



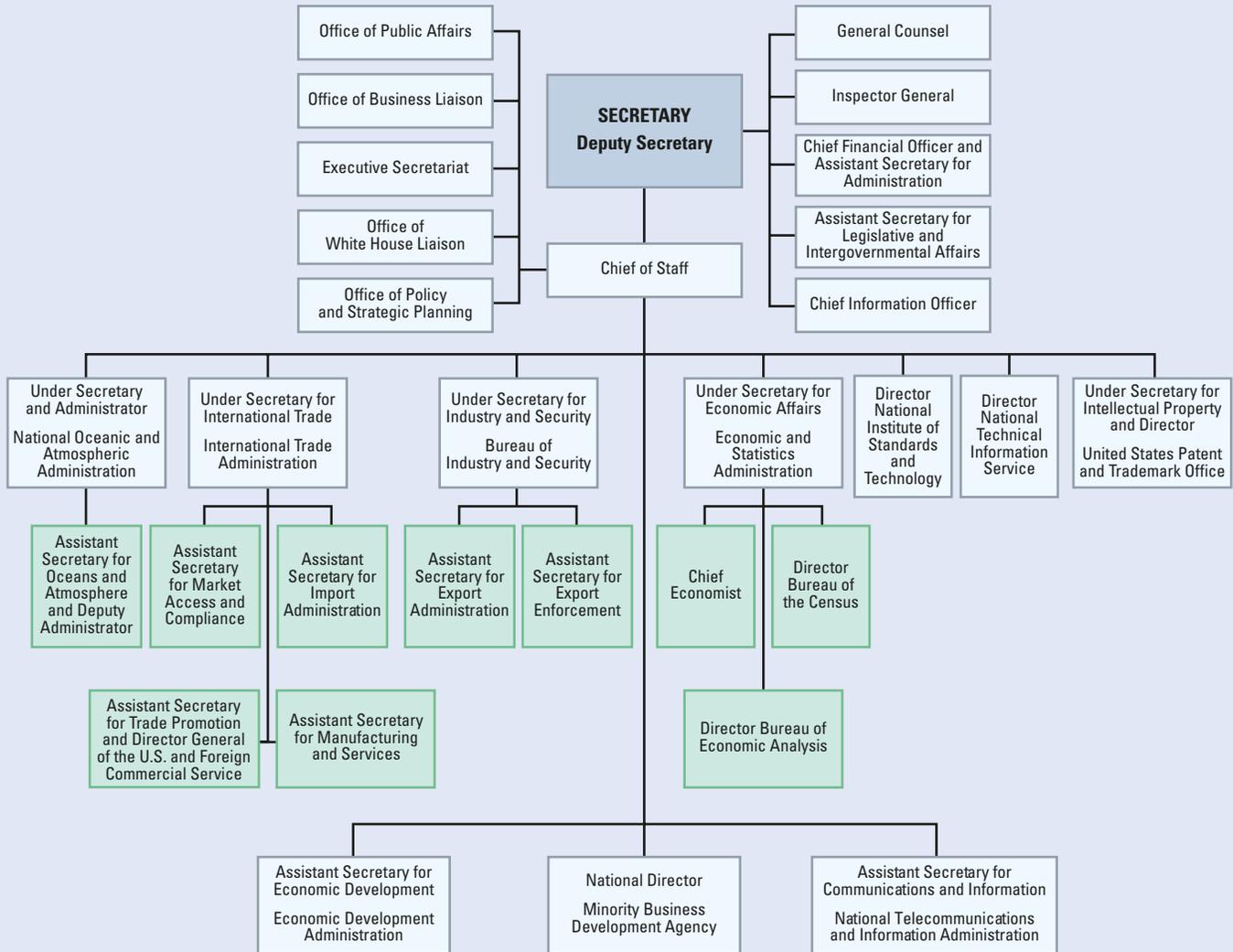
MANAGEMENT DISCUSSION & ANALYSIS

MISSION AND ORGANIZATION

MISSION

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

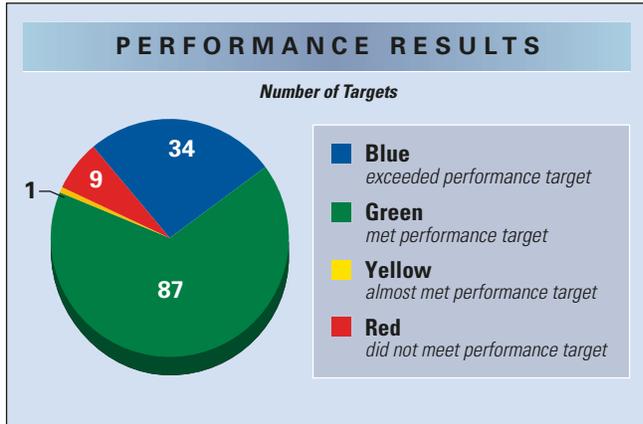
U.S. DEPARTMENT OF COMMERCE



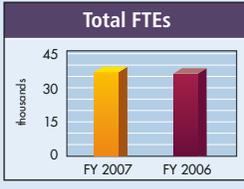
FY 2007 PERFORMANCE AND FINANCIAL HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

Overall performance results for the Department show that of the 131 performance targets, 92 percent were at or above target, one percent slightly below target, and seven percent not on target. These results are better than last year, when 86 percent were at or above target. Below are the performance results by strategic goal and financial highlights. Achieving results in each of the strategic goals furthers the Department's mission. This summary provides a snapshot of the targeted achievements. Discussions and highlights of successes can be found in the performance discussions of each performance goal.



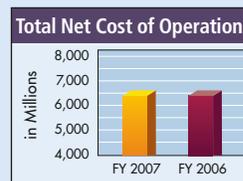
(Dollars In Millions) ¹	Percentage Change	FY 2007	FY 2006
For the Years Ended September 30, 2007 and 2006			
Obligations by Strategic Goal:			
<i>Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers</i>	-1.3%	\$ 1,970.9	\$ 1,997.0
<i>Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science</i>	+39.9%	3,803.5	2,719.5
<i>Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship</i>	-4.1%	4,321.2	4,507.3
<i>Management Integration Goal: Achieve Organizational and Management Excellence</i>	+0.6%	72.2	71.8
TOTAL OBLIGATIONS	+9.4%	\$10,167.8	\$ 9,295.6
Full Time Equivalents (FTEs) by Strategic Goal:			
<i>Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers</i>	-9.8%	10,963	12,156
<i>Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science</i>	+8.1%	11,457	10,590
<i>Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship</i>	-7.5%	11,933	12,896
<i>Management Integration Goal: Achieve Organizational and Management Excellence</i>	-0.3%	294	295
TOTAL FTEs	-3.6%	34,647	35,937



