

Departmental Overview:

Supporting the Conditions for Economic Growth and Opportunity

The Department of Commerce helps make American businesses more innovative at home and more competitive abroad by working to create the conditions for economic growth and opportunity. Every day, Commerce promotes innovation, entrepreneurship, competitiveness, and stewardship informed by world-class scientific research and information. The Department of Commerce achieves its mission through the activities of its twelve bureaus and in partnership with U.S. businesses.

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

The Department's accomplishments in FY 2010 included:

- Jump-starting President Obama's National Export Initiative by pursuing new relationships with the business community and organizing 36 trade missions to 34 countries with 344 companies to promote renewable and nuclear energy, and infrastructure, construction and aerospace sectors.
- Issuing the first regulations in President Obama's export control reform initiative, which will focus controls to better protect national security.
- Supporting innovation through improved patent services, including increasing examiner productivity by more than 20 percent, resulting in all-time records in the number of patents granted; reducing the backlog of unexamined patent applications by more than 10,000 to 708,000 despite an increase of 4 percent in patent filings over FY 2009; and increasing applicant interview time by 40 percent to promote earlier resolution of patentability issues.
- Equipping Americans to prosper in the 21st century economy, by awarding \$4 billion in grants across 230 communities to build broadband networks, outfit public computer centers, and offer training in broadband and other employment skills.
- Conducting the 2010 Census on schedule and under budget, saving taxpayers \$1.87 billion and releasing the first 5-year small area estimates from the American Community Survey.
- Launching the Office of Innovation and Entrepreneurship to accelerate the commercialization of research from the lab to the marketplace and creating jobs for America's workers.
- Responding to the Deepwater Horizon oil spill from the beginning of the crisis – offering scientific expertise on oil spill response, monitoring and protecting seafood safety, protecting wildlife, and assessing environmental damage.
- Guiding economic recovery through new tools for tracking growth and innovation, including: tracking and measuring the impact of the American Recovery and Reinvestment Act; developing new leading financial

indicators; improving measures of the increasingly important service sector; and extending measures of R&D and innovation and their effects on economic growth and competitiveness.

- Assisting minority businesses in achieving \$3.3 billion in contract and financial awards.

Commerce's Budget in Context

The FY 2012 President's Budget for the Department of Commerce balances the need for fiscal restraint and actions to reduce the deficit with the recognition that the foundational knowledge and tools produced by the Department will help America compete and win in the future. The Department's FY 2012 President's Budget is \$8.8 billion, which is \$4.5 billion below the FY 2010 Enacted level and \$242 million below the FY 2011 Annualized Continuing Resolution (CR) rate. This amount is 2.7 percent below the annualized CR rate and 1.9 percent below the President's FY 2011 Request of \$8.9 billion. The Department is investing in priorities, keeping our resources focused on activities that will strengthen U.S. global competitiveness, spur economic growth and innovation, advance science and innovation, and promote coastal and ocean stewardship. The Department will support these investments with a commitment to organizational effectiveness, implementing efficiencies and improvements that will benefit both our customers and our employees.

The chart below shows the FY 2012 budget, as compared to the FY 2010 Actual funding, the FY 2011 CR (annualized), and the FY 2011 President's Budget request. The FY 2012 Budget is \$242 million below the FY 2011 CR level.

Note: 2010 Actual includes peak funding of 2010 Census operations.

Making Tough Choices to Invest in the Future

The Department made tough choices about which programs to invest in, and which programs to reduce in FY 2012 in order to fund the highest priority investments to strengthen U.S. global competitiveness, promote cutting-edge science to improve innovation and technology, and support environmental stewardship, while being fiscally responsible. Determining which priorities to fund was a difficult process. The Department reviewed its programs and focused on how well they were aligned with the core mission of the bureaus and, given scarce resources, if the funds were better directed toward higher-priority programs. This resulted in about \$255 million in savings. In all, the Department's FY 2012 budget proposes ending, reducing, or restructuring over 15 lower priority programs for a savings of about \$113 million. Within this amount, the Department proposes to reduce or eliminate funding for programs that are no longer necessary, such as the Emergency Steel Loan Guarantee program (-\$43.0 million) and the Trade Adjustment Assistance Program (-\$15.8 million), or are a lower priority in a difficult fiscal climate, such as eliminating a number of statistical reports produced by the Census Bureau (-\$11.2 million), the Public Telecommunications Facilities Grant Program (-\$20.0 million), and the Baldrige Performance Excellence Programs (-\$2.1 million).

