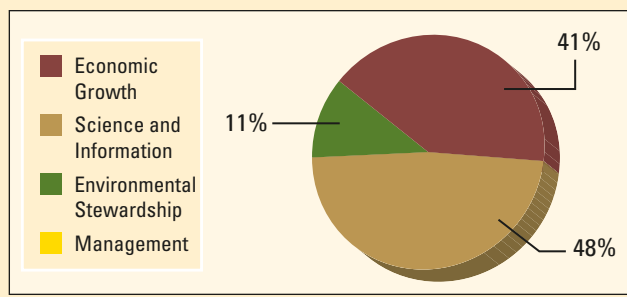


FY 2011 FTE BY THEME



FY 2011 FUNDING BY THEME

(Includes ARRA Funding)



PROCESS FOR STRATEGIC PLANNING AND PERFORMANCE GOALS

Beginning in FY 2010, in order to better manage its programs, the Department took a Balanced Scorecard approach to management, by not only emphasizing budget and finance, but also customer, internal business process, and learning and growth perspectives into management activities. This approach added an additional layer to the performance structure involving Secretarial themes that appears between the mission statement and the strategic goals. Secretarial themes focus on the priorities of the Secretary. In addition, the Department took a more integrated, crosscutting approach with regard to its programs. In the prior strategic plan, bureau programs were associated with only one strategic goal and often only objective (the lone exception being NIST which had one program (Hollings Manufacturing Extension Partnership (MEP)) in goal 1 and the remainder of its programs in goal 2). While NOAA encompassed an entire strategic goal, it did not cross into any of the other two strategic goals. In the current Departmental Balanced Scorecard and the new FY 2011 – FY 2016 Strategic Plan which follows the structure of the Balanced Scorecard, seven of the 12 bureaus cross themes, goals and/or objectives, giving a greater emphasis to the Secretary’s three programmatic themes of Economic Growth, Science and Information, and Environmental Stewardship, and the three management themes of Customer Service, Organizational Excellence, and Workforce Excellence along with a greater integration of programs. Individual bureau scorecards follow the structure of the Departmental scorecard while providing greater detail about their programs.



The FY 2011 – FY 2016 Strategic Plan put forth a set of three programmatic themes and three organizational themes to guide the Department in accomplishing its mission to create the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship. Within these themes the Department has a set of goals and objectives that more clearly define the structure of accomplishing this mission. Strategic goals describe objectives that define the results that the bureaus aimed to achieve. These are long-term objectives that often involve the work of more than one Department bureau. Within each objective are associated indicators and targets to measure the Department’s impact on a continuous basis. The strategic plan can be found at http://www.osec.doc.gov/bmi/budget/DOCStrategicPlan_June_6_signed_final.pdf.

The FY 2013 Congressional Budget submission reflects this structure, shown in the bureaus’ Annual Performance Plans (APP) (Exhibit 3A of each of the bureaus’ budgets within the FY 2013 Congressional Budget submission) with the Department’s bureau-specific performance goals and measures aligning with the Department’s new strategic themes, goals, and objectives. The performance goals in the APPs link with the resource requirements for the past, current, and upcoming fiscal years. Each plan is integrated with the President’s Budget submission to Congress, at the bureau level. The FY 2013 Budget submission and its associated APPs can be found at <http://www.osec.doc.gov/bmi/budget/>.

The FY 2011 PAR also aligns with the new strategic plan and provides a public accounting of the Department’s FY 2011 performance results thus completing the Department’s performance management process for the fiscal year. Further information concerning how the Department selects its performance measures and outcomes, performance validation and verification, performance controls and procedures, and brief descriptions of the bureaus are in the FY 2011 PAR.

AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) OF 2009 PROGRAMS

In FY 2009, Congress passed ARRA, providing funds for several agencies including the following within the Department: OIG, EDA, NOAA, NIST, and NTIA. The following section provides tables for each of the agencies that received funds that had results appearing in FY 2011 and beyond. The tables include: program name, funding amount, brief description of what the funds are provided for. The performance measures and results of these programs are available in the FY 2011 PAR, located at <http://www.osec.doc.gov/bmi/budget/>.