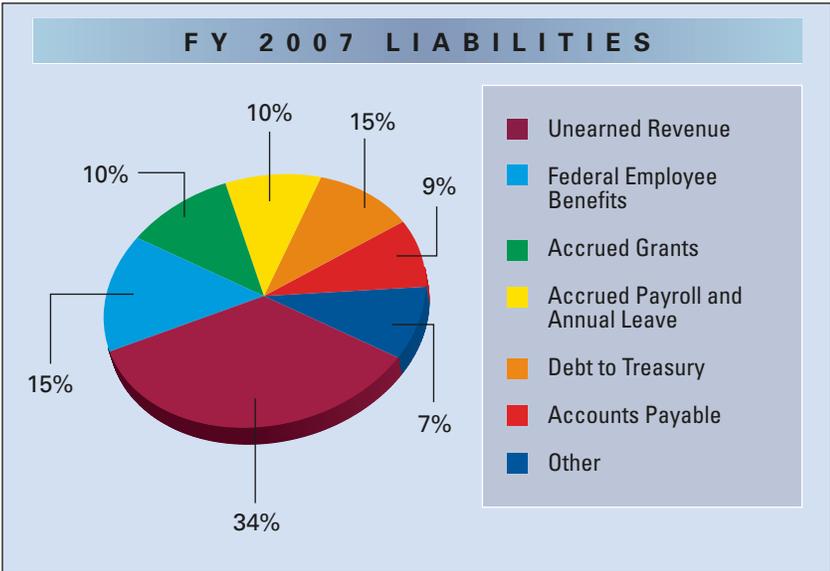
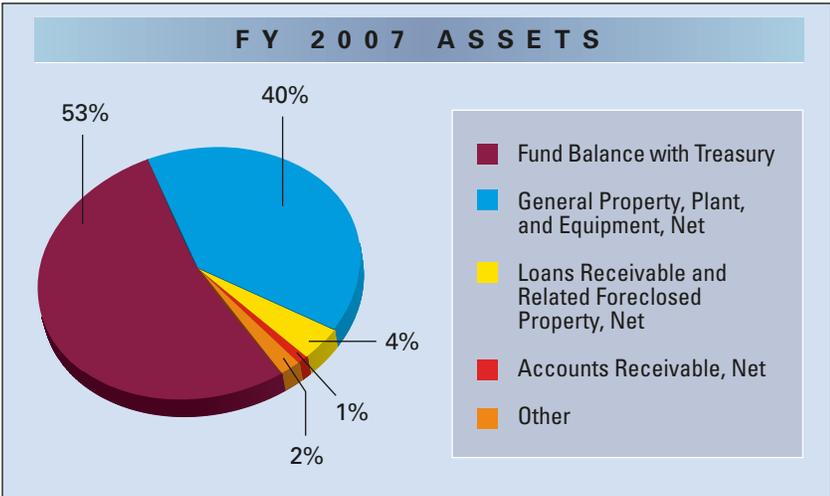
¹Performance obligations may differ from obligations shown in financial reports because they do not include one-time funds for unexpected events (e.g., Katrina) or reimbursable work that cannot be planned. In these cases, these obligations are not factored into bureau performance amounts.

FINANCIAL HIGHLIGHTS

(Dollars In Thousands)	Percentage Change	FY 2007	FY 2006
As of September 30, 2007 and 2006			
Condensed Balance Sheets:			
ASSETS:			
Fund Balance with Treasury	+5%	\$ 7,596,655	\$ 7,231,997
General Property, Plant, and Equipment, Net	+8%	5,729,764	5,299,093
Loans Receivable and Related Foreclosed Property, Net	+11%	519,854	467,985
Accounts Receivable, Net	-30%	102,340	145,906
Other	+17%	252,110	215,437
TOTAL ASSETS	+6%	\$14,200,723	\$13,360,418
LIABILITIES:			
Unearned Revenue	+3%	\$ 1,427,165	\$ 1,390,284
Federal Employee Benefits	+6%	625,816	589,964
Accounts Payable	+19%	432,194	364,250
Accrued Grants	-4%	404,939	420,588
Debt to Treasury	+53%	645,997	422,071
Accrued Payroll and Annual Leave	+7%	396,444	370,240
Other	-11%	295,541	333,519
TOTAL LIABILITIES	+9%	\$ 4,228,096	\$ 3,890,916
NET POSITION:			
Unexpended Appropriations	+5%	\$ 4,528,905	\$ 4,306,421
Cumulative Results of Operations	+5%	5,443,722	5,163,081
TOTAL NET POSITION	+5%	\$ 9,972,627	\$ 9,469,502
TOTAL LIABILITIES AND NET POSITION	+6%	\$14,200,723	\$13,360,418
For the Years Ended September 30, 2007 and 2006			
Condensed Statements of Net Cost:			
<i>Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers</i>	+1%	\$ 1,834,941	\$ 1,816,282
<i>Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science</i>	+15%	814,164	707,220
<i>Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship</i>	-3%	3,785,802	3,893,386
TOTAL NET COST OF OPERATIONS	0%	\$ 6,434,907	\$ 6,416,888
Total Gross Costs	+2%	\$ 8,977,486	\$ 8,824,389
Total Earned Revenue	+6%	(2,542,579)	(2,407,501)
Total Net Cost Of Operations	0%	\$ 6,434,907	\$ 6,416,888



REVIEW OF FINANCIAL POSITION AND RESULTS



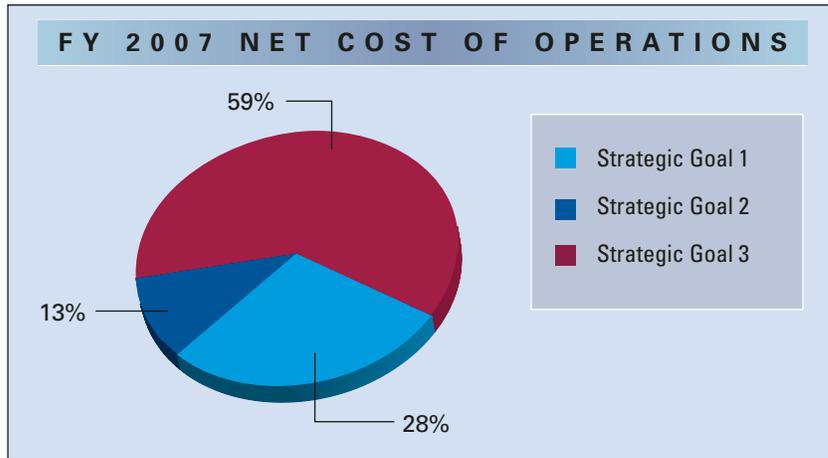
Assets

The Department had total assets of \$14.2 billion as of September 30, 2007. This represents an increase of \$840 million (six percent) over the previous year's total assets of \$13.4 billion. The increase is primarily the result of Fund Balance with Treasury increasing by \$365 million, which primarily resulted from an increase of \$368 million in obligated balance not yet disbursed; and General Property, Plant, and Equipment, Net increased by \$431 million, which is primarily due to an increase of \$302 million in the National Oceanic and Atmospheric Administration's (NOAA) Satellites/Weather Systems Personal Property, Net. Loans Receivable and Related Foreclosed Property, Net increased by \$52 million, which is primarily due to NOAA's Fisheries Finance Traditional Loans, and Bering Sea and Aleutian Islands Non-Pollock Buyback Loans.

Liabilities

The Department had total liabilities of \$4.2 billion as of September 30, 2007. This represents an increase of \$337 million (eight percent) over the previous year's total liabilities of \$3.9 billion. The

increase is primarily the result of Debt to Treasury increased \$224 million, which is mainly due to net borrowings increase of \$164 million in the National Telecommunications and Information Administration's (NTIA) grant programs and \$63 million for NOAA's direct loan programs; Accounts Payable increased \$68 million, primarily related to NOAA's program support activities and transactions with the National Aeronautics and Space Administration (NASA); Unearned Revenue increased \$37 million, primarily due to increased unearned revenue from patent and trademark application and user fees that are pending action.



Net Cost of Operations

In FY 2007, Net Cost of Operations amounted to \$6.4 billion, which consists of Gross Costs of \$8.9 billion less Earned Revenue of \$2.5 billion. Strategic Goal 1 includes Gross Costs of \$2.1 billion related to providing information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers. Strategic Goal 2 includes Gross Costs of \$2.8 billion related to fostering science and technological leadership by protecting intellectual property, enhancing technical standards, and advancing measurement science. Strategic Goal 3 includes Gross Costs of \$4.0 billion related to observing, protecting, and managing the Earth's resources to promote environmental stewardship.