Investing in Priorities

Within the \$8.8 billion request, the budget proposes investments for the Secretary's high priority goals and initiatives. In FY 2012, the Department will:

- Drive an aggressive innovation agenda that will provide the foundation of future economic growth. The budget requests \$1.0 billion for research and development programs and economic development activities to promote U.S. innovation and competitiveness.
- Strengthen our global competitiveness and foster domestic job growth while protecting American security. The budget requests \$627.9 million for programs to increase U.S. exports and prevent those products that are truly sensitive from falling into the wrong hands.
- Promote better understanding of economic and social data to support economic growth. The budget requests \$1.1 billion for programs to support data collection and production that inform decision-making.
- Create market opportunities that equip businesses and communities with the tools they need to create new businesses and quality jobs with special emphasis on unserved and underserved groups. The budget requests \$357.2 million for these activities.
- Support environmental stewardship of marine resources through science and services, strengthen the resiliency of coastal communities, and improve weather forecasting. The budget requests \$5.5 billion for these programs.

Innovation: Building Future Economic Growth

The Department of Commerce is responsible for providing the tools, systems, policies, and technologies that will enable U.S. businesses to maintain their technological advantage in world markets. The USPTO facilitates the generation of innovative and commercially viable processes and products, while protecting the intellectual property rights (IPR) of the inventor. Efficient and thorough review of patents and trademarks optimizes the economic value to investors and improves U.S. competitiveness. NIST and NOAA provide support for cutting-edge research and technology that fosters innovation. Grants administered by EDA play a large role in supporting the innovation ecosystem that is required to foster economic development in distressed communities. Communication technologies are key to business growth and NTIA assists by improving telecommunications performance, optimizing the use of the Federal spectrum, and increasing broadband access.

Promoting Standards for National Priorities – NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology that enhance economic security and improve our quality of life. To carry out its mission, NIST conducts an intramural research program composed of laboratories, technical programs, and national research facilities. The FY 2012 budget recognizes the important role of NIST’s programs in advancing innovation under the President's Plan for Science and Innovation, which intends to double NIST’s laboratory research budget. The FY 2012 budget requests \$763.5 million for NIST laboratories, including Scientific and Technical Research and Services and construction funds. This funding level keeps NIST on path to double its laboratory research budget. NIST’s FY 2012 initiatives focus directly on addressing measurement-related barriers and other technical challenges critical to fostering innovation in the private sector. These initiatives include: ensuring a secure and robust cyber infrastructure; providing measurements to support nanotechnology-based products; establishing interoperability standards for emerging technologies; strengthening measurement services in support of industry needs such as robotics and advanced materials; supporting innovations in biomanufacturing and smart, sustainable manufacturing; enhancing measurements to support advanced infrastructure delivery and resilience; and strengthening measurements and standards to support increased energy efficiency and reduced environmental impact.

In FY 2012, NIST will expand its programs to support technological innovation specifically targeted at manufacturing. The \$75 million requested for the Technology Innovation Program will continue to fund high-risk, high-reward research targeting the manufacture of advanced materials and technologies needed to improve the efficiency of biomanufacturing. In addition NIST is also launching the Advanced Manufacturing Technology Consortia (AMTech) Program, a novel public-private partnership program for R&D investment aimed at increasing the nation’s return on its scientific investment, collapsing the timescale of technological innovation, and ultimately expanding the value added captured by the domestic economy from emerging technologies. The initial \$12.3 million requested for the program will provide grants to industrial consortia to develop road-maps of critical long-term industrial research needs, and provide directed R&D funding to leading universities and government laboratories to meet the identified needs.

Strengthening U.S. Competitiveness through Innovations in Atmospheric and Oceanic Research – NOAA’s atmospheric and ocean, coastal and Great Lakes research and applied science is at the forefront of discovery and is a critical component of advancing the goals of the America COMPETES Reauthorization Act of 2010. The President’s budget request for FY 2012 includes \$212.0 million for NOAA’s Office of Oceanic and Atmospheric Research. A prime example of NOAA’s work in advancing innovative technologies for weather forecasting is the adaptation of naval radar technology for use in severe weather and tornado forecasting. This work has the potential to improve the average lead time for tornado warnings. NOAA is also leading the way in weather modeling and research. Since the 1980s, the Agency has more than doubled the accuracy of hurricane track forecasts. In FY 2012, the President’s budget invests \$2 million to advance our capabilities to understand and forecast atmospheric conditions to support clean wind energy generation in the United States. The Administration is committed to ensuring NOAA’s satellite coverage continuity that is needed for monitoring weather and climate by providing \$1.9 billion to fund the development and acquisition of NOAA’s polar-orbiting and geostationary weather satellite systems, satellite-borne measurements of sea level and other climate variables, and other space-based observations.

Protecting Intellectual Property Rights – The United States Patent and Trademark Office’s (USPTO) work in fostering innovation is a crucial driver of job creation, economic recovery, and prosperity. American innovators and businesses rely on the legal rights associated with patents in order to reap the benefits of their innovations. Quality and timely issuance of patents provide certainty in the market, and allow businesses and innovators to make informed and timely decisions on product and service development. Processing patent applications in a quality and timely manner advances economic prosperity by using intellectual property (IP) as a tool to create a business environment that cultivates and protects new ideas, technologies, services and products. For FY 2012, \$6.1 million is requested for projects in the Office of the Chief Economist to document the link between IP rights protection, innovation, exports and economic growth; and to expand the intellectual property rights attaché program in order to address country-specific and regional IP problems in key parts of the world, such as Sub-Saharan Africa, Mexico and countries in Central America.

Addressing unacceptably high patent pendency times and a backlog of unexamined patent applications is a priority goal. The USPTO has committed to achieving an average first action pendency of 10 months, with an average total pendency of 20 months by 2014 and 2015, respectively. The current backlog of over 700,000 patent applications stands as a barrier to innovation and economic growth. The USPTO has committed to reducing the patent backlog to 356,000 by FY 2014.

Advancing the Internet Economy by Promoting Online Privacy, Security, and Trade -- The Internet has the ability to act as a key driver for the creation of enterprises and commercial activity in communities. In FY 2012, NTIA proposes an initiative entitled Internet 3.0 – Internet Innovation, totaling \$1.0 million. Online commerce provides trillions of dollars in revenue for U.S. companies, but many wide-ranging issues must be addressed in order to maintain this dynamic economic engine and the United States’ leadership role. These issues include online privacy, cyber security, and copyright protection, while assuring the free flow of information globally. If not addressed domestically and globally, legitimate and lucrative uses of the Internet could be curtailed. A strong global Internet economy will empower consumers and users in online transactions and will create opportunities for new economic activities. For this reason, Secretary Locke created the Internet Policy Task Force. This initiative will further support the Secretary’s goals through establishing ways to set “rules of the road” and providing the assurance that the Internet is a trusted, reliable marketplace.

Expanding the Information Highway – In FY 2012, NTIA will also continue its work in fostering greater access to and use of broadband services throughout the nation. NTIA completed the award of its broadband grants at the end of FY 2010, and now the funded projects are being built and implemented. Funds for these projects are released based on performance of construction milestones, and the projects will continue to be built in FY 2012 and beyond. The budget requests \$12.2 million for management of the program and oversight of individual projects. NTIA also will continue to review Federal use of radio spectrum, looking for opportunities to improve efficiency and free up additional spectrum that can be used by the private sector for wireless broadband applications. These efforts support the President’s Wireless Innovation and Infrastructure Initiative which includes NTIA and the Federal Communications Commission finding an additional 500 MHz of spectrum for wireless broadband use within ten years.

Promoting Entrepreneurship and Technology Transfer – EDA’s Office of Innovation and Entrepreneurship (OIE), authorized under the America COMPETES Reauthorization Act of 2010, is designed to foster innovation ecosystems and the commercialization of new technologies, products, processes, and services with the goal of promoting productivity and economic growth in the United States. Congress authorized OIE to: (1) develop policies to accelerate innovation and advance the commercialization of research and development, including federally funded research and development; (2) identify existing barriers to innovation and commercialization, including access to capital and other resources, and ways to overcome those barriers, particularly in States participating in the Experimental Program to Stimulate Competitive Research; (3) provide access to relevant data, research, and technical assistance on innovation and commercialization; and (4) strengthen collaboration on and coordination of policies relating to innovation and commercialization, including those focused on the needs of small businesses and rural communities.

Information Science: The National Technical Information Service (NTIS) provides the nation a central resource for government-funded scientific, technical, engineering, and business related information. The agency deployed the National Technical Reports Library that provides direct access to full metadata and full text documents within the NTIS collection. The library has substantially improved public access to information, stimulating innovation and discovery. NTIS continues to work with the open government community to expand the dissemination and exchange of federally-funded science and technology research information within scientific communities, the federal government and the public on a self supporting, reimbursable basis. The collaboration stemming from NTIS efforts adds value to content and fosters innovation and entrepreneurship.

International Competitiveness: Job Creation through Trade

Commerce strives to improve the U.S. global competitiveness and foster domestic job growth while protecting American security. The FY 2012 budget request will increase U.S. exports, ensure effective export control and trade compliance, and make certain that trade remedy laws are enforced.

Increasing U.S. Exports – Exporting is good for American business, good for American workers and good for American jobs. That is why President Obama announced the National Export Initiative (NEI) and set the goal of doubling U.S.

exports in five years, an increase that will support millions of American jobs and lead to long-term, sustainable economic growth for the United States. The Department of Commerce is committed to working with U.S. companies to help American-made goods and services succeed in the global market. ITA's export promotion services and advocacy for open markets directly support the NEI.

The FY 2012 budget request for ITA includes an increase of \$81 million to support: (1) expanding programs designed to enhance exports by small and medium-sized enterprises; (2) promoting Federal resources currently available to assist exports by U.S. companies; (3) ensuring that U.S. Government-led trade missions effectively promote exports by U.S. companies; (4) making sure that Commercial Advocacy effectively promotes exports by U.S. companies; (5) improving market access overseas for our manufacturers, fishermen, farmers, and service providers by actively opening new markets, reducing significant trade barriers, and robustly enforcing our trade agreements; and, (6) developing a framework, including policy and export promotion tools, for exports of services.

With this budget request, ITA will continue its efforts to help current exporters expand to more markets. This includes leading more trade missions; helping U.S. companies win more foreign procurement bids; bringing more foreign buyers, distributors, and partners to U.S. trade shows; and providing more business-to-business matchmaking services to U.S. companies. In addition, ITA will continue to assist companies and create trading opportunities by identifying, overcoming, and resolving trade policy issues and ensuring that our trading partners fully meet their obligations under our trade agreements.

ITA will continue to focus on increasing U.S. exports to major emerging markets where there is rapid growth and large numbers of potential customers such as Brazil, India, and China. ITA is also focusing on engaging high-growth, emerging markets with large public procurement-driven opportunities, such as Vietnam, Saudi Arabia, Turkey, Colombia, South Africa, and Indonesia, to reserve a place for U.S. exporters in markets of the future. As these markets may not be the right markets for every company and sector, ITA will avoid a one-size-fits-all approach and continue to link U.S. companies to markets where their prospects for success are most promising.

Aiding National Security by Supporting Economic Security - The Bureau of Industry and Security (BIS) advances U.S. national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system, and by promoting continued U.S. leadership in strategic technologies. The FY 2012 President's budget recognizes the important role of BIS programs and supports this national security mission with a request of \$111.2 million. BIS has primary responsibility, in coordination with several other agencies, for implementing U.S. export control policy on dual-use commodities, software, and technology. To accomplish its objectives, BIS administers, and amends as necessary, the Export Administration Regulations (EAR). The EAR set forth license requirements and licensing policy for the exports of dual-use items. Enforcement of the U.S. dual-use export control laws and regulations and the U.S. antiboycott regulations is a critical component of the BIS mission. Enforcement efforts encourage compliance, prevent and deter violations, disrupt illicit activities, and bring violators to justice. BIS achieves these important objectives through a law enforcement program focused on parties engaged in exports of sensitive commodities, software, and technology to end uses, end users, and destinations of concern.

Science in Service to the Nation

The Commerce Department focuses on generating and providing timely data and analysis to support effective decision-making by policymakers, businesses, and the American public in order to promote innovation and new technologies, support economic growth, and improve public safety.

Climate Services - NOAA contributes state-of-the-art applied research in service to the nation. The FY 2012 President's Request includes approximately \$3.5 billion in funding to advance significant areas of science and service. The local, regional, and global-scale impacts of climate variability and change are fueling demand for climate products and services and easily accessible, timely scientific data that helps people make informed decisions in their lives, businesses, and communities. To meet these needs, the Department proposes establishing a dedicated Climate Service organization in NOAA on par with the National Weather Service, which will provide authoritative information products and services on climate variability and change. Scientists project that future changes in climate will be larger and more rapid than those

experienced over the past century. These changes will impact public health, natural resources, and major economic sectors, including energy, transportation, agriculture, forestry and fisheries. Business activities accounting for one-third of the U.S. GDP are susceptible to changes in weather and climate. Translating science into services that empower communities, resource managers, and businesses to respond and adapt to these changes is the focus of the NOAA Climate Service.

Data and Analysis Supporting Economic Growth – BEA provides the tools to identify the drivers of growth and fluctuation, and to measure the long-term health and sustainability of U.S. economic activity. One of the valuable services the Department of Commerce provides both the business community – including small, emerging, and well-established businesses – as well as policymakers is timely, accurate and reliable economic data to inform their decision making. These key decision makers deserve innovative statistical tools updated for the dynamic changes in the U.S. economy to make evidenced-based choices about growing their businesses and creating policy that fosters economic expansion. To answer this demand, the Bureau of Economic Analysis (BEA) will focus in FY 2012 on producing new economic statistics and tools to enhance its evaluation of the economic performance of U.S. industries. These new products will form an economic dashboard that will provide policymakers with both detailed and aggregate level indicators of new opportunities as well as warning signs of systematic risk in the economy. BEA is also proposing a new suite of statistics on the American household. This information will provide policymakers and businesses – especially small businesses – with critical information about aggregate household income, spending, savings, assets, liabilities, and fixed expenses – in other words, the purchasing power of American households and how it varies across different households and over time. Major corporations have staffs of economists, advisors, and consultants assisting in interpreting and understanding the economy and guiding investments – small businesses do not. The new data suite will help give small businesses more tools to grow.

Providing the raw material for understanding our Economy's drivers – The U.S. Census Bureau is the premier source of information about the American people and our economy. More than just numbers, this information supports important policy decisions that help improve the nation's social and economic conditions. The Census Bureau is best known for the decennial census; its major data collection activities for the 2010 Census have just been successfully conducted and major data products are being released. In FY 2012, the Census Bureau turns its attention to early planning for the 2020 Census – with a focus on cost containment and research-based design options.

The Census Bureau's demographic statistics programs provide policymakers with social and economic data needed to make effective policy and program decisions as well as providing source data used to create the U.S. official measures of employment, unemployment, consumer prices, poverty, and widely used measures of income and health insurance coverage. The American Community Survey (ACS) provides data on the nation's people and households and is the primary source of demographic and economic data for small geographic areas. As the Federal government's most comprehensive demographic survey, ACS results are used to distribute over \$400 billion in federal funds. In FY 2012, the Census Bureau plans to expand the ACS sample to improve the reliability of ACS estimates for small geographic areas.

The Census Bureau's economic statistics programs provide source data that supply timely, reliable, and widely used measures of economic activity to public and private decision makers. These data account for nearly three quarters of the data used in compiling quarterly estimates of GDP and are widely used by the Federal Reserve, the Council of Economic Advisors and a host of other public, non-profit, educational, and private sector entities. The Census Bureau's trade statistics program provides the closely watched monthly import, export, and merchandise trade balance numbers. Recent improvements include new quarterly and expanded annual information on rapidly changing service sector industries and new information on the characteristics of workers and the businesses where they work as part of the local employment dynamics program. The quinquennial economic and government censuses underpin the current measures. In FY 2012, the major activities for both of these benchmark programs will be underway. In addition, the President's Budget includes an increase to identify methodologies to collect new data on public sector pension programs covering an estimated \$100 billion in these plans and an estimated \$1 trillion in unfunded liabilities.

Market Development and Commercialization: Turning Ideas into Jobs

The FY 2012 budget request encourages job growth and creation with a focus on environmentally and economically sustainable technologies. The best way to encourage and support economic expansion and to increase the prosperity of all Americans is to create market opportunities. The Department assists in developing markets in disadvantaged or distressed communities through private enterprise job creation.

Creating a Framework for More Effective Economic Development – EDA fosters economic development in distressed communities by promoting a favorable business environment to attract private capital investments and higher-skill, higher-wage jobs through capacity building, planning, infrastructure investments, research grants, and strategic initiatives. EDA's programs are designed to serve as a catalyst for assisting distressed communities in achieving their long-term economic potential through the strategic investment of resources based upon locally and regionally developed priorities. In FY 2012, EDA requests \$284.3 million in grant funding to support the Agency's efforts to accelerate the 21st Century economy by supporting sustainable job growth and regional competitiveness across the United States through the Jobs and Innovation Partnership. At its core, the Jobs and Innovation Partnership puts regional innovation cluster strategies as the platform for linking, aligning, and organizing multiple initiatives across the Federal government and across the nation's metropolitan and rural areas. It is through the Jobs and Innovation Partnership framework that EDA will advance key priorities in FY 2012, including: the next generation of the successful i6 Challenge; the multi-agency Taskforce for Advancing Regional Innovation Clusters. EDA's i6 challenge and the Energy-Regional Innovation Cluster investment succeed in breaking down silos within the Federal government to offer an aligned funding source for innovative projects that have long-term, sustainable results for job creation and private investment. Additionally, as the only Federal agency devoted exclusively to promoting economic development, EDA will continue its important role in making catalytic investments that help distressed and historically disadvantaged communities and businesses recover and become more competitive through a range of mechanisms.

Promoting Minority Business Development – The Minority Business Development Agency (MBDA) actively promotes the ability of minority business enterprises (MBE) to grow and to participate in the global economy. Today, the minority population in the United States represents 35 percent of the total U.S. population and is expected to represent 54 percent by 2050. According to the U.S. Census Bureau's 2007 Survey of Business owners, there were 5.7 million minority-owned businesses generating \$1 trillion in gross receipts and employing 5.9 million paid workers. The U.S. needs strong minority-owned firms to achieve maximum economic growth for the Nation.

MBDA is a catalyst to build minority-owned firms of size, scale and capacity. The agency fosters the expansion of opportunities for minority-owned businesses in the global marketplace; identifies sources of financial capital for minority-owned firms; develops and upgrades electronic tools to provide access to growth markets through automated matching of MBEs to public and private sector opportunities; provides management and technical assistance to minority-owned businesses; and advocates for the increased use of electronic commerce and new technologies by MBEs. In FY 2012, MBDA is requesting \$32.3 million in order to facilitate the creation of over \$2 billion in contracts and financings and over 5,000 new jobs.

Hollings Manufacturing Extension Partnership (MEP) – MEP's mission is to act as a strategic advisor to promote business growth and connect manufacturers to public and private resources essential for increased competitiveness and profitability. MEP Centers know their communities and understand their local manufacturing industries. Across the country, they serve as trusted advisors to their manufacturing clients and help them navigate economic and business challenges, capitalize on opportunities and develop pathways leading to profitable growth. Services provided by MEP are grounded in technology-related activities, sustainability, efficiencies through continuous improvement, the integration of supply chains, and increasing the technical and problem-solving skills of the workforce. The \$142.6 million requested for MEP in FY 2012 will expand the MEP program in support of the Administration's policy initiatives for reinventing domestic manufacturing to create jobs and better respond to future challenges and opportunities. As U.S. manufacturers innovate, MEP plays a critical role of connecting manufacturers with the technological resources and solutions they need to compete in their target marketplaces – solutions that often reside in the existing national research laboratory structure. By filling this gap to better connect manufacturers with available technology resources, MEP increases the effective commercialization of technologies, ensuring that technologies efficiently and effectively get transitioned into manufactured products in the United States. MEP commercialization-related services for manufacturers include: matching technologies to manufacturers' needs for new products and processes, providing innovation-based

market diversification services, and working collaboratively with partners to support intellectual property management and alternative financing approaches.

Supporting the Blue Economy and Coastal Communities

Healthy coastal economies rely on a healthy ocean ecosystem. Impacts to water quality, fish stocks, and coastal habitat all impact our coastal communities through potential reductions in tourism, local fishing business, and storm protection. It is the responsibility of the Department of Commerce to sustainably manage our nation's oceans and coasts to promote economic sustainability and to ensure that future generations will also have the ability to enjoy and benefit from these same resources.

Fishery Management and Support – The National Marine Fisheries Service manages living marine resources throughout the Nation's coastal zone and protected areas. Developments in understanding complex ecological connections in the marine environment and the potential socioeconomic impacts on land insure that managers are better able to anticipate and predict the effects of regulatory actions on both the ecosystem and community. The FY 2012 President's Budget requests \$993 million for the National Marine Fisheries Service, of which \$217 million supports protected species research and management and \$776 million funds fisheries science, management and conservation. Rebuilding our Nation's fisheries is essential to preserving the livelihood of fishermen, the economies of our coastal communities, and a sustainable supply of healthy seafood and to restoring ocean ecosystems to a healthy state. Rebuilding U.S. stocks has the potential to increase the annual commercial dockside value by 54 percent, which is an estimated \$2.2 billion. The FY 2012 budget also requests \$8 million to support a National Working Waterfronts grant program to assist fishing dependent coastal communities impacted by changes in regulations or environmental conditions that affect fishing resources which the community depends. The program would support working waterfronts by conducting socio-economic assessments, providing technical assistance and implementing projects that foster economic diversification.

Managing Ocean and Coastal Resources to Strengthen the Nation's Blue Economy – Our oceans, coasts, and marine resources are a source of untold wealth. America has 95,000 miles of shoreline and the world's largest Exclusive Economic Zone at 3.4 million square nautical miles. The oceans and coasts provide many goods and services to the nation: food from wild fisheries and aquaculture, goods from maritime commerce, ship and boat building, energy, minerals, tourism and recreation, and pharmaceuticals. While large sections of our nation are removed geographically from the oceans, important coastal activities support the heartland's economies. Nearly 80 percent of U.S. imports and exports freight is transported through seaports. NOAA's National Ocean Service is responsible for the nation's coastal and ocean stewardship, and it accomplishes this by observing, measuring, