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# ***The Department At A Glance***

## **History and Enabling Legislation**

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

## **Mission**

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

## **Strategic Goals**

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

Goal 2: Provide infrastructure for innovation to enhance American competitiveness

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

Management Integration Goal: Strengthen management at all levels

## **Bureaus**

Economic Development Administration (EDA)

Economics and Statistics Administration (ESA)

    Bureau of Economic Analysis (BEA)

    Bureau of the Census

International Trade Administration (ITA)

Bureau of Export Administration (BXA)

Minority Business Development Agency (MBDA)

National Oceanic and Atmospheric Administration (NOAA)

U.S. Patent and Trademark Office (USPTO)

Technology Administration (TA)

    National Institute of Standards and Technology (NIST)

    National Technical Information Service (NTIS)

National Telecommunications and Information Administration (NTIA)

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

## **Location**

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

**Employees**

The Department is an agency with approximately 37,000 employees.

**Financial Resources**

The Department's FY 2001 budget was approximately \$5.17 billion, its FY 2002 budget was about \$5.34 billion, and its request for FY 2003 is \$5.45 billion.

**Internet**

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

# ***The Department of Commerce's Government Performance and Results Act Activities***

Since the inception of the Government Performance and Results Act (GPRA), the Department of Commerce has integrated its established budget process with its GPRA requirements and has been active in government-wide activities that directly involve GPRA goals. For example, we are a founding member and the central agency in the National Academy of Public Administration's Performance Consortium, which brings together major federal agencies including the Office of Management and Budget (OMB), the General Accounting Office (GAO), and Congressional staffs to provide a forum to develop effective approaches for strategic planning and performance measurement.

We are serious about taking every opportunity to improve the usefulness and quality of our GPRA documents. This Annual Program Performance Report and Annual Performance Plan reflects a fundamental re-assessment of how we as a department measure our success and also how we are implementing the President's Management Agenda. Where possible we have adjusted performance goals and targets that will take effect in FY 2002 to establish a baseline that will allow us to measure the performance of our programs in the most effective ways possible.

We have worked closely with GAO in their reviews of our programs and our GPRA documents. The government performance experts at the Mercatus Center at George Mason University have also provided external reviews of our GPRA documents for internal consistency with the principles of accountability and transparency. We view these external reviews as opportunities to obtain constructive comments and suggestions on ways to improve our overall document as well as improve some specific performance goals and measures. We have carefully applied the feedback from those reviews in preparing this Annual Program Performance Report and Annual Performance Plan and as a result have:

- Improved the quality and clarity of many performance goals and performance measures
- Provided clear links between performance goals and associated budgetary resources at the activity level
- Emphasized the readability and clarity of the overall presentation.

We believe that we have produced an Annual Program Performance Report and Annual Performance Plan that is more responsive to the needs of our programs' users, more helpful to those who have priority-setting and resource allocation responsibilities, and more effective as a management tool for our internal staff members.

# ***Mission and Strategic Planning***

## **Mission Statement**

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

## **Vision**

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

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

A product of the industrial revolution that propelled the United States into the 20th century, the Department is now at the forefront of the revolution in electronic commerce. By assisting the private sector, our goal is to ensure that the United States continues to lead the world in this new marketplace.

## **Strategic Planning Process**

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

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

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

Goal 2: Provide infrastructure for innovation to enhance American competitiveness

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

The Department has established a management integration goal, which is equally important to all bureaus:

Management Integration Goal: Strengthen management at all levels

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

The Department's Annual Program Performance Report and Annual Performance describes in greater detail the bureau performance goals employed to achieve our strategic goals and provides an

analysis of the resources required to meet these goals. We assess our progress toward the three strategic goals through the use of specific performance measures for each bureau performance goal.

### **Strategic Goals and Objectives**

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

#### **Strategic Goal 1**

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

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

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

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

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

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

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

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

## **Strategic Goal 2**

### **Provide Infrastructure for Innovation to Enhance American Competitiveness**

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

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

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

The National Telecommunications and Information Administration (NTIA) supports innovative telecommunications and information technologies through a grant program and through basic research performed at its laboratory, the Institute for Telecommunication Sciences (ITS). ITS performs extensive basic research on the quality of digital speech, audio, and video compression and transmission characteristics. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet.

### **Strategic Goal 3**

#### **Observe and Manage the Earth's Environment to Promote Sustainable Growth**

The National Oceanic and Atmospheric Administration (NOAA) envisions a 21st century in which environmental stewardship, assessment, and prediction serve as keystones to the enhancement of economic prosperity and quality of life and to the improved protection of lives and property.

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

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

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

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

#### **Management Integration Goal**

##### **Strengthen Management at All Levels**

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

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

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

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

# ***The President's Management Agenda***

In addition to the strategic goals and objectives discussed in the preceding section, the Department has modified the structure of its Departmental Management (DM) plan to align with the priorities established in the President's Management Agenda. The President's Management Agenda includes five government-wide management initiatives intended to foster reform and provide a common basis for ensuring accountability among all federal agencies. These include:

- Strategic management of human capital
- Competitive sourcing
- Improved financial performance
- Expanded e-government
- Budget and performance integration.