THE DEPARTMENT OF COMMERCE PROCESS FOR STRATEGIC PLANNING AND PERFORMANCE REPORTING

Management Strategic Framework, Performance Planning, and Reporting at a Glance

Performance Management Process

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



The Department's Strategic Plan provides a comprehensive vision for fostering the conditions that create jobs; increasing the productivity of the U.S. economy; encouraging the economic growth that benefits all U.S. industries, workers, and consumers; enhancing technological leadership and environmental stewardship; and supporting market growth strategies. The plan puts forth broad objectives, targets specific outcomes, and identifies key challenges. The Department issued its strategic plan for FY 2007 – FY 2012 in June 2007. It can be found at: http://www.osec.doc.gov/bmi/budget/07strplan/DOC07strplan.pdf. Changes that appear in the new Strategic Plan regarding the structure and wording of strategic goals, objectives, performance outcomes, and measures do not appear in this PAR, however, they will appear in the FY 2008 PAR.

The Department's goal structure has three levels. Strategic goals describe outcomes that emerge from the Department's mission. Each of these goals in turn has strategic objectives that define the results that the bureaus aim to achieve. These are long-term objectives that often involve more than one Department bureau. Within each strategic objective are performance outcomes tied to specific bureaus that support each strategic objectives and provide program-level clarity of purpose. Each has associated indicators and targets to measure the Department's impact on a continuous basis.

The Strategic Plan and Bureau Annual Performance Plans (APP) provide the Department's bureau-specific performance outcomes and measures that align with the Department's strategic goals and objectives. These performance outcomes are linked with the resource requirements for the past, current, and upcoming fiscal years. Each plan is integrated with the President's budget submission to Congress, at the bureau level. Bureau FY 2008 APPs can be found at: http://www.osec.doc.gov/bmi/budget/.

This Performance and Accountability Report (PAR) provides a public accounting of the Department's FY 2007 performance results and completes the Department's performance management process. The Web address of the FY 2007 PAR is: <http://www.osec.doc.gov/bmi/budget/>. The appendices of the FY 2007 PAR provide details of the Department's performance and explanatory materials supporting the program results.

How the Department Selects Its Performance Outcomes and Measures

Performance outcomes articulated in the introductory material for each goal in the Strategic Plan and APP are aimed at achieving one or more strategic outcomes, and convey a sense of how the Department creates value for the U.S. public. Performance measures depict tangible progress by Department program activities toward these goals. The Department has tailored performance measures to be more outcome-oriented (described in the next section). When considered along with external factors and information provided in program evaluations, these measurements give valuable insight into the performance of Department programs, and are meant to broadly illustrate how the Department adds value to the U.S. economy. The FY 2007 PAR depicts a top-level, integrated system for managing for results within the Department, and is not an exhaustive treatment of all Department programs and activities. This report must also be read with each Department bureau's own performance results to gain a comprehensive picture of the Department's accomplishments in FY 2007. More in-depth performance results for FY 2007 and prior years are available in Appendix A, and other information about the bureaus can be found on individual bureau Web sites. The directory of Web sites is located on the back cover of this report and provides a good foundation for researching additional information. Descriptions of each measure can be found in the Commerce FY 2007 APP, available at: www.osec.doc.gov/bmi/budget/FY2007APP.htm. This Web site provides all measure descriptions for each bureau as part of the FY 2007 annual budgets for each bureau incorporated as Exhibit 3A (APP) of each bureau's budget submission.

Performance Validation and Verification

The Department uses a broad range of performance outcomes and measures to make reporting useful and reliable. It is imperative to demonstrate that performance measures are backed by accurate and reliable data; valid data are important to support management decisions on a day-to-day basis. The data and the means to validate and verify the measures are also diverse. As in the measures descriptions above, validation and verification tables appear in the APPs of each bureau's FY 2007 budget submissions. These tables identify each measure, and the following information: (1) data source, (2) frequency, (3) data storage, (4) internal control procedures, (5) data limitations, and (6) any actions to be taken. This information is available at: www.osec.doc.gov/bmi/budget/FY2007APP.htm.

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



Performance Controls and Procedures

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

Financial Data: As stated above, the Department has a high degree of confidence in its financial data. Normal audit and other financial management controls maintain the integrity of these data elements. During FY 2007 Consolidated Financial Statement audit, tests and review of the core accounting system and internal controls were conducted as required by the Chief Financial Officers (CFO) Act. Further, the Department conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123, and based on the results of this evaluation, the Department provided reasonable assurance that its internal control over financial reporting was operating effectively.

Performance Reviews: The Department also conducts quarterly performance reviews. During these reviews, bureau heads report to the Deputy Secretary on the current status of bureau performance, including PART results and efforts on the President's Management Agenda, and progress towards GPRA measures that will appear at the end of the year in this report.

MOST IMPORTANT RESULTS

The Department focuses on three different, yet inter-related aspects of economic growth and opportunity—business, innovation, and environment—with each aspect reflected in each of the Department’s strategic goals. A fourth goal—management integration—is linked to all three goals, focusing on various aspects of improving the management of the Department. This structure is shown below.

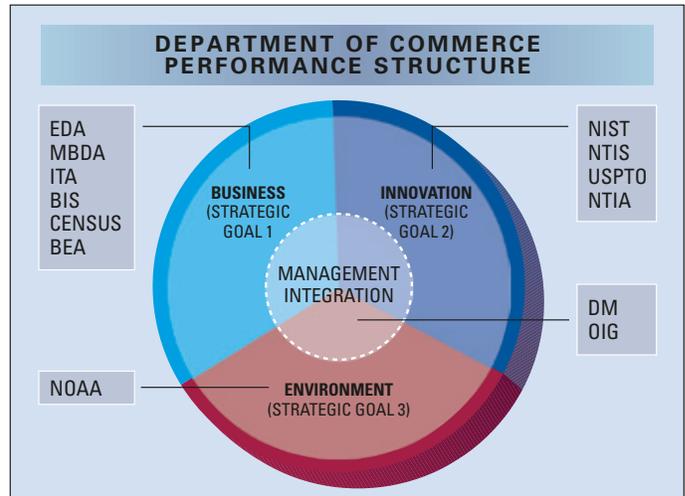
The Department promotes business by developing partnerships with state, local, private, and non-profit enterprise so as to encourage economic growth and development (objective 1.1). The Department also encourages trade by promoting U.S. exports (objective 1.1) while at the same time monitoring those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

The Department promotes innovation through research and the development of new applications of research (e.g., quantum mechanics) to assist the private sector (objective 2.1). The Department also encourages the development of new technology and the protection of intellectual property (IP) through the issuance of patents and trademarks (objective 2.2). Finally, the Department advances the telecommunication sector by making certain that the allocation of the radio spectrum provides the greatest benefit to all people as well as promoting new sources of advanced telecommunications (objective 2.3).

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

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

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





MANAGEMENT DISCUSSION AND ANALYSIS

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

The following is a listing of the key measures of each of the bureaus in the Department. This list is not all inclusive. Further information concerning these and other performance measures can be found in Appendix A. The status of a given measure is either exceeded (more than 125 percent of the target), met (100 to 125 percent of target), slightly below (95 to 99 percent of the target) or not met (below 95 percent of target). After this list is a discussion of the Department's most important results, challenges, and action plans by strategic goal.