BUREAU	OFFICE OF INSPECTOR GENERAL (OIG)
PROGRAM	OFFICE OF INSPECTOR GENERAL
Amount	\$16.0M (includes \$10 million for oversight of NTIA's Broadband Technology Opportunity Program)
Description	These funds are for general oversight of the Department's ARRA activity. Early OIG uses include emphasis on training of grants and contract officers to alert them to the signs of potentially fraudulent or wasteful activity by grantees or contractors. The OIG audit work has included a review of the Department's pre-award process, the recipient reporting procedures required by ARRA, and the Department's implementation of the various grant programs. The OIG has put many of its resources into its oversight of NTIA's monitoring of its Broadband Technology Opportunities Program (BTOP) program because it was a new program with many first-time recipients of federal funds.
BUREAU	ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)
PROGRAM	ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS (EDAP)
Amount	\$150.0M
Description	EDA will direct funding through its existing program structures. Since EDA has always engaged in the activities described in the ARRA, EDA will utilize the funding to accomplish the ARRA's purposes, which are consistent with its existing mission. Of the \$147 million allocated to EDAP (\$3 million was allocated to salaries and expenses (S&E)), EDA funded \$141.3 million in "brick and mortar" infrastructure investments. EDA gave preference to projects that have the potential to quickly stimulate job creation and promote regional economic development, such as investments that support science and technology parks, industrial parks, business incubators, and other investments that spur entrepreneurship and innovation. Since ARRA calls on EDA to "give priority consideration to areas of the Nation that have experienced sudden and severe economic dislocation and job loss due to corporate restructuring," EDA allocated funding to the regional offices using a hybrid of its traditional allocation formula. Given the changing economic conditions, EDA utilized an allocation method that minimized the use of lagging indicators. The Agency utilized three-month unemployment ¹ figures, as this represented the most contemporary data on unemployment that was available, and allowed EDA to ensure resources were being directed to the areas with the greatest need.

¹ When this measure was developed, OMB directed grantees to report cumulatively. However, subsequent OMB guidance directs grantees to provide FTE values on a quarterly basis, rather than cumulatively, and has directed agencies not to aggregate these values. Quarterly data are available at Recovery.gov.

(continued)

BUREAU	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA)
PROGRAM	OPERATIONS, RESEARCH, AND FACILITIES
Amount	\$230.0M
Description	<p>Hydrographic Survey Backlog – \$40 million to reduce the critical hydrographic survey backlog by approximately 1,700 square nautical miles. The critical areas to be addressed have high commercial traffic or hazardous material transport, compelling requests from navigation services users, or seafloor areas that have not been surveyed to modern standards.</p> <p>Marine and Coastal Habitat Restoration – \$167 million to support mid and large-scale restoration projects addressing coral reef conservation, restoration of fish habitats that benefit commercial and recreational fisheries, recovery of endangered species such as salmon and sea turtles, and improvement of coastal resiliency in response to sea level rise and natural hazards.</p> <p>Environmental Reviews and Consultations – \$3 million to address the current backlog of Endangered Species Act (ESA) Section 7 consultations and, if required, environmental reviews and consultations associated with projects funded by ARRA.</p> <p>Vessel Maintenance and Repair – \$20 million to address critical repairs and replacements to NOAA’s fleet of research and exploration vessels.</p>
PROGRAM	PROCUREMENT, ACQUISITION, AND CONSTRUCTION
Amount	\$600.0M
Description	<p>NOAA Climate Computing and Modeling – \$170 million to accelerate and enhance NOAA’s High Performance Computing (HPC) capabilities.</p> <p>NEXRAD Dual Polarization Modification Acceleration – \$7.4 million to accelerate the NEXRAD Dual Polarization effort.</p> <p>Weather Forecast Office (WFO) Construction – \$9 million to accelerate WFO upgrade and modernization projects in Barrow and Nome, AK, as well as upgrades to the HVAC systems of other WFOs.</p> <p>Accelerate Satellite Development – \$74 million to accelerate funding for the National Polar-orbiting Operational Environmental Satellite System (NPOESS) and climate sensors on NOAA’s critical polar-orbiting satellites.</p> <p>Pacific Regional Center – \$154 million to complete the construction of the entire Pacific Regional Center on Ford Island in Honolulu, HI.</p> <p>Southwest Fisheries Science Center (SWFSC) – \$81.2 million to complete the design, construction, and occupancy of the replacement SWFSC facility in La Jolla, CA.</p> <p>Fairbanks Satellite Facility Construction – \$9 million to continue the replacement of the at-risk Fairbanks Operations Building in Fairbanks, AK.</p> <p>Facility Maintenance and Repair – \$15.6 million to fund facility maintenance and repair issues. NOAA will use this funding to address critical facility repair issues in order to ensure the health and safety of its employees.</p> <p>Fishery Survey Vessel Construction – \$79.8 million to complete the construction of an OSCAR DYSON class fisheries survey vessel (FSV6) to replace the San Diego-based DAVID STARR JORDAN intended to serve the SWFSC. The ship will not be fully operational until FY 2014.</p>

(continued)

BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST)
PROGRAM	SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES (STRS)
Amount	\$220.0M
Description	ARRA includes \$220 million in STRS funding for "research, competitive grants, additional research fellowships and advanced research and measurement equipment and supplies," as stipulated in the conference report to PL 111-5. In addition to this amount, the ARRA provides for NIST \$20 million from the Department of Health and Human Services (HHS) for health information technology (IT), and \$12 million from the Department of Energy (DOE) for Smart Grid.
PROGRAM	CONSTRUCTION OF RESEARCH FACILITIES
Amount	\$360.0M
Description	The ARRA includes \$360 million for NIST activities funded in the Construction of Research Facilities appropriation. Of this amount, \$180 million supports NIST Construction Projects and the remaining \$180 million funds competitive construction grants awarded to U.S. universities, colleges, and not-for-profit research organizations.
BUREAU	NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)
PROGRAM	BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)
Amount	\$4,700.0M
Description	<p>ARRA provided \$4.7 billion to NTIA to establish BTOP to increase broadband access and adoption; provide broadband training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband. ARRA further provided funding to NTIA to develop and maintain a comprehensive nationwide inventory map of broadband service capability and availability, and to implement the State Broadband Data and Development Act and the Broadband Data Improvement Act.</p> <p>Following a rigorous application and review process documented in previous quarterly reports, NTIA invested approximately \$4 billion in 233 BTOP projects benefitting every state, territory, and the District of Columbia. This BTOP portfolio of projects initially included:</p> <ul style="list-style-type: none"> ● 123 infrastructure projects totaling \$3.5 billion in federal grant funds to construct broadband networks; ● 66 public computer center (PCC) projects totaling \$201 million in federal grant funds to provide access to broadband, computer equipment, computer training, job training, and educational resources to the public and specific vulnerable populations; and ● 44 sustainable broadband adoption (SBA) projects totaling \$250.7 million in federal grant funds to support innovative projects that promote broadband adoption, especially among vulnerable population groups where broadband technology traditionally has been underutilized. <p>The infrastructure projects include seven grants totaling approximately \$382 million for projects to deploy public safety wireless broadband networks.</p> <p>Additionally, through the State Broadband Initiative (SBI), NTIA granted approximately \$293 million BTOP funds to 56 recipients, one each from the 50 states, five territories, and the District of Columbia, or their designees. With this funding, states are gathering data biannually on the availability, speed, and location of broadband services, as well as the broadband services used by community institutions such as schools, libraries, and hospitals. NTIA is using the data to update the publicly searchable, interactive National Broadband Map, which was launched on February 17, 2011, in accordance with the ARRA's requirements. These grants also support state efforts to foster the efficient and creative use of broadband technology to better compete in the digital economy. These state-led efforts vary depending on local needs but include programs to assist small businesses and community institutions in using technology more effectively, research to investigate barriers to broadband adoption, innovative applications that increase access to government services and information, and state and local task forces to expand broadband access and adoption.</p>

PRIORITY GOALS

Priority Goals are a clear statement of the specific, measurable, ambitious near-term priority targets chosen by the senior leaders of major federal agencies. The Priority Goals communicate the performance improvements each agency is trying to accomplish relative to its priorities using existing legislative authority, previously appropriated funds, and funding at levels proposed in the President’s FY 2011 Budget. The Priority Goals constitute the priority operational targets the agency will work to accomplish within 18 to 24 months of setting the targets. This distinguishes the Priority Goals from the longer-term targets agencies include in their strategic plans, and the full set of performance goals and measures agencies include in the annual plans and reports required by the Government Performance and Results Act (GPRA).

GOAL	2010 DECENNIAL CENSUS: Effectively execute the 2010 Census, and provide the states with accurate and timely redistricting data. (Timely completion of milestones to conduct the 2010 Census and provide redistricting data as mandated by law.)		
BUREAU	CENSUS BUREAU		
Performance Measures	Achieve an accuracy level of an overall net coverage error at the national level of less than one-half of one percent.		
Description	The overall net coverage error is determined by an independent follow-up survey which measures the accuracy of the census results. The survey estimates both the number of households missed and those either mistakenly counted or counted multiple times. The undercount and overcount percentages are derived by subtracting the number of people counted in the census from the number of people measured in the survey and then dividing by the estimate of the total population according to the survey. A net overcount occurs if the resulting percentage is negative, while a positive percentage indicates a net undercount.		
GOAL	INTELLECTUAL PROPERTY (IP) PROTECTION: Reduce patent pendency for first action and for final actions from the end of 2009 levels of 25.8 and 34.6 months respectively by the end of 2011, as well as the patent backlog.		
BUREAU	U.S. PATENT AND TRADEMARK OFFICE (USPTO)		
Performance Measures	First Action Patent Pendency	Final Action Patent Pendency	Patent Backlog
Description	This measure tracks the timeliness of first office actions on patent applications, measuring the time in months from the application filing date to the date of mailing the first office actions.	This measure identifies the timeliness related to issuance of the patent or abandonment of the application, measuring the average time in months from the application filing date to the date of issue or abandonment.	This measure tracks the number of patent applications awaiting first action review by an examiner.