It is our intention to ensure that our programs are citizen-centered, results-oriented, and market-based. As the Department reviews and assesses its programs in an effort to achieve these objectives, we are also seeking to enhance policy oversight and administrative support services under DM.

## **Strategic Management of Human Capital**

The world of federal employment faces significant challenges. Overall projections show that more than half of the federal workforce will be eligible for retirement within the next five years. To meet this extraordinary surge in prospective retirements, the Department must take extra steps to ensure that we retain vital knowledge, skills, and management capabilities. The Department faces increasing difficulty in attracting and retaining highly qualified workers in specific fields, such as information technology and selected scientific disciplines. To counter this trend, we must identify innovations in human resources management that allow us to implement pay differentials that reflect labor market realities so we may compete for our nation's best talent.

Existing laws and regulations allow managers limited flexibility for rewarding excellence and providing consequences for mediocre performance. We must seek fair and equitable means to provide our workforce with appropriate incentives to continually do their best. Responsiveness to citizens underlies all of our efforts. We are seeking ways to strengthen interaction with the public by increasing the percentage of our employees who provide front-line service delivery, reducing the proportion of our workforce in managerial positions, eliminating unnecessary organizational layers, and modifying spans of management control.

During FY 2001, the Department brought together its component bureaus to develop a common approach to analyzing workforce needs, planning recruitment and outreach efforts, and modifying how human resource professionals integrate policies and services.

A comprehensive workforce analysis was recently completed. We have made significant advances in automating our hiring system and reducing the time needed to advertise and fill vacancies. We have broadened our outreach to new pools of potential applicants and expanded our telecommuting program.

## **Competitive Sourcing**

A major challenge is to create an environment in which the Department can realize cost savings through increased competition. Historically, cost savings can be achieved when federal and private-sector service providers compete. The Department must open competition for commercial activities that can be performed by private firms. While the Department has contracted out many of its

commercial activities, a renewed effort is required to meet the Office of Management and Budget's (OMB's) competitive sourcing goals in FY 2002-FY 2003.

The Department must develop a more effective approach to identifying and publicizing opportunities for bidding. New opportunities for competition continually arise as a result of gradual changes in program responsibilities and in private sector capabilities. Using the tools provided by the Federal Activities Inventory Reform Act, we will conduct conversion competitions (that is, assess the appropriateness and cost-effectiveness of competing federally performed functions for private sector performance) and cost competition across a broad range of functions. To be successful, we must also increase the level of knowledge of various A-76 methodologies among our managers and analytical support staff. The Department is planning to increase competitive sourcing where it is beneficial to do so.

During FY 2001, the Department increased its reliance on contractors for goods and services to more than \$1 billion annually. We have expanded our use of performance-based contracting to ensure that the most productive bidders are selected. The Department automated its procurement processes, made greater use of credit cards for acquisitions under \$25,000, and increased training for our contracting staff. As a result, we have increased efficiency in acquiring needed goods and services.

In addition, we have provided OMB with competitive sourcing plans for increased direct conversions and A-76 cost comparisons during FY 2002-FY 2003. These competitions will assess whether the selected activities are best conducted by the federal government or by the private sector.

#### **Improved Financial Performance**

Accurate and timely financial information is integral to optimum performance and accountability. The Department must continue producing clean audits to support effective management. Accurate and timely information supports our performance and is inherent in providing accountability to the American people. We will continue to reduce the number of reportable conditions and other weaknesses that may compromise the integrity of our financial data. The Department has received unqualified opinions on its financial statements since FY 1999.

The Department received the Certificate of Excellence in Accountability Reporting Award for the FY 2000 Accountability Report. We have been correcting both reportable conditions and internal control weaknesses so that we may continue to ensure the integrity of our data. We continue to implement a financial management system, the Commerce Administrative Management System (CAMS), that will integrate financial data throughout the entire Department. Implementation of a financial management system will allow managers to receive timely, accurate data resulting in more effective management decision-making. Full implementation of CAMS within the Department is anticipated by October 2003.

#### **Expanded E-government**

Expanded e-government is a keystone to fostering citizen-centered government with a greater volume of service at lower cost. We must ensure that our investment in information technology (IT) is wisely used to safeguard the security and integrity of our IT systems; dissolve bureaucratic divisions and increase our productivity through virtual consolidation and collaboration on many diverse functions such as payroll processing; implement applications to address common requirements such as e-grants, e-regulation, and e-signatures; provide citizen-centered service by creating easy-to-find single points of access to our programs, including a government-wide e-procurement portal; reduce reporting burdens on the public by sharing information among federal agencies and state, local, and tribal governments; increase the ease of electronic access for persons with disabilities; increase the transparency of our programs and operations; and re-emphasize the importance of customer satisfaction so that our service delivery compares favorably with state-of-the-art providers located elsewhere in government and the private sector.