MANAGEMENT DISCUSSION AND ANALYSIS

KEY PERFORMANCE MEASURES			
STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	STATUS*
Strategic Goal 1: Provide the information and tools to maximize U.S. competitiveness and enable economic growth for American industries, workers, and consumers	Strategic Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations	Private investment leveraged (EDA)	●
		Jobs created/retained (EDA)	●
		Number of export successes made as a result of ITA involvement (ITA)	●
		Dollar value of contract awards obtained (MBDA)	●
		Dollar value of financial awards obtained (MBDA)	●
	Strategic Objective 1.2: Advance responsible economic growth and trade while protecting American security	Number of market access and compliance cases resolved (ITA)	●
		Percent of licenses requiring interagency referral referred within nine days (BIS)	●
		Number of actions that result in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge (BIS)	●
	Strategic Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public	Achieve pre-determined collection rates for Census Bureau censuses and surveys in order to provide statistically reliable data to support effective decision-making of policymakers, businesses, and the public (Census)	●
		Release data products for key Census Bureau programs on time to support effective decision-making of policymakers, businesses, and the public (Census)	●
		Timeliness: Reliability of delivery of economic data (number of scheduled releases issued on time) (BEA)	●
		Relevance: Customer satisfaction with quality of products and services (mean rating on a 5-point scale) (BEA)	●
		Accuracy: Percent of GDP estimates correct (BEA)	●

* ● = EXCEEDED ● = MET ● = SLIGHTLY BELOW ● = NOT MET

(continued)



MANAGEMENT DISCUSSION AND ANALYSIS

KEY PERFORMANCE MEASURES (CONTINUED)			
STRATEGIC GOAL	STRATEGIC OBJECTIVE	PERFORMANCE MEASURE	STATUS*
Strategic Goal 2: Foster science and technological leadership by protecting intellectual property (IP), enhancing technical standards, and advancing measurement science	Strategic Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research	Qualitative assessment and review of technical quality and merit using peer review (NIST)	●
		Customer satisfaction (NTIS)	●
	Strategic Objective 2.2: Protect intellectual property and improve the patent and trademark system	Patent allowance compliance rate (USPTO)	●
		Patent first action pendency (USPTO)	●
		Patent final action pendency (USPTO)	●
		Trademark final action compliance rate (USPTO)	●
		Trademark final action pendency rate (USPTO)	●
		Number of instances which External Affairs (EA) experts review intellectual property (IP) policies/standards (USPTO)	●
	Strategic Objective 2.3: Advance the development of global e-commerce and enhanced telecommunications and information services	Support new telecom and information technology by advocating Administration views in number of FCC docket filings, and Congressional and other proceedings in which Administration views are advocated (NTIA)	●
	Strategic Goal 3: Observe, protect, and manage the Earth's resources to promote environmental stewardship	Strategic Objective 3.1: Advance understanding and predict changes in the Earth's environment to meet America's economic, social, and environmental needs	Severe weather warnings for tornadoes (county based) – Lead time (minutes) (NOAA)
Hurricane forecast track error (48 hours) (nautical miles) (NOAA)			●
Determine the national explained variance (%) for temperature and precipitation for the contiguous United States using USCRN stations (NOAA)			●
Reduce the error in global measurement of sea surface temperature (NOAA)			●
Strategic Objective 3.2: Enhance the conservation and management of coastal and marine resources to meet America's economic, social, and environmental needs		Annual number of coastal, marine, and Great Lakes habitat acres acquired or designated for long-term protection (NOAA)	●
		Reduce the hydrographic survey backlog within navigationally significant areas (square nautical miles surveyed per year) (NOAA)	●
		Percentage of U.S. counties rated as fully enabled or substantially enabled with accurate positioning capacity (NOAA)	●
Management Integration Goal: Achieve organizational and management excellence		Provide accurate and timely financial information and conform to federal standards, laws, and regulations governing accounting and financial management (DM)	●
		Improve the management of information technology (DM)	●
		Percentage of OIG recommendations accepted by Departmental and bureau management (OIG)	●

* ● = EXCEEDED ● = MET ● = SLIGHTLY BELOW ● = NOT MET

STRATEGIC GOAL 1

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

Most Important Results

In FY 2007, the Department met 92 percent of the targets it had set for the year. Some of the significant accomplishments and impacts that the Department had on the U.S. public include the following:

Through programs within the Economic Development Administration (EDA), the Department generated by FY 2006 approximately \$2.3 billion in private investment and 50,000 jobs as a result of approximately \$300 million in investments made in FY 1997, a 7 to 1 benefit-to-cost ratio, and a cost of \$6,000 per job. EDA data indicate that investments made in FY 2004, FY 2001, and FY 1998 (three, six, and nine years prior to FY 2007) generated \$4.9 billion in private investment and created or retained 139,641 jobs. EDA anticipates that investments of approximately \$200 million made in FY 2007 will recoup the original amount by 2010, generating \$258 million, and then continue to increase to \$646 million by FY 2013, and \$1,293 million by FY 2016. EDA expects that those same investments will create or retain 6,628 jobs by 2010, 16,570 jobs by FY 2013, and 33,141 jobs by FY 2016.



Likewise, an investment of \$30 million in the area of minority development generated \$1.1 billion in terms of the dollar value of contract awards and \$500 million in financial awards as well as created approximately 4,000 new job opportunities.

The Department played a leading role in the expansion of U.S. trade, including efforts to strengthen trade promotion by leveraging strategic partnerships, advancing free trade agreements (FTA) to promote U.S. exports in strategic and emerging markets, and advancing transformational commercial diplomacy. These priorities reinforce the Department’s desire to broaden and deepen the export base.

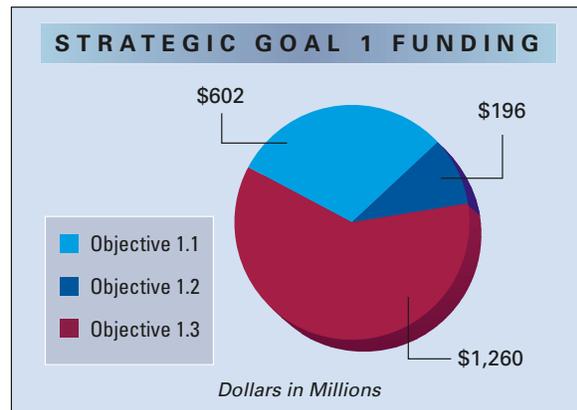
The Department through the International Trade Administration (ITA) began to engage with strategic partners (e.g., express delivery companies, banks, and Web-based marketplaces) in targeted marketing strategies to assist other U.S. companies wanting to export more or export better. For example, FedEx is helping identify and inform U.S. exporters to Mexico of opportunities about new business opportunities in Central America, which has come about as a result of the recent Central American FTA (CAFTA).

ITA, along with other trade policy agencies, has continued to lower trade barriers through FTAs during FY 2007. Since 2001, the United States has signed over a dozen FTAs and has also sought to improve already existing FTAs, such as the North American FTA (NAFTA). Although countries that the United States has FTAs with only represent 7.1 percent of world GDP, they represent more than 42 percent of U.S. trade. ITA has also maintained a concerted effort to open up large, developing markets like China and India. Exports to both of these markets are significant. During this past year, China has become the third largest export market for the United States and exports to India grew at more than 30 percent last year. These two countries have been designated as high priority markets and ITA led significant trade missions to both countries during this past year.



Often companies encounter difficult hurdles when trying to do business in even far less challenging places than India and China. In the past, the efforts of ITA's Commercial Service have been measured primarily by "export successes" tied to specific export transactions of client companies. More importantly, overseas posts also devote time and resources to working behind the scenes to resolve problems, reduce trade barriers, and cut red tape, i.e., "commercial diplomacy." Commercial diplomacy benefits not only current ITA clients, but also all U.S. exporters by opening doors and creating paths to success for other exporters to follow. For example, in Bulgaria, ITA's Commercial Service succeeded in having a packaging waste penalty removed that was costing U.S. companies like Coca-Cola, Kraft, and Proctor & Gamble millions of dollars per year. Similar efforts helped to get Bulgarian legislation passed to better protect intellectual property rights (IPR).