GOAL	COASTAL AND OCEAN RESOURCE MANAGEMENT: Ensure environmentally and economically resilient oceans, coasts, and Great Lakes communities, with healthy and productive ecosystems.		
BUREAU	NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA)		
Performance Measures	Ensure that all 46 federal fishery management plans have required catch limits to end overfishing in place by the end of 2011.	Reduce the number of stocks subject to overfishing to zero by the end of 2011.	Improve the Fish Stock Sustainability Index (FSSI) to 586 by the end of 2011.
Description	This measure tracks the number of federal fishery management plans in place that require annual catch limits and accountability measures to end overfishing by the end of 2011. NOAA staff track the status of annual catch limits implementation using information from the eight regional Fishery Management Councils and NOAA Fisheries regional offices. Fishery management processes were established by Congress, which has established the role of the Fishery Management Councils in developing fishery management plans.	This is the number of non-exempt overfishing stocks not being fished under an annual catch limit. Assessments in future years will confirm that overfishing has ended.	The FSSI is a measure of stock status, including overfishing and overfished. The target represents a four percent increase above the FSSI score at the end of 2009. (Because the FSSI does not score a stock as “not subject to overfishing” until such status has been confirmed through a stock assessment, the improvements made to end overfishing will not be fully reflected in the FSSI score until the stock has been assessed.)
GOAL	SUSTAINABLE MANUFACTURING AND BUILDING PRACTICES: Raise the number of firms adopting sustainable manufacturing processes through the NIST Manufacturing Extension Partnership (MEP) by 250 by the end of 2011. Raise the percentage of construction projects involving buildings or structures funded by Economic Development Assistance Programs that are certified by the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) or a comparable third-party certification program to 12 percent.		
BUREAU	NATIONAL INSTITUTE OF STANDARDS AND TECHNOLOGY (NIST) AND ECONOMIC DEVELOPMENT ADMINISTRATION (EDA)		
Performance Measures	Raise the number of firms adopting sustainable manufacturing processes through the NIST Manufacturing Extension Partnership by 250 by the end of 2011. (NIST)	Raise the percentage of construction projects involving buildings or structures funded by Economic Development Assistance Programs that are certified by the U.S. Green Building Council’s Leadership in Energy and Environmental Design (LEED) or a comparable third-party certification program to 12 percent. (EDA)	
Description	This measure tracks the number of firms adopting economically and environmentally sustainable practices and products through the NIST Hollings MEP program.	FY 2011 targets are based on FY 2011 Global Climate Change Mitigation Incentive Fund (GCCMIF) funding being similar to that of FY 2010. Data and targets are cumulative toward the end of FY 2010 fourth quarter and resets in FY 2011 first quarter to be cumulative toward FY 2011 fourth quarter. EDA may be modifying its grant application process, including the establishment of quarterly deadlines for the submittal and review of applications. As such, there may be an opportunity to set more “level” targets for the Priority Goals in FY 2011. However, as the largest program contributor to the Priority Goals, the GCCMIF—and its associated late-fiscal year Congressional approvals/requirements—will prevent a complete leveling of targets.	

GOAL	BROADBAND ACCESS: Efficiently and effectively implement the Broadband Technology Opportunities Program (BTOP), to expand service to communities in a cost-effective manner that maximizes impacts on economic growth, education, health care, and public safety.			
BUREAU	NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION (NTIA)			
Performance Measures	Miles of broadband networks deployed (Infrastructure Projects)	Community anchor institutions connected (Infrastructure Projects)	New and upgraded public computer workstations (Public Computer Centers Projects)	New household and business subscribers to broadband (Sustainable Broadband Adoption Projects)
Description	<p>BTOP is funding projects that provide broadband service in unserved areas and enhance broadband service in underserved areas of the United States. The BTOP portfolio of projects initially included 123 infrastructure projects totaling \$3.5 billion in federal grant funds to construct broadband networks and to connect “community anchor institutions” such as schools, libraries, hospitals, and public safety facilities. BTOP infrastructure projects are deploying a variety of technologies and approaches to enhance the Nation’s broadband capabilities. This measure’s target is the number of miles of network (e.g., fiber, microwave) deployed using BTOP funding. The American Recovery and Reinvestment Act (ARRA) provided all of BTOP’s grants funding.</p>	<p>ARRA places a high priority on deploying and enhancing broadband capabilities for community anchor institutions such as libraries, hospitals, schools, and public safety entities. The BTOP portfolio of projects initially included 123 infrastructure projects totaling \$3.5 billion in federal grant funds to construct broadband networks and to connect “community anchor institutions” such as schools, libraries, hospitals, and public safety facilities. This measure’s target is the number of anchor institutions connected with new or improved broadband capabilities. ARRA provided all of BTOP’s grants funding.</p>	<p>BTOP grants are funding expansion of public computer center (PCC) capacity. The BTOP portfolio of projects initially included 66 PCC projects totaling \$201 million in federal grant funds to provide access to broadband, computer equipment, computer training, job training, and educational resources to the public and specific vulnerable populations. This measure’s target is the number of new and improved computer workstations funded through the BTOP PCC category of funding. ARRA provided all of BTOP’s grants funding.</p>	<p>The BTOP portfolio of projects initially included 44 sustainable broadband adoption (SBA) projects totaling \$250.7 million in federal grant funds to support innovative projects that promote broadband adoption, especially among vulnerable population groups where broadband technology traditionally has been underutilized. This measure’s target is the number of new household and business subscribers to broadband generated by projects funded through the BTOP SBA category of funding, as reported by awardees.</p>

FINANCIAL HIGHLIGHTS

(Dollars in Thousands)	Percentage Change	FY 2011	FY 2010
As of September 30, 2011 and 2010			
Condensed Balance Sheets:			
ASSETS:			
Fund Balance with Treasury	-16%	\$21,661,030	\$25,785,547
General Property, Plant, and Equipment, Net	+13%	8,362,263	7,394,711
Direct Loans and Loan Guarantees, Net	+5%	566,250	540,147
Other	+14%	809,498	712,365
TOTAL ASSETS	-9%	\$31,399,041	\$34,432,770
LIABILITIES:			
Unearned Revenue	+3%	\$ 1,374,524	\$ 1,332,395
Spectrum Auction Proceeds Liability to Federal Communications Commission	-93%	2,436	33,838
Federal Employee Benefits	+5%	808,482	769,035
Accounts Payable	-7%	431,735	462,693
Accrued Grants	-22%	595,721	766,204
Debt to Treasury	+4%	540,001	517,930
Accrued Payroll and Annual Leave	+3%	578,952	561,154
Other	+9%	259,277	236,916
TOTAL LIABILITIES	-2%	\$ 4,591,128	\$ 4,680,165
NET POSITION:			
Unexpended Appropriations	-28%	\$ 9,219,657	\$12,882,192
Cumulative Results of Operations	+4%	17,588,256	16,870,413
TOTAL NET POSITION	-10%	\$26,807,913	\$29,752,605
TOTAL LIABILITIES AND NET POSITION	-9%	\$31,399,041	\$34,432,770
For the Years Ended September 30, 2011 and 2010			
Condensed Statements of Net Cost:			
<i>Theme 1: Economic Growth</i>		\$ 2,865,357	
<i>Theme 2: Science and Information</i>		3,955,362	
<i>Theme 3: Environmental Stewardship</i>		2,413,081	
<i>Strategic Goal 1: Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers</i>			\$ 7,878,604
<i>Strategic Goal 2: Promote U.S. Innovation and Industrial Competitiveness</i>			1,262,005
<i>Strategic Goal 3: Promote Environmental Stewardship</i>			4,523,471
TOTAL NET COST OF OPERATIONS	-32%	\$ 9,233,800	\$13,664,080
Total Gross Costs	-25%	\$12,419,854	\$16,527,409
Less: Total Earned Revenue	+11%	(3,186,054)	(2,863,329)
Total Net Cost Of Operations		\$ 9,233,800	\$13,664,080

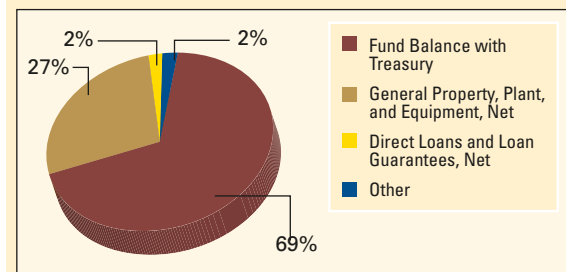
REVIEW OF FINANCIAL

POSITION AND RESULTS

ASSETS

The Department had total assets of \$31.4 billion as of September 30, 2011. This represents a decrease of \$3.0 billion or 9 percent over total assets of \$34.4 billion at September 30, 2010. The decrease of \$4.1 billion or 16 percent in Fund Balance with Treasury was primarily due to significantly decreased appropriations and significantly increased rescissions for Census Bureau as a result of the completion of the 2010 Decennial Census, and a significant increase in payments to grantees for NTIA's Broadband Technology Opportunities Program. General Property, Plant, and Equipment, Net (PP&E) increased \$968 million or 13 percent, mainly due to an increase in NOAA Construction-in-progress of \$1.2 billion, primarily for satellite programs. Other Assets increased by \$97 million or 14 percent, primarily due to an increase of \$73 million in NOAA Accounts Receivable with an oil company for restoration activities related to the 2010 Deepwater Horizon oil spill.

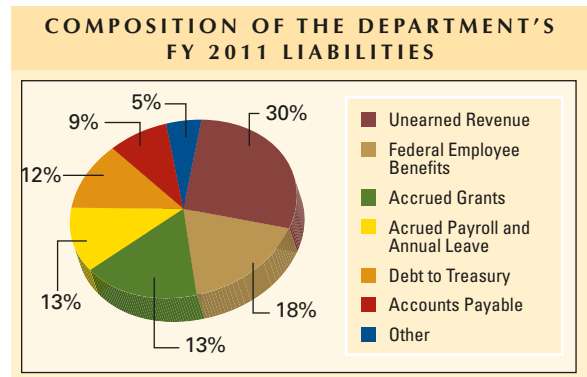
COMPOSITION OF THE DEPARTMENT'S FY 2011 ASSETS



LIABILITIES

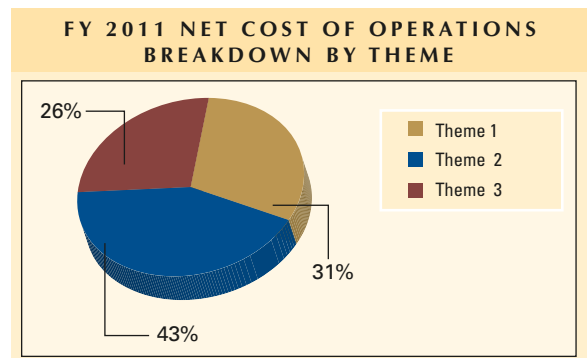
The Department had total liabilities of \$4.6 billion as of September 30, 2011. This represents a decrease of \$89 million or 2 percent as compared to total liabilities of \$4.7 billion at September 30, 2010. Accrued grants

decreased by \$170 million or 22 percent, primarily resulting from a decrease of \$103 million in EDA's Accrued Grants, mainly due to reduced grantee expenditures related to previous funding received under the American Recovery and Reinvestment Act of 2009, and received under a FY 2010 supplemental appropriation for a major storms and flooding disaster that occurred in 2010. NTIA's Accrued Grants also decreased by \$79 million, mainly due to a refinement in the grant accrual methodology for the Broadband Technology Opportunities Program. Spectrum Auction Proceeds Liability to the Federal Communications Commission (FCC) decreased by \$32 million or 93 percent, due to the payment of FCC administrative fees for developing and implementing the auction program. Federal Employee Benefits increased by \$39 million or 5 percent, primarily due to an increase of \$21 million in the NOAA Corps Retirement System Liability, and from the effect of increased Decennial Census employees on the valuation of the Department's Actuarial FECA Liability.



NET COST OF OPERATIONS

In FY 2011, Net Cost of Operations amounted to \$9.2 billion, which consists of Gross Costs of \$12.4 billion less Earned Revenue of \$3.2 billion. Theme 1 includes Gross Costs of \$5.3 billion related to enabling economic growth through innovation and entrepreneurship, market development and commercialization, and trade promotion and compliance. Theme 2 includes Gross Costs of \$4.4 billion related to promoting science and information by generating and communicating new cutting-edge scientific understanding of technical, economic, social, and environmental systems. Theme 3 includes Gross Costs of \$2.7 billion related to promoting economically-sound environmental stewardship and science.



The Department is reporting the Net Cost of Operations according to the Department's new FY 2011-2016 Strategic Plan, which replaces strategic goals with themes, and modifies performance objectives and measures accordingly. Because the new themes and old strategic goals are not equivalent, a comparative analysis of FY 2011 themes and FY 2010 strategic goals is not feasible. Total Gross Costs decreased by \$4.1 billion or 25 percent, mainly due to the significant decrease in Gross Costs of \$5.0 billion in Census Bureau's Decennial and Periodic Censuses major program, which primarily reflects significant decreases in 2010 Decennial Census costs. Gross Costs for NTIA's Broadband Technology Opportunities Program increased by \$403 million as a result of significantly increased grantee expenditures.

Total Earned Revenue increased by \$323 million or 11 percent. There was an increase in Earned Revenue of \$118 million for USPTO's Patents major program, primarily resulting from an overall increase in transactions volume for the various types of Patents program fees. NOAA's Earned Revenue increased by \$108 million, primarily resulting from an increase of \$95 million in Earned Revenue for restoration activities related to the 2010 Deepwater Horizon oil spill. Census Bureau's Earned Revenue increased by \$63 million, primarily due to increased services performed for the Department of Housing and Urban Development in FY 2011, and due to Earned Revenue in FY 2011 from a new reimbursable agreement with the Department of Labor.

**SUMMARY OF FINANCIAL STATEMENT AUDIT
AND MANAGEMENT ASSURANCES**

Presented below is a summary of financial statement audit and management assurances for FY 2011. Table 1 relates to the Department’s FY 2011 financial statement audit, which resulted in an unqualified opinion with no material weaknesses. Table 2 presents the number of material weaknesses reported by the Department under Section 2 of the Federal Managers’ Financial Integrity Act (FMFIA)—either with regard to internal controls over operations or financial reporting—and Section 4, which relates to internal controls over financial management systems; as well as the Department’s compliance with the Federal Financial Management Improvement Act (FFMIA).