During FY 2001, the Department strengthened its security protections and increased security training to improve protection against intrusion and cyber-terrorism. We have expanded web-based information services that are available to the public and are continuing to create web-based links — both within the Department and with other agencies — needed to facilitate access to related services. The Department will continue to focus on IT security, completion of the restructuring of IT management, and further improvements in the investment review process. In addition, we will improve our integration of proposed IT measures in the budgeting process.

**Budget and Performance Integration**

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

During FY 2001, the Department improved its system for scoring and communicating performance results. Performance plans have been reviewed to ensure they are useful to program managers and lead to high levels of achievement and measurable improvements. We are striving to continually improve the accuracy, completeness, and reliability of the data by which we measure our performance.

The Deputy Secretary has met collectively and individually with the heads of our bureaus as well as our senior managers to secure their support and discuss the importance of performance management. As a result, we have thoroughly re-examined the performance measures that we rely on to assess our progress in carrying out our mission. That review is apparent in the many significant changes found in the FY 2001 Annual Program Performance Report and FY 2003 Annual Performance Plan.

# ***FY 2001 Annual Program Performance***

## **Results by Bureau**

Additional details regarding bureau performance in relation to specific performance goals and measures can be found in each bureau section of this document.

<b>Bureau</b>	<b>Number of Goals</b>	<b>Number of Measures</b>	<b>Measures Met</b>	<b>Measure Not Met</b>
EDA	2	12	10	2
ESA	3	8	7	1
ITA	4	7	2	5
BXA	4	10	4	6
MBDA	2	3	2	1
NOAA	7	29	22	7
USPTO	3	7	4	3
TA	6	12	7	5
NTIA	3	3	2	1
DM	3	20	17	3
<b>Totals:</b>	<b>37</b>	<b>111</b>	<b>77</b>	<b>34</b>
<b>% Met</b>		<b>69%</b>		

## **FY 2001 PROGRAM HIGHLIGHTS AND MANAGEMENT ACCOMPLISHMENTS**

FY 2001 was a year of remarkable progress and innovation for the Department of Commerce. Several accomplishments were selected to describe some of our highlights during FY 2001.

## **Department Highlights**

### **The Department Responds to Terrorism**

The nation and the Department suffered a great loss on September 11, 2001. In response, our country has shown the greatness of America; with a patriotic spirit, we have displayed courage, heroism, strength, decency, and resolute determination. The following represents contributions the Department has made to assist with ongoing relief and rebuilding efforts.

The National Oceanic and Atmospheric Administration directly supported search and recovery efforts at the World Trade Center and the Pentagon disaster sites with its mapping and remote sensing capabilities. The data collected was used to monitor structural movement of damaged buildings. In addition, aerial photos provided information needed to locate original foundation support structures, elevator shafts, and basement storage areas. Experts from the National Institute of Standards and Technology, because of their unique capabilities in both structural and fire analysis, also joined teams in evaluating the damage on the World Trade Center buildings and the Pentagon. Special agents from the Bureau of Export Administration, National Oceanic and Atmospheric Administration's National Marine Fisheries Service, and Office of the Inspector General joined their counterparts from other agencies to assist with recovery and investigation operations at the Pentagon, as well as following up on leads at the World Trade Center.

The Department's advancement and proliferation of wireless communications also helped our nation respond to the tragedy. Specifically, the National Telecommunications and Information Administration played an instrumental role by providing emergency frequency assignments to

various agencies in support of their operations at the World Trade Center. In conjunction with information technology industry leaders, the Technology Administration launched a web site, [www.nyitassist.com](http://www.nyitassist.com), that provides a list of information technology services and component suppliers to businesses in New York that were adversely affected.

The Department has also been active in ensuring economic recovery funding is effective and truly focused on rebuilding economic infrastructure in order to get people back to work and businesses up and running again. The Department is involved in the nation's assistance to those cities and victims affected by the acts of terrorism. For example, the Minority Business Development Agency sponsors grants and loan programs and serves as a clearinghouse for information on organizations that provide financial assistance to businesses affected by the events of September 11. In addition, the Economic Development Administration immediately responded to the economic impacts by initiating economic adjustment grants to New York and the state of Virginia to assist with economic revitalization.

The employees of the Department, our public servants, have also gone above the call of duty in an effort to help. Countless employees donated blood after the attacks as the Department joined forces with the American Red Cross for a blood drive. As the Department lost two colleagues aboard one of the planes that were hijacked, coworkers wanted to reach out and help. In an effort to meet the needs of the victims' families, the Department established a fund for the purpose of assisting with the financial needs of the families and conducted a campaign, "Operation Help" to inform others of the cause.

#### **Baldrige National Quality Award**

President George W. Bush and Commerce Secretary Donald L. Evans announced five winners of the 2001 Malcolm Baldrige National Quality Award, the nation's premier award for performance excellence and quality achievement. For the first time in the history of the Baldrige awards, winners were named in the education category. The 2001 Baldrige Award recipients are Clarke American Checks, Inc. of San Antonio, Texas (manufacturing category); Pal's Sudden Service of Kingsport, Tennessee (small business category); Chugach School District of Anchorage, Alaska (education category); Pearl River School District of Pearl River, New York (education category); and University of Wisconsin- Stout of Menomonie, Wisconsin (education category). The Malcolm Baldrige National Quality Award is given to U.S. organizations that show exemplary achievements in seven areas: leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and business results.

#### **2001 Ron Brown Award for Corporate Leadership**

The Ron Brown Award for Corporate Leadership exemplifies the values of corporate citizenship. The award is a tribute to the memory and extraordinary record of Ron Brown, the U.S. Secretary of Commerce from 1993-1996. This annual presidential award is presented to companies that have demonstrated a deep commitment to initiatives that empower employees and communities, while advancing strategic business interests. It brings a new level of distinction and visibility to the country's best corporate citizens. Prominent business leaders, working in collaboration with the Department, established the Ron Brown Award for Corporate Leadership in 1997 as a complement to the Malcolm Baldrige National Quality Award. The winners this year are Alcoa, Inc.; Merck and Company, Inc.; and the United Parcel Service.

## **Program Highlights**

#### **Promotion of Free Trade**

During FY 2001, the International Trade Administration (ITA) took an assertive role as an advocate for free and fair trade. ITA provided export counseling to more than 110,000 U.S. businesses, resulting in more than 11,174 export successes worth more than \$34 billion in U.S. goods and services. Intragovernmental advocacy efforts resulted in the purchase of an estimated \$13 billion of U. S. goods and services, including \$4.8 billion in U.S. exports over the life of the projects. In addition, ITA led 30

trade missions throughout the year to provide businesses with cost-effective means to promote their products and services overseas.

#### **Successful Dissemination of 2000 Decennial Census Data**

The Bureau of the Census successfully prepared and delivered to the President on December 28, 2000, the certified state population counts used to apportion Congressional seats. In addition, more detailed data, used to redraw U.S. and state legislative districts, was delivered to governors and state majority and minority leaders by April 1, 2001. During the next two years, detailed data on population and housing characteristics will continue to be released as they are prepared. The decennial census is the nation's oldest and most comprehensive source of population and housing information. The U.S. Government uses the count of the population in each state to draw congressional and state legislative districts and for annual distribution of approximately \$200 billion of federal funds. The data is also used as the basis of research, business planning, and investment.

#### **Reauthorization of the Defense Production Act**

The Bureau of Export Administration (BXA) played a key role in obtaining a two-year reauthorization of the Defense Production Act (DPA). The DPA provides the statutory framework to ensure our nation's defense, civil emergency, and military readiness. Under the authority of the DPA, BXA administers the Defense Priorities and Allocations System (DPAS). The DPAS ensures the timely availability of products, materials, and services that are needed to meet current national defense and emergency preparedness requirements. It also provides an operating structure to support a timely and comprehensive response by U.S. industry in the event of a national security emergency.

#### **National Institute of Standards and Technology Scientist Wins Nobel Prize for Discovery of a New State of Matter**

National Institute of Standards and Technology's (NIST's) Dr. Eric A. Cornell and Dr. Carl E. Wieman of the University of Colorado at Boulder won the 2001 Nobel Prize in physics for their creation of an entirely new state of matter called Bose-Einstein Condensate (BEC). Cornell and Wieman made the discovery at JILA, a research institute operated by NIST and the University of Colorado. They shared the prize with Dr. Wolfgang Ketterle of the Massachusetts Institute of Technology. BEC is the coldest known material in the universe, forming only when atoms are chilled by special laser and magnetic techniques to a few hundred billionths of a degree above absolute zero. At these ultra-cold temperatures, the atoms no longer behave as separate particles but instead behave as a giant single atom or molecule. BEC appears very promising for a wide range of applications including extremely precise time standards, new forms of lithography for making microelectronic devices, and quantum computing.

#### **The National Oceanic and Atmospheric Administration Launches New Satellite**

On July 23, 2001, the National Oceanic and Atmospheric Administration launched the Geostationary Operational Environmental Satellite (GOES)-M, the first satellite to carry a solar x-ray imager. This device will help provide warnings for solar and geomagnetic storms that can greatly disrupt satellite operations, communications, and power grids. GOES satellites orbit the Earth at a speed matching the Earth's rotation. Because the satellite stays above a fixed spot on the surface, it provides a constant vigil for weather conditions such as tornadoes, flash floods, hailstorms, and hurricanes. When these conditions develop, the GOES satellite is able to monitor storm development and track their movements.

#### **The U.S. Patent and Trademark Office— Advancing Technology**

In FY 2001, the U.S. Patent and Trademark Office (USPTO) became the first intellectual property office in the world to offer electronic filing for patents and trademarks over the Internet. Specifically, USPTO initiated full production of its Electronic Filing System (EFS) for patents in October 2000. In addition, USPTO maintains an Electronic Business Center on its web site, in support of EFS, to provide customers with software to write and file applications using the Internet. EFS software

assembles all application components; calculates fees; validates application content; and compresses, encrypts, and transmits the filing to USPTO. EFS saves time and offers the convenience of Internet filing 24 hours a day, seven days a week.

The ability to file trademark applications online has been available since FY 1999. On June 4, 2001, the USPTO received its 100,000th electronic trademark application via the multi-award winning Trademark Electronic Application System (TEAS). The trademark electronic business center on the USPTO web site contains everything customers need to complete the entire registration process. They can search the database for conflicting marks using the Trademark Electronic Search System; apply for or renew a trademark registration using TEAS; and access trademark application and registration status, ownership, and prosecution history using the Trademark Application Registration Retrieval system.

#### **EDA Disaster Response and Recovery Assistance**

On July 13, 2000, Congress approved \$55.8 million in supplemental economic recovery funding to the Economic Development Administration (EDA) for those affected by Hurricane Floyd and other major disasters. During FY 2001, EDA awarded 51 investments to communities affected by Hurricane Floyd and major disasters for a total of \$ 51.1 million. EDA works closely with the Federal Emergency Management Agency, the Small Business Administration, and other federal agencies as well as state and local governments to rebuild the economic infrastructure to get people back to work and businesses operating as soon as possible. After any disaster, it is important that the federal, state, and city governments move as quickly as possible to address the economic impacts.

#### **Minority Business Internet Portal**

The Minority Business Development Agency (MBDA) launched its new, vertically integrated Minority Business Internet Portal. The portal is a state-of-the-art e-commerce solution that will electronically identify, match, and deliver contracting opportunities to minority-owned firms. The portal provides access to customized tools and business information to help minority entrepreneurs grow and thrive in a dynamic digital economy. Specific application programs of the portal include the Phoenix Database, a database of minority-owned firms, and the Opportunity Database, a contract matching system. Research tools of the portal include current and historical trends in the minority business research library section and networking opportunities in the calendar section. The portal, which is available at <http://www.mbda.gov>, is just one of the steps the Administration is taking to make MBDA more entrepreneurial, with a new focus on innovative solutions to enhance minority business development.

#### **The National Institute of Standards and Technology Works to Preserve Irreplaceable Symbols of American Freedom**

Millions of Americans consider three documents — the Constitution, the Bill of Rights, and the Declaration of Independence — to be tangible, irreplaceable works of political genius and national patriotism. A National Institute of Standards and Technology team, in collaboration with the National Archives and Records Administration, has completed the design, production, and testing of new encasements for these symbols of American freedom. These state-of-the-art encasements will preserve and secure the charters of freedom against all types of environmental assault, including harmful light, oxygen, and humidity.

#### **The National Oceanic and Atmospheric Administration Saves 160 Lives**

The National Oceanic and Atmospheric Administration's (NOAA's) international Search and Rescue Satellite Aided Tracking program (COSPAS-SARSAT) saved 160 lives in FY 2001. COSPAS-SARSAT is operated in the United States by NOAA, the U.S. Coast Guard, U.S. Air Force, and the National Aeronautics and Space Administration. NOAA satellites detect and locate aviators, mariners, and land-based users in distress. The satellites relay distress signals from emergency beacons to a network of ground stations and ultimately to the U.S. Mission Control Center (USMCC). The USMCC processes the data and alerts the appropriate search and rescue authorities. Since the inception of the system in 1982, more than 11,000 lives have been rescued worldwide.

### **The National Telecommunications and Information Administration Internet Developments**

Domain names are the familiar and easy-to-remember names used in e-mail and web site addresses. They map to unique Internet protocol (IP) numbers that serve as routing addresses on the Internet. The Domain Name System (DNS) translates Internet names into the IP numbers needed for transmission of information across networks. The National Telecommunications and Information Administration (NTIA) supported efforts to make the governance of the Internet DNS a function of the private sector and to create a competitive, contractually based, self-regulatory regime that deals with technical oversight and potential conflicts between domain name usage and trademark laws on a global basis. Specific accomplishments include the privatization of DNS through creation of an international nonprofit organization. New agreements between the Internet Corporation for Assigned Names and Numbers and VeriSign on domain name registries for .com, .net, and .org were reached. In addition, NTIA transferred responsibility for managing the .edu Internet domain space to EDUCAUSE and .us domain space to Neustar. Accordingly, the domain name registration system is competitive, and NTIA will continue its oversight of Internet technical management issues.

### **2001 Excellence in Economic Development Awards**

The Excellence in Economic Development Awards recognize highly successful and innovative development projects and strategies that help economically distressed communities achieve sustainable economic development, leverage private-sector investment, and generate jobs. The Excellence Award winners also share a common goal of helping people and communities overcome economic distress. The awards are presented in three categories: Excellence in Urban or Suburban Economic Development, Excellence in Rural Economic Development, and Excellence in Economic Development in Native Communities. The Economic Development Administration (EDA) presented the awards at EDA's National Forum for Economic Development on May 29- 31, 2001. The 2001 Award winners were Springfield Technical Community College, Springfield, Massachusetts; Marquette County, K.I. Sawyer Development, and Sawyer International Airport, Upper Peninsula, Michigan; and Native Village of Shishmaref, Shishmaref, Alaska.

### **National Institute of Standards and Technology Scientists Help Semiconductor Manufacturers**

National Institute of Standards and Technology (NIST) researchers uncovered a potentially serious optical problem affecting designs for future generations of semiconductor manufacturing equipment. If the problem had remained unrecognized, advanced lithography tools costing more than \$10 million each would not have been able to focus deep ultraviolet light sharply enough to make semiconductor device features smaller. These smaller features are required to make faster and more powerful computer chips and other devices. The NIST results were quickly verified, and semiconductor manufacturing equipment producers began modifying the ways they will design these complex tools.

### **Florida's Tortugas Becomes Nation's Largest Marine Reserve**

The National Ocean Service, which is part of the National Oceanic and Atmospheric Administration, announced that the Tortugas Ecological Reserve became the nation's largest permanent marine reserve on July 1, 2001. Located more than 70 miles west of Key West, Florida, the new reserve is part of the Florida Keys National Marine Sanctuary and encompasses more than 150 square nautical miles of spectacular deepwater corals and critical fish spawning sites.

"We are proud of our partnership with the state of Florida and the numerous groups that came together to make this a reality," said Commerce Secretary Donald L. Evans. "The Tortugas Ecological Reserve is a shining example of what can happen when diverse interests come together to accomplish a common goal — in this case, the preservation of a spectacular ocean ecological environment in the Florida Keys." The ecological reserve, which consists of two areas — Tortugas North and Tortugas South — now fully protects all marine life, including fish, coral, and invertebrates such as shrimp and lobster.

### **Advances in Mobile Wireless Communications**

Over the past decade, there has been enormous worldwide growth in the use of mobile, wireless communications. All indicators suggest that this growth in personal communications will continue. First and second generations of wireless devices are operating now. Third Generation (3G) wireless services will provide mobile and satellite-based broadband capabilities and represent a path for the evolution of existing mobile wireless services.

The National Telecommunications and Information Administration (NTIA) prepared a report titled *Accommodating Third Generation Mobile Systems* in response to a Presidential Memorandum, dated October 13, 2000, that stated the need and urgency for the United States to select radio frequency spectrum to satisfy the future needs of advanced mobile wireless systems. The report incorporated a Department of Defense (DOD) technical report on the interference analyses performed for DOD systems sharing with 3G systems in the 1755-1850 megahertz band. Extensive interaction with the commercial sector was accomplished via a series of outreach meetings sponsored by both NTIA and the private sector. As a result of this report, the Federal Communications Commission (FCC) and NTIA developed a mutually agreeable plan to determine the viability of providing spectrum for future 3G services. Further, the executive branch, through NTIA, continues to work with the FCC to reach solutions that best serve the public interest by balancing commercial and economic goals with national security and public safety interests.

### **National Oceanic and Atmospheric Administration Organizations Celebrate Years of Service**

The National Climatic Data Center (NCDC), the world's largest active archive of weather data, celebrated its 50th anniversary on October 5, 2001. Located in Asheville, North Carolina, the center provides valuable climate information. NCDC annually processes millions of requests for climate data, which is used extensively in areas that affect our daily lives. This information is applied in the design and construction of buildings, bridges, roads, and dams; heating and air conditioning systems; transportation systems; and remote sensing systems. As the National Oceanic and Atmospheric Administration's (NOAA's) primary data storehouse, NCDC archives nearly 98% of all NOAA environmental data. The center is now part of NOAA's National Environmental Satellite, Data, and Information Service, the nation's primary source of space-based meteorological and climate data.

In addition, NOAA's National Oceanographic Data Center (NODC) in Silver Spring, Maryland celebrated its 40th anniversary this year. The center provides information on everything from global sea levels to beach temperatures around the United States. NODC is the world's largest publicly accessible collection of global oceanographic data. Its mission is to ensure that global oceanographic data collected worldwide are maintained and made easily accessible through a permanent archive to the world's scientific and public users. NODC data and information are being used to answer questions about climate changes, management of coastal and deep- water resources, marine transportation, and natural disasters.