While the Department seeks to encourage trade, it is balanced by the need to control exports, specifically those "dual-use" exports which have both civilian and military applications. In June 2007, the Department published an export policy rule in the Federal Register that will facilitate U.S. exports to civilian enterprises in China while ensuring that sensitive U.S. technologies do not increase Chinese military capabilities. The rule achieves two important and complementary objectives: supporting U.S. companies in competing in the vast Chinese market for civilian technology while preventing the export of technologies that contribute to China's military modernization. It creates the Validated End-User program, which lifts the burden of individual export licenses from trusted customers in China with a demonstrated record of appropriate use of licensed U.S. items.



The Department also held a meeting of the U.S.-India High Technology Cooperation Group which identified additional ways to facilitate U.S. high technology exports to India. In addition, the Department prepared to extend the benefits of the Validated End-User program to trusted customers in India.

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

The Department has, perhaps, no greater influence over business than in the area of statistics. The Department, through the Census Bureau and the Bureau of Economic Analysis (BEA), provides vital statistical information on the economy and the demographics of the Nation. Statistics affect all aspects of public and private sectors, including the distribution of funds to various geographic districts. The Decennial Census, mandated by the Constitution, affects the political makeup of every state in the union and reflects the shifting political power among the states.

In FY 2007, the Census Bureau released more than 400 economic reports, including 124 principal economic indicators, providing information on retail and wholesale trade and selected service industries, construction activity, quantity and value of industrial output, capital expenditure information, e-commerce sales, foreign trade, and state and local government activities. In addition, during FY 2007, the Census Bureau completed critical preparations for the 2007 Economic Census data collection and processing, which began in October 2007 and will continue throughout FY 2008. Key accomplishments for FY 2007 focused on four areas: Collection Instrument Preparation, Business Outreach, Frame Preparation, and Processing System Preparation.



The Department's BEA, a partner agency with the Census Bureau within the Economics and Statistics Administration (ESA), continued to help the world to understand the differences among the economic measures produced by the federal statistical system through its publication, The Survey of Current Business. As businesses, governments, and households are provided with better, easier-to-understand economic data, their ability to make key investment decisions that move the U.S. economy forward are significantly improved.

The Department continued to meet the demands of users for more current and timely economic statistics. In the past year, the Department accelerated the release of advance sector-level GDP

by state estimates by four months and personal income for metropolitan areas by an additional month, and produced prototype GDP estimates by metropolitan area. In 2007, BEA provided more comprehensive data on foreign direct investment in the United States that show investment transactions by state, and by which industries are making the investments. New data are being collected to show a more complete picture of the services other countries are purchasing from the United States and who is buying these services. BEA now publishes economic data on financial services purchased from foreign banks every year, up from twice a decade.

With the release of the benchmarked industry economics accounts this year, BEA provided estimates that better reflect consumer spending in the economy, providing greater detail on the services that the U.S. public has been purchasing. Particular attention was paid to spending on air travel, food and beverages, and telephone and Internet services. BEA has also expanded and improved its measures of the expenses that businesses incur to generate the goods and services they produce. These enhanced estimates provide U.S. businesses with the tools they need to help guide their investment decisions and remain competitive in the economy. The release of the industry economics benchmark accounts was accelerated by three months over the previous release.

Summary of Performance Results

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Strategic Objective 1.1: Enhance economic growth for all Americans by developing partnerships with private sector and nongovernmental organizations	Increase private investment and job creation in economically distressed communities (EDA)	6 of 6
	Improve community capacity to achieve and sustain economic growth (EDA)	6 of 6
	Enhance U.S. competitiveness in domestic and international markets (ITA)	2 of 4
	Broaden and deepen U.S. exporter base (ITA)	5 of 6
	Increase access to the marketplace and financing for minority-owned businesses (MBDA)	5 of 5

(continued)



STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Strategic Objective 1.2: Advance responsible economic growth and trade while protecting American security	Identify and resolve unfair trade practices (ITA)	5 of 6
	Maintain and strengthen an adaptable and effective U.S. export control and treaty compliance system (BIS)	5 of 5
	Integrate non-U.S. actors to create a more effective global export control and treaty compliance system (BIS)	1 of 1
	Ensure continued U.S. technology leadership in industries that are essential to national security (BIS)	1 of 1
Strategic Objective 1.3: Enhance the supply of key economic and demographic data to support effective decision-making of policymakers, businesses, and the American public	Meet the needs of policymakers, businesses, non-profit organizations, and the public for current and benchmark measures of the U.S. population, economy, and governments (ESA/Census)	5 of 6
	Promote a better understanding of the U.S. economy by providing the most timely, relevant, and accurate economic data in an objective and cost-effective manner (ESA/BEA)	6 of 6

For Strategic Goal 1, in terms of performance, not only did the Department provide significant benefits to the U.S. public, it also met nearly all of its targets in FY 2007. EDA exceeded its targets for increasing private investment and creation of jobs for programs that were funded either in 1998, 2001, or 2004 (EDA tracks progress on a three, six and nine-year basis). These programs focused on economically distressed communities. EDA met all the targets it set for the second outcome. For its outcome, "Increase access to the marketplace and financing for minority-owned businesses," MBDA met all of its targets. Furthermore, historically, the targets appear to be stable or aggressive.

ITA had three performance outcomes that applied to Strategic Goal 1: "Enhance U.S. competitiveness," "Broaden and deepen the U.S. exporter base," and "Identify and resolve unfair trade practices." For the "Enhance U.S. competitiveness" outcome, ITA missed two of four targets, while in each of the remaining two outcomes, ITA missed only one of six targets.

For "Enhance U.S. competitiveness," ITA missed the target for "Percent reduction in per unit of data distribution" and "Percent of industry-specific trade barrier milestones completed," an important metric for this outcome and one that ITA missed by a wide margin (54 percent for actual, 85 percent for target). Performance slipped from 81 percent in FY 2006. It should be noted, however, that ITA did not meet this target because foreign counterparts were not able to or willing to move as fast as U.S. negotiators sought towards removing trade barriers.

For the "Broaden and deepen the U.S. exporter base" outcome, the target that ITA missed was the "Number of new-to-market export successes." This target was a sub-element of an overall target, "Number of export successes made as a result of ITA involvement," that ITA met. ITA missed this sub-element because ITA moved resources to meet another sub-element they felt was more critical and had not been met for several years, "Number of new-to-export successes."

For its third outcome, "Identify and resolve unfair trade practices," ITA met or exceeded the targets for five of six measures that address MAC cases. The lone exception was for the "Percentage of market access and compliance cases initiated on behalf of small and medium-sized businesses." ITA is still investigating why the actual for this measure dropped from 28 percent to 22 percent. The Department believes that supporting small and medium-sized businesses is important, and ITA will reinforce its efforts to achieve and measure progress in this area.

One of the Bureau of Industry and Security's (BIS) key tasks is to either prevent illegal exports or to charge export violators. To that end, a key performance measure for BIS is the "Number of actions that results in a deterrence or prevention of a violation and cases which result in a criminal and/or administrative charge." BIS has consistently met its targets while raising the targets from year to year. BIS has also consistently maintained an effective export control system, a key to which is the processing of export licenses and the timely issuance of regulations regarding export activity. BIS has consistently met its targets in these areas. As noted earlier, BIS published an export policy rule involving China that will facilitate U.S. exports to civilian enterprises in China while ensuring that sensitive U.S. technologies do not increase Chinese military capabilities.

Both the Census Bureau and BEA consistently provide statistical data to the U.S. public in a timely manner. The Census Bureau rarely misses deadlines (it didn't this year) for producing data and is currently on track to complete a re-engineered short-form only census in 2010. Likewise, for the past six years, BEA has not missed a release date for various economic data, a total of 314 scheduled releases over that period. BEA has also accurately predicted the GDP estimates over the past eight years. For a more detailed description of this measure see www.osec.doc.gov/bmi/budget/08CJB/esa.pdf. As a measure of customer satisfaction, the Census Bureau strives to meet or exceed the aggregate federal score on the American Customer Satisfaction Index (ACSI). Since 1999, the Bureau has been below the aggregate score only twice (2000 and 2001). Each year BEA conducts a customer satisfaction survey with a goal of achieving greater than a 4.0 (on a five point scale). BEA has consistently exceeded that goal, most recently achieving a 4.3.

STRATEGIC GOAL 2

Foster science and technological leadership by protecting intellectual property (IP), enhancing technical standards, and advancing measurement science

Most Important Results

In FY 2007, the Department met or exceeded 95 percent of the targets it had set for the year. Some of the significant accomplishments and impacts that the Department had on the U.S. public include the following:

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



Each year the National Research Council (NRC) evaluates approximately half of the NIST laboratory programs, including making recommendations for improvements while citing excellent performance. Typically, NIST laboratory programs have consistently done well in these reports. The NRC issued their FY 2007 assessment reports of the Electronics and Electrical Engineering Laboratory, the Chemical Sciences and Technology Laboratory, the Information Technology Laboratory and the NIST Center for Neutron Research. Their assessments attest to NIST's high quality programs, relevance of work to national priorities and impressive technical merit.



MANAGEMENT DISCUSSION AND ANALYSIS

The NIST Advanced Technology Program (ATP) and Hollings Manufacturing Extension Partnership (MEP) provide resources to further technological advances within the private sector.

In FY 2007, the National Technical Information Service (NTIS) partnered with the Government Printing Office (GPO) to provide the Federal Depository Libraries with access to many of its electronically-stored documents. NTIS and GPO began conducting a beta test pilot project with 29 Federal Depository Libraries using a new interface NTIS developed to support the program implementation. The project included access to approximately 240,000 full text publications dating from 1964 to 2000 that were available for downloading, at no charge. The results of the beta test were very positive and program participation is now offered to all 1,262 Depository Libraries. There are currently over 340 Depository Libraries participating in the program, and that number is expected to continue to grow making invaluable research results more readily available to the U.S. public.



NTIS has successfully contributed to the White House initiative prompting improved early childhood development programs for U.S. children, through the storage and distribution of the materials developed by the Departments of Health and Human Services (HHS), Education, and Agriculture (USDA). The "Healthy Start, Grow Smart" program provides easily understood information booklets to parents and caregivers about best practices in early childhood development. The information is published in English, Spanish, Vietnamese, and Chinese providing valuable age-appropriate information about health, safety, nutritional needs, and early cognitive development. NTIS manages the storage and distribution of over 10 million booklets annually, and anticipates increased dissemination in the future.

People worldwide benefit from innovations, both directly on a personal level, and indirectly through economic growth fueled by innovation. Continual development of a vigorous, flexible, and efficient IP system protects individual rights, encourages investment in innovation, and fosters entrepreneurial spirit. The Department promotes the IP system through the protection of inventions or creations via patent, trademark, trade secret, and copyright laws. Under this system of protection, industry in the United States has flourished, creating employment opportunities for millions of Americans.

Through the U.S. Patent and Trademark Office (USPTO), the Department provides the examination of patent and trademark applications and dissemination of patent and trademark information. By issuing patents the Department provides incentives to invent and invest in new technology by allowing innovators the opportunity to benefit from their discoveries. Registration of trademarks assists businesses in protecting their investments and safeguards consumers against confusion and deception in the marketplace by providing notice of marks in use. Through dissemination of patent and trademark information, the Department promotes a global understanding of IP protection and facilitates the development and sharing of new technologies worldwide.

Telecommunications plays a key role in U.S. society as the economy expands into the digital age. The Department, through NTIA is at the forefront of this expansion. In FY 2007, NTIA examined an



MANAGEMENT DISCUSSION AND ANALYSIS

array of spectrum management policy issues dealing with innovative approaches to spectrum management and the effectiveness of current processes. NTIA coordinated with federal agencies the Spectrum Reform Initiative implementation plan with 54 milestones to be completed by FY 2010. This initiative will fundamentally change the business of spectrum management over the next five years. The purpose of the initiative is to promote the development and implementation of a U.S. spectrum policy that will foster economic growth; ensure U.S. national and homeland security; maintain U.S. global leadership in communications technology development and services; and satisfy other vital U.S. needs in areas, such as public safety, scientific research, federal transportation infrastructure, and law enforcement.

In FY 2007, the Federal Communications Commission (FCC) and NTIA continued to assist coordination in the 1710-1755 MHz band, to facilitate the transition of this band from federal government use to non-federal use. Specifically, guidance was provided to assist Advanced Wireless Service (AWS) licensees in this band to begin implementing service during the transition of federal operations from the band while providing interference protection to incumbent federal government operations until they have been relocated to other frequency bands or technologies.

On July 18, 2007, U.S. Secretary of Commerce Carlos M. Gutierrez and U.S. Secretary of Homeland Security (DHS) Michael Chertoff announced the availability of \$968 million in Public Safety Interoperable Communications (PSIC) Grants to help state and local first responders improve public safety communications during a natural or man-made disaster for all 50 states, the District of Columbia, and the U.S. Territories. Grants were awarded by September 30, 2007, and grant projects will be completed in FY 2010.

Summary of Performance Results

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Strategic Objective 2.1: Develop tools and capabilities that improve the productivity, quality, dissemination, and efficiency of research	Provide technical leadership for the Nation's measurement and standards infrastructure and assure the availability and efficient transfer of measurement and standards capabilities essential to established industries (NIST)	6 of 6
	Raise the productivity and competitiveness of small manufacturers (NIST /MEP)	4 of 4
	Accelerate private investment in and development of high-risk, broad-impact technologies (NIST/ATP)	2 of 3
	Enhance public access to worldwide scientific and technical information through improved acquisition and dissemination activities (NTIS)	3 of 3
Strategic Objective 2.2: Protect intellectual property and improve the patent and trademark system	Optimize patent quality and timeliness (USPTO)	6 of 7
	Optimize trademark quality and timeliness (USPTO)	8 of 8
	Improve intellectual property and enforcement domestically and abroad (USPTO)	3 of 3
Strategic Objective 2.3: Advance the development of global e-commerce and enhanced telecommunications and information services	Ensure that the allocation of radio spectrum provides the greatest benefit to all people (NTIA)	5 of 5
	Promote the availability and support new sources of advanced telecommunications and information services (NTIA)	2 of 2



MANAGEMENT DISCUSSION AND ANALYSIS

For Strategic Goal 2, the Department met nearly all of its targets while providing essential services to the U.S. public. As in previous years, NIST did well in the NRC review, performing up to the past standards it has set. SRMs, publications, datasets, and calibrations are a few of the knowledge transfer mechanisms that provide the technical infrastructure in support of the American Competitiveness Initiative (ACI). NIST met all of their targets for the measures reflecting these mechanisms.

NIST also did well in the MEP investment outcome, exceeding the targets for all four measures. NIST's ATP, which supported development of high-risk technologies, was repealed by the America COMPETES Act in August 2007. The program met its targets for commercialization and publications, though it slightly missed its target for patents (1,507 for actual, 1,510 for target).

One other area of technological innovation involves the distribution of scientific and technical information. NTIS serves as a clearinghouse for this information to the public, private, and non-profit sectors. NTIS exceeded all of their 2007 targets, making more than 600,000 new items available, and disseminating more than 27 million information products.

One way that the Department advances technology and business is through the issuance of patents and trademarks thereby protecting IP that serves as a motive to innovate. In this regard, compliance rates (quality) and pendency (timeliness) play a key role in evaluating performance. USPTO met nearly all their targets for their three outcomes. USPTO had the highest production, highest hiring, highest usage of electronic filing and electronic processing, and highest number of examiners working from home in its history. Patents and trademarks continued to maintain its high quality compliance rates. Trademark first action pendency times have decreased since FY 2004, and final action trademark pendency times since FY 2002. Despite these significant efforts and successes, reducing the length of time for action on patent applications continued to be a key challenge. While the rate of increase for total pendency time slowed in FY 2007, the rate of increase for first action pendency did not. USPTO missed the target for "Patent average first action pendency," a key measure of timeliness. The number of patent applications filed increased by 73 percent between 1995 and 2005, and this trend is expected to continue, reflecting the Nation's strong participation in global business growth and innovation.

Enhancing telecommunications services is a key to advancing technology in the Nation. The radio frequency spectrum is used in a variety of ways, including transportation control and law enforcement. NTIA satisfies the frequency assignment needs of the 63 federal agencies allowing them to operate radio communications that provide the public with national and homeland security, law enforcement, transportation control, natural resource management, and other public safety services during peacetime and emergencies. A key to this is making the assignments available as soon as possible after an agency requests a frequency. In FY 2005, NTIA sought to reduce this time to 12 business days or less. By 2007, NTIA reduced this time to nine business days. NTIA's long-term goal is to improve spectrum management processes throughout the federal government so that time for spectrum assignments can be reduced from more than 15 days to three days or fewer, and ultimately to near instantaneously, supporting long-term goals for efficiency and effectiveness of spectrum use.

NTIA has also promoted new sources of advanced telecommunications services. In FY 2007, NTIA met the targets for this goal and began extensive preparations for the administration of other programs established by the Digital Television Transition and Public Safety Fund, created by the Deficit Reduction Act of 2005. This fund receives offsetting receipts from the auction of electromagnetic spectrum recovered from discontinued analog television signals, and provides funding for several programs from these receipts. These other programs include the New York City 9/11 Digital Transition, Assistance to Low-Power Television Stations, National Alert and Tsunami Warning Program, and Enhanced 9-1-1 Service Support.

STRATEGIC GOAL 3

Observe, protect, and manage the Earth's resources to promote environmental stewardship

Most Important Results

In FY 2007, the Department met or exceeded 97 percent of the targets it had set for the year. Some of the significant accomplishments and impacts that the Department had on the U.S. public include the following:

Through NOAA, the Department impacts all Americans. From the development and protection of fisheries to the prediction of severe storms such as hurricanes and tornadoes, all of the United States depends on NOAA programs.

MetOp-A was launched from the Baikonur Space Cosmodrome in Kazakhstan on October 19. The European polar-orbiting satellite, MetOp-A, is being heralded as a major milestone in the U.S.-European Initial Joint Polar System (IJPS). The agreement between NOAA and the European Organization for the Exploitation of Meteorological Satellites (EUMETSAT) coordinates respective polar satellite launches to improve coverage of weather and climate conditions. On October 25, 2006, the NOAA Advanced Very High Resolution Radiometer (AVHRRR) was successfully switched on and the first images sent to Earth. The global data collected are used extensively in NOAA's weather and climate prediction numerical models. The primary purpose of AVHRR is to provide global cloud imagery for meteorological purposes, although many other applications have developed around the use of this versatile instrument previously flown on NOAA satellites, such as mapping of sea ice and sea surface temperatures, vegetation mapping, and land surface analysis. The AVHRR instrument is provided to EUMETSAT by NOAA.

"The NOAA-EUMETSAT partnership is absolutely crucial to the continuous flow of environmental data captured from space," said Greg Withee, assistant administrator for the NOAA Satellite and Information Service. "Launching MetOp-A is a milestone for NOAA and the United States because of the value and applications of data it will provide for monitoring sea-surface temperatures, drought, and other climate conditions." Lars Prahm, director-general of EUMETSAT, said, "The agreed partnership between the United States and Europe will jointly ensure a continuous flow of vital data from polar orbit."

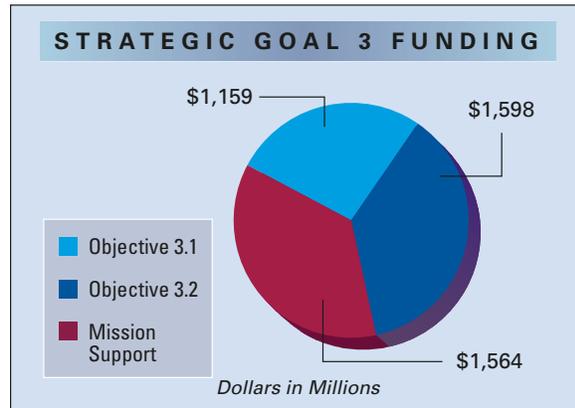
On May 15, MetOp-A was formally declared operational, enabling users in Europe and beyond to benefit from the satellite's unique capabilities. MetOp-A instruments provided by NOAA include the Advanced Microwave Sounding Unit (AMSU-A1 & A2); High Resolution Infrared Sounder (HIRS/4); AVHRRR/3; and Space Environment Monitor (SEM-2). The MetOp satellite series consists of three spacecraft, including MetOp-A, which are designed to provide operational data until 2020.

One of NOAA's central missions is to promote public safety and preparedness. Since Hurricanes Katrina and Rita, NOAA has responded to requests from the U.S. Army Corps of Engineers and U.S. Coast Guard and has surveyed 677.92 square nautical miles and utilized contractors to locate potential dangers to marine navigation along the Gulf Coast. New elevations were published for more than 340 benchmarks and the values will provide official elevations in 27 parishes across the southern part of Louisiana that experienced damage from the storms. To improve communication, NOAA has developed a Web site (<http://gulfofmexico.marinedebris.noaa.gov/>) that will allow stakeholders to stay abreast of meetings, projects, and outreach events. Plans are currently underway to establish a Gulf of Mexico Disaster Response Center in Mobile, AL.





NOAA National Weather Service (NWS) Office of Hydrologic Development (OHD) completed the first successful demonstrations of pilot components of the new CHPS at the Northwest River Forecast Center (RFC) in Portland, OR during April 2007 and at the California-Nevada RFC in Sacramento, CA during July 2007. CHPS is a new modern software infrastructure, built on standard software packages and protocols and open data modeling standards to provide the basis from which new and existing hydraulic and hydrologic models and data can be shared within a broader hydrologic community. Developed using a service oriented architecture, an emerging standard for large-scale system design, CHPS enables scientists and programmers to work together and rapidly transition new innovative analyses and forecast techniques, for example new water quality models, from the drawing board to operational deployment efficiently. CHPS provides a new business model in which members of the hydrologic community, including other agency and academic collaborators, can operate more collaboratively through the sharing and infusion of advances in science and new data.



The Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006, signed on January 12, 2007, contains a requirement to establish an annual catch limit (ACL) for each fishery, for the first time creating a mandate with a timetable to end overfishing. Other significant new provisions include promoting market-based approaches to fisheries management; improving the science used in fisheries management; improving recreational data collection; enhancing international cooperation in fisheries management; and addressing illegal, unreported, and unregulated fishing as well as bycatch of protected living marine resources. The act included over 100 requirements for reports, studies, Secretarial determinations, and other activities to be completed by specific dates. NOAA has made important progress on many of these, such as establishing a Web site devoted to the reauthorized act, forming an implementation team, meeting with Regional Fishery Management Councils and State Marine Fisheries Directors, holding public meetings on ACL guidelines and the environmental review processes, and holding a roundtable with conservation organizations and a workshop on ACL data needs.

The National Integrated Drought Information System (NIDIS) Implementation Plan: A Pathway for National Resilience was released in hardcopy in June. NIDIS will enable users to determine the risks associated with drought and provide supporting data and tools to inform drought mitigation. NOAA led the process for creating the plan in response to a request from the Western Governor's Association.

The plan describes how an accessible and usable drought information system will be developed, deployed, and operated to facilitate informed decision-making by resource managers and others. In addition, it outlines the governance structure, priorities, and operational requirements needed to meet objectives for NIDIS. The plan was created by a NIDIS Program Implementation Team composed of federal agency, state, association, academic, and private sector participants. Critical to the success of this plan is the continued cooperation with partners at all levels of government, academia, and the private sector. The plan is responsive to the Western Governor's Association, June 2004 document on "Creating a Drought Early Warning System for the 21st Century," and the NIDIS Act (Public Law 109-430) signed into law on December 20, 2006.



MANAGEMENT DISCUSSION AND ANALYSIS

Changes in the ocean from sea level rise and coastal flooding to harmful algal blooms and dead zones are impacting U.S. society. To prepare for and help manage these changes, NOAA's U.S. Integrated Ocean Observing System (IOOS) Program dedicated a full-time senior director to advance data integration and support regional IOOS development within the long-term goals of improving the Nation's understanding of climate change, safety and efficiency of marine operations, mitigation of natural hazards, and protection and restoration of marine ecosystems.

Ocean observations are more and more important to scientists who characterize, understand, predict, and monitor changes in coastal and ocean environments and ecosystems. Integration of data from ocean observations is also critical to commercial fisheries incorporating climate forecasts into management and harvest decisions. Ocean observation networks can improve NOAA's storm surge forecasts that allow emergency managers to make better decisions about evacuation plans.

Specifically, the IOOS Program created baselines for data flows and conditions for four thematic focus areas, completed five interoperability tests to understand and document issues with making data from disparate systems work together, and identified a realistic standards process. NOAA announced an IOOS merit-based competition to support regional IOOS development as an opportunity for FY 2008. The IOOS Program published the first version of the National High Frequency radar plan, representing needs of federal and state governments and established a formal requirement for this system within NOAA. Working with interagency partners, NOAA published a national near-shore waves plan which documents a national requirement for wave measurement that will define type and location of systems, applicable standards, and data products.

Summary of Performance Results

STRATEGIC OBJECTIVE	PERFORMANCE OBJECTIVE	TARGETS MET OR EXCEEDED
Strategic Objective 3.1: Advance understanding and predict changes in the Earth's environment to meet America's economic, social, and environmental needs	Serve society's needs for weather and water information (NOAA)	10 of 10
	Understand climate variability and change to enhance society's ability to plan and respond (NOAA)	5 of 6
Strategic Objective 3.2: Enhance the conservation and management of coastal and marine resources to meet America's economic, social, and environmental needs	Protect, restore, and manage the use of coastal and ocean resources through an ecosystem approach to management (NOAA)	8 of 8
	Support the Nation's commerce with information for safe, efficient, and environmentally sound transportation (NOAA)	6 of 6
Mission Support:	Provide critical support for NOAA's mission (NOAA)	N/A

For Strategic Goal 3, based upon the key benefits the Department provides to the U.S. public, and with meeting its performance targets, NOAA did remarkably well. Of the 30 performance measures for this strategic goal, NOAA missed only one target, that being the sea surface temperature error (in the climate variability outcome). That measure is a key measure for the climate outcome, as it impacts much of NOAA's long-term work in the climate area, particularly with regard to predicting serious events such as hurricanes. Still NOAA did meet or exceed the targets for the other five measures related to this outcome. Furthermore, for the other three outcomes, NOAA met or exceeded all of the targets and showed steady improvement over the years.

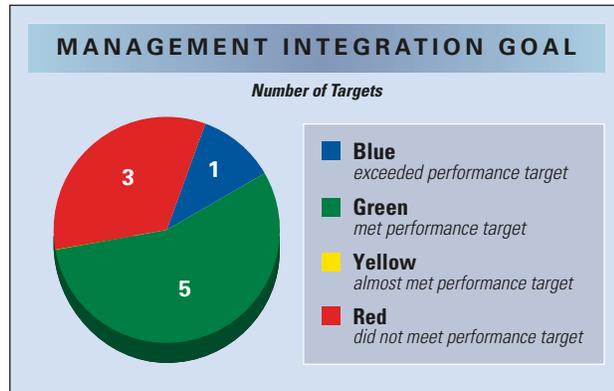
MANAGEMENT INTEGRATION GOAL

Achieve organizational and management excellence

Most Important Results

Two organizations are involved in the Management Integration goal: Departmental Management (DM) and the Office of Inspector General (OIG). Within DM, most of the performance accomplishments are reflected in the President’s Management Agenda (PMA) section of this PAR. Key areas that this goal does address include: financial management, contracting, competitive sourcing, and human resource management. In FY 2007, the Department met 67 percent of the targets it had set for the year.

The Department received an unqualified audit opinion for the ninth consecutive year, and obligated 44 percent of its contracting resources to small businesses. In the field of human resources, it conducted leadership training for almost 1,500 employees to close targeted competency gaps, and consulted with scores of individual managers regarding tools and techniques for making better hiring decisions.



Summary of Performance Results

STRATEGIC OBJECTIVE	PERFORMANCE OUTCOME	TARGETS MET OR EXCEEDED
Management Integration Goal: Achieve organizational and management excellence	Identify and effectively manage human and material resources critical to the success of the Department’s strategic goals (DM)	3 of 6
	Promote improvements to Commerce programs and operations by identifying and completing work that (1) promotes integrity, efficiency, and effectiveness; and (2) prevents and detects fraud, waste, and abuse (OIG)	3 of 3

For the Management Integration goal, the primary goal/target was to eliminate the Significant Deficiency in information technology controls, which impacted the Financial Management measure. DM was not able to fully complete this task in FY 2007. DM also did not meet targets for the percent of performance-based contracts and the percent of contracts obligated to small businesses. The OIG met or exceeded all its targets including substantially exceeding for “Dollar value of financial benefits identified,” with an actual of \$51.7 million, the target being \$29.6 million.

STAKEHOLDERS AND CROSSCUTTING PROGRAMS

The Department has numerous crosscutting programs involving multiple bureaus: other federal, state, and local agencies; foreign government; and private enterprise. Federal programs dealing with economic and technological development, the natural environment, international trade, and demographic and economic statistics play a major role in advancing the welfare of all Americans. Commerce continues to work with other government agencies in furthering efforts in these areas for the American public. Examples of crosscutting programs external to the Department's bureaus include the following federal, state, local, and international agencies:

DEPARTMENT OF COMMERCE BUREAU ACTIVITIES	OTHER FEDERAL AGENCIES AND ORGANIZATIONS ¹	
Export controls	Federal Emergency Management Agency/Homeland Security	Federal Reserve Board
Improvements to highways and railroads	Department of Defense	Bureau of Justice Statistics
Improvements to the environment	Department of Energy	Agency for Health Care Research and Quality
Economic distress and recovery efforts	Department of Justice	Bureau of Transportation Statistics
Tracking the U.S. economy through GDP and other statistics	Department of State	Department of Health and Human Services
Market access/improvements	Department of Treasury	Federal Aviation Administration
Research	Environmental Protection Agency	Food and Drug Administration
Telecommunications	Department of Labor	National Institutes of Health
Technology transfer	Department of Housing and Urban Development	Federal Communications Commission
Trade policies	Department of Agriculture	National Science Foundation
Environmental programs	Delta Regional Authority	Department of Homeland Security
Homeland security	Indian Tribes	European Patent Office
Patents and trademarks and intellectual property	Department of Transportation	States
Defense industrial base activities	Small Business Administration	Other Countries and Organizations
Chemical Weapons Convention compliance	Agency for International Development	U.S. Coast Guard
Economic development	Department of Education	U.S. Postal Service
Minority-owned business development	Customs/Border and Transportation Security/ Homeland Security	Central Intelligence Agency
Measurements and standards		Bureau of Immigration
		Federal Bureau of Investigation

¹ Note: This is not an all-inclusive listing.