Table 1. Summary of Financial Statement Audit

● Audit Opinion:	Unqualified
● Restatement:	No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
No Material Weaknesses	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA § 2)						
Statement of Assurance:	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA § 2)						
Statement of Assurance:	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No Material Weaknesses	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA § 4)						
Statement of Assurance:	Systems conform with financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
No Non-Conformance Issues	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0
COMPLIANCE WITH FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT (FFMIA)						
	Agency			Auditor		
Overall Substantial Compliance	Yes			Yes		
1. System Requirements				Yes		
2. Accounting Standards				Yes		
3. USSGL at Transaction Level				Yes		

REPORT ON AUDIT FOLLOW-UP

The Inspector General Act, as amended, requires that the Secretary report to Congress on the final action taken for Inspector General audits. This report covers Department audit follow-up activities for the period June 1, 2010, through May 31, 2011.

**SUMMARY OF ACTIVITY ON AUDIT REPORTS
JUNE 1, 2010 THROUGH MAY 31, 2011**

	DISALLOWED COSTS ¹		FUNDS TO BE PUT TO BETTER USE ²		NONMONETARY REPORTS ³	TOTAL
	NUMBER OF REPORTS	DOLLARS	NUMBER OF REPORTS	DOLLARS	NUMBER OF REPORTS	REPORTS
Beginning Balance	21	\$ 7,245,434	10	\$ 42,177,562	18	49
New Reports	7	2,585,728	2	766,757	17	26
Total Reports	28	9,831,162	12	42,944,319	35	75
Reports Closed	(10)	(2,772,176)	(8)	(40,933,590)	(13)	(31)
Ending Balance	18	\$ 7,058,986	4	\$ 2,010,729	22	44

1. Disallowed costs are questioned costs that management has sustained or agreed should not be charged to the government.

2. "Funds to be put to better use" refers to any management action to implement recommendations where funds should be applied to a more efficient use.

3. Includes management, contract, grant, loan, and financial statement audits with nonmonetary recommendations.

INDEPENDENT AUDITORS REPORT

SUMMARY

In the Department's FY 2011 PAR, KPMG stated that:

"In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Commerce as of September 30, 2011 and 2010, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report [the FY 2011 PAR] and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. In our fiscal year 2011 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified the following deficiency, discussed in Exhibit I [Page 299 of the FY 2011 PAR], which we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Accounting for NOAA Satellite Construction Costs Needs Improvement. We identified internal control deficiencies relating to the accounting for satellite construction costs. NOAA needs to make improvements in the effective accounting for satellite construction costs and in monitoring of significant events and transactions related to its satellite programs, to ensure that only capitalizable costs are included in construction work in progress (CWIP) and that the balances of satellites, including related CWIP, are fairly stated.

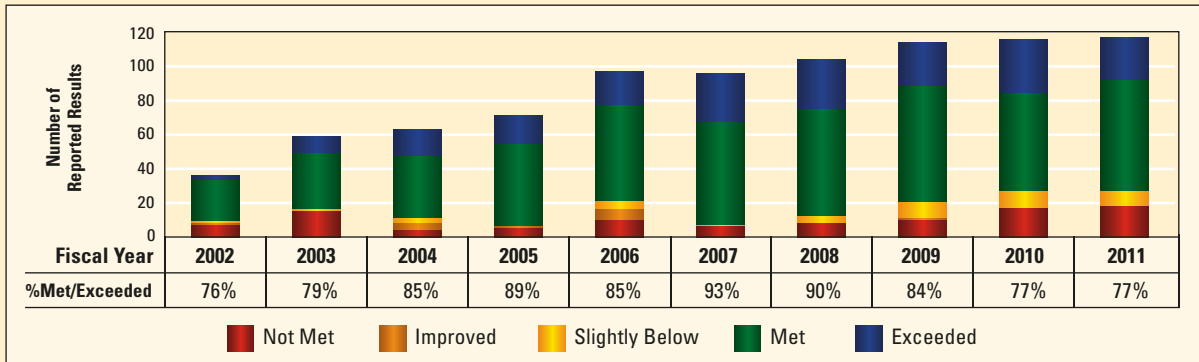
The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the Federal *Financial Management Improvement Act of 1996* (FFMIA), disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, as amended.

The results of our tests of FFMIA disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level."

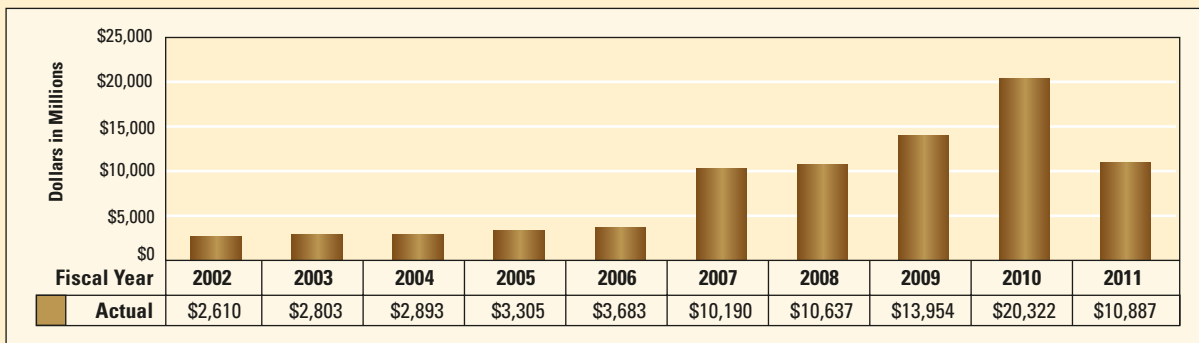
The full text of this auditors' report can be found in the Financial Section of the FY 2011 PAR, located at http://www.osec.doc.gov/bmi/budget/11PAR/DOCFY11PAR_Financial_508.pdf.

10 YEAR HISTORY OF PERFORMANCE, FUNDING, AND FTE

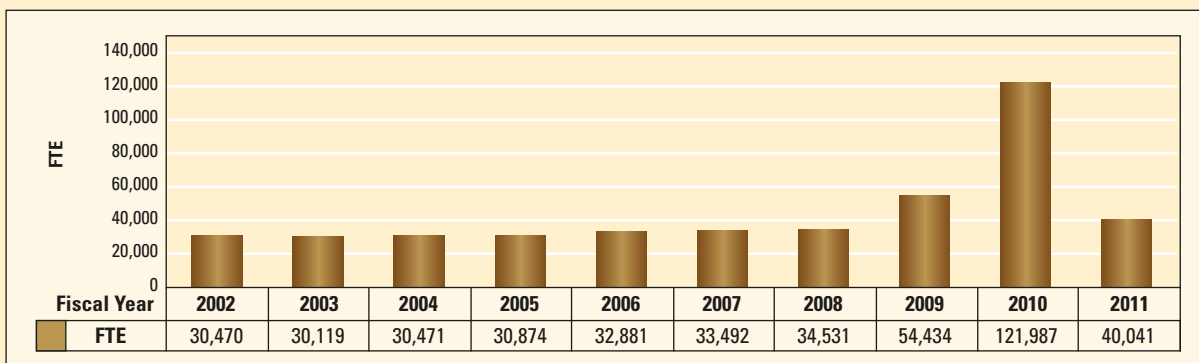
PERFORMANCE RESULTS



OBLIGATIONS



FULL-TIME EQUIVALENT (FTE)





DEPARTMENT OF COMMERCE WEB ADDRESSES

FOR PLANNING AND PERFORMANCE

Department of Commerce

<http://www.commerce.gov/>

Department of Commerce Strategic Plan,
Performance Reports and Performance Plans
<http://www.osec.doc.gov/bmi/budget>

Economic Development Administration

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

International Trade Administration

Strategic Plan
http://trade.gov/pdfs/ITA_stratplan2007.pdf

Minority Business Development Agency

Portal/Annual Report
<http://www.mbda.gov>

Bureau of Industry and Security

Annual Report
<http://www.bis.doc.gov/>

Census Bureau

<http://www.census.gov>

Economics and Statistics Administration

<http://www.esa.doc.gov/>

Bureau of Economic Analysis

<http://www.bea.gov>

- ◆ BEA's Mission, Vision, Values, and Role
<http://bea.gov/about/mission.htm>
- ◆ BEA Strategic Plan for FY 2010-FY 2014
http://bea.gov/about/pdf/strategic_plan_matrix_2010-2014.pdf
- ◆ Release Dates for 2011
http://www.bea.gov/newsreleases/news_release_sort_national.htm

National Institute of Standards and Technology

- ◆ NIST Performance Evaluation
http://www.nist.gov/director/planning/impact_assessment.cfm
- ◆ NIST Strategic Planning
<http://www.nist.gov/director/planning/planning.cfm>
- ◆ NIST Technology Innovation Program
<http://www.nist.gov/tip/index.cfm>
- ◆ NIST Manufacturing Extension Partnership – Making a Difference Brochure
<http://www.nist.gov/mep/index.cfm>

National Technical Information Service

<http://www.ntis.gov/>

U.S. Patent and Trademark Office

<http://www.uspto.gov>

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

National Telecommunications and Information Administration

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

National Oceanic and Atmospheric Administration

Strategic Planning and Performance
<http://www.ppi.noaa.gov/about-us/>

Office of Inspector General

<http://www.oig.doc.gov/>

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