### **The National Institute of Standards and Technology Centennial: Foundations for Progress**

In March 2001, the National Institute of Standards and Technology (NIST) celebrated 100 years of service. Throughout the year, NIST hosted Centennial events for staff and the public, including leaders from industry, government, and professional associations. NIST highlighted its important contributions to science, industry, human health and safety, the environment, and national defense. Commerce Secretary Donald L. Evans spoke at the Centennial Gala and complimented NIST by saying, "I am proud of this agency and the role it has played creating the environment in which our nation's businesses can thrive here and abroad" To cap off the Centennial year, the Smithsonian's National Museum of American History recently opened their exhibit, "Striving for Standards," to honor NIST.

### **The National Oceanic and Atmospheric Administration's Climate Reference Network**

In FY 2001, the National Oceanic and Atmospheric Administration embarked on a historic new program, the Climate Reference Network, to set in place a land surface network of climate reference

stations within the United States. These stations are serving as the nation's benchmark for temperature and precipitation climate monitoring. Data from these observing sites will provide Americans with definitive information regarding climate variation and change where we live, work, and grow our food, and will also be used in daily weather forecasting and satellite calibration.

### **Space Commercialization**

In June of 2001, the Technology Administration's Office of Space Commercialization published the Trends in Space Commerce report, providing an overview of the commercial space market and projections for future growth. The report is intended to help both private sector investors and government policymakers get a clearer picture of this critical market as they make decisions and plans for the future. The report also mentioned that through many bureaus, the Department plays a critical role in commercial space. The analysis highlighted aspects of competitiveness, comparing the U.S. with other nations in the fields of space commerce, space transportation, satellite communications, remote sensing, and the Global Positioning Satellite System. The report projected a \$93.4 billion worldwide market for the space industry in 2001, with \$ 77.74 billion in revenue expected from satellite communications, the largest and fastest growing segment of the industry.

### **2001 Phoenix Awards**

In FY 2001, the Economic Development Administration (EDA) continued to demonstrate progress in its brownfields redevelopment expertise. Brownfields refer to the revitalization and reuse of idle and abandoned industrial land and facilities. EDA's success is highlighted by the fact that this year, as last year, three of 10 national Phoenix Award winners are EDA-supported projects. The Phoenix Awards recognize innovative, yet practical, remediation and development projects that bring blighted, abandoned commercial and industrial sites back to productive use. The winning EDA investments are the Chrysler Center Remediation and Redevelopment Project, Highland Park, Michigan; the Innerlock Business Park, Denver, Colorado; and Astoria Mill Pond, Astoria, Oregon.

### **The National Weather Service Received "Straight A's" from Government Executive Magazine**

The National Weather Service, which is part of the National Oceanic and Atmospheric Administration (NOAA), received "straight A's" in a management assessment exercise by Government Executive magazine. The grades covered several functions including human resources, information, finances, physical assets, and managing for results. The grades surpassed those of other agencies that were also assessed in the study. Government Executive magazine is a government-run business news daily and premiere web site for federal managers and executives.

# ***The Department of Commerce's FY 2003 Budget***

The Department of Commerce's budget request of \$5.5 billion supports the President's budget plan to focus resources on core commerce services, including

- Strengthening the nation's statistical and trade information to help meet the needs of a growing economy and international trade
- Developing state-of-the-art technology standards and increasing issuance of patents and trademarks to meet the needs of high-technology and basic industries
- Improving weather and climate forecasting to benefit the economy, public safety and quality of life
- Improving marine fisheries management to better meet commercial, recreational, and conservation objectives.

To enhance these core capabilities, resources are shifted from unwarranted corporate subsidies lower priority programs.

## **Homeland Security**

The FY 2003 President's Budget includes approximately \$50 million for homeland security and critical infrastructure protection activities at the Bureau of Export Administration (BXA). BXA seeks to advance U.S. national security and foreign policy interests by regulating exports of critical goods and technologies that could be used to damage those interests, while furthering the growth of legitimate U.S. exporters to maintain our economic leadership. Budget increases in FY 2003 strengthen BXA activities that thwart the global spread of dual-use goods and technologies that can be used in biological, chemical, and nuclear weapons. To reduce the risk of proliferation, beginning in FY 2003, BXA will seek to post attachés in several countries abroad (including China, Russia, the United Arab Emirates, and Egypt).

Homeland security investments will also be made in the National Oceanic and Atmospheric Administration (NOAA), the Technology Administration and the National Institute of Standards and Technology (TA/NIST), and in central departmental management offices. Specifically, the FY 2003 budget addresses vulnerabilities in weather and satellite systems to ensure NOAA is able to maintain critical operations in crisis situations. TA/NIST will be able to provide the measurements, standards, and technical guidance in critical areas such as chemical, biological, radiological, nuclear, and explosive threat detection and remediation; information security; biometric identification; air transport safety; and the safety of building structures and occupants. The FY 2003 budget will also strengthen physical and information technology security at the Department.

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

The Commerce budget proposes to strengthen core activities in areas such as statistical programs and international trade compliance.

The Bureau of Economic Analysis (BEA) supplies the nation's key economic statistics, including gross domestic product, which are crucial ingredients for business and government decision-making. A program increase of \$11 million in FY 2003 will enable BEA to improve the statistical processing systems for its economic data, accelerate the release of major economic estimates, and incorporate new international economic data classification systems.

This budget includes a \$247 million increase for the Bureau of the Census for a variety of activities, including the Department's efforts to reengineer the 2010 Census. As a major part of this work, the

Census Bureau will launch the American Community Survey, which will provide detailed demographic data on an annual – rather than decennial – basis. During FY 2003, the Census Bureau will also be collecting data for two other cyclical censuses, the Economic Census and the Census of Governments.

The International Trade Administration (ITA) is responsible for assisting the growth of export businesses, enforcing U.S. trade laws and agreements, and improving access to overseas markets by identifying and pressing for the removal of trade barriers. Among other program changes, the FY 2003 budget proposes a program increase of \$13 million for ITA to expand trade compliance efforts in the areas of antidumping and countervailing duty activities, multilateral trade negotiations, and foreign trade barrier analysis.

A reduction of \$16 million for the Economic Development Administration (EDA) will bring resources in line with congressionally authorized levels and program needs. EDA helps communities across the nation create economic opportunity by promoting a favorable business environment to attract private capital investments and high-wage jobs, principally through infrastructure investments and capacity building. While the FY 2003 budget streamlines EDA programs, it increases Trade Adjustment Assistance to firms, which provides technical assistance to U.S. manufacturers injured by increased imports.

#### **Provide Infrastructure for Innovation to Enhance American Competitiveness**

The FY 2003 budget strengthens key Commerce programs that provide the infrastructure that enables U.S. businesses to maintain their technological edge in world markets.

Increased funding of \$76 million is requested for the laboratories of TA/NIST, which works with industry to develop and promote measurement standards that support technological innovation. TA/NIST laboratories specialize in electronics, manufacturing engineering, chemical science, physics, materials science, building and fire research, and information technology. The FY 2003 budget proposes to make the Advanced Measurement Laboratory, a new facility designed to meet state-of-the-art research requirements, fully operational. The budget also includes \$17 million for TA/NIST's Boulder, Colorado facilities.

Consistent with the Administration's emphasis on shifting resources to reflect changing needs, the FY 2003 budget also proposes to significantly reduce federal funding for the Manufacturing Extension Partnership (MEP). MEP's original legislative design called for a phase-out of federal monies to each center after six years of funding, with the goal of making each center self-sufficient. The budget also proposes funding the Advanced Technology Program at \$107 million and proposes reforms designed to improve the program.

The budget strengthens the spectrum management capabilities of the National Telecommunications and Information Administration by proposing \$3 million to begin the process of spectrum management reform and to upgrade its radio quiet zone test facility in Colorado. However, the budget also proposes to terminate the Technology Opportunities Program, which provides grants for innovative applications of telecommunications technologies. With the expansion of the Internet and related technologies into all sectors of society, federal subsidies are no longer justified to prove the usefulness of such technologies.

The FY 2003 budget proposes an increase of \$237 million for the U.S. Patent and Trademark Office to address the agency's growing workload in the area of intellectual property.

#### **Observe and Manage the Earth's Environment to Promote Sustainable Growth**

The Commerce budget proposes to strengthen key programs of the National Oceanic and Atmospheric Administration (NOAA).

The budget proposes an addition of more than \$100 million for NOAA to improve forecasts of severe storms and the satellite infrastructure needed to support weather and climate prediction and research. An increase of \$16 million is also included to improve fisheries management in areas such as stock assessments, building a national observer program, and implementing the National Environmental Policy Act. In addition, NOAA will promote transferable fishing quota systems in the reauthorization of the Magnuson-Stevens Act. In keeping with the efforts to upgrade fishing assessments made by the National Marine Fisheries Service, \$51 million is also proposed for a new fishery research vessel.

As part of the Administration's energy policy initiative for FY 2003, NOAA will implement a \$6 million pilot program that will enable NOAA to provide more accurate temperature and precipitation forecasts and additional river forecast products, which will help the energy industry improve electrical load forecasting and hydropower facility management. Based on industry estimates, this investment will result in savings of \$10 to \$30 million annually in the pilot region after the second year of the demonstration. Expanding the pilot nationwide could generate savings of more than \$1 billion per year.

In FY 2003, the Administration will also institute a new Climate Change Research Initiative, a multi-agency effort with a strong focus on outcomes. An increase of \$18 million is requested for NOAA to advance climate-modeling capabilities and to develop a climate observing system.

The Administration also proposes to transfer the National Sea Grant College program from NOAA to the National Science Foundation (NSF) in FY 2003. Funding of \$57 million is requested by NSF for this program. The proposal will ensure the program's research objectives reflect NOAA's marine resource management priorities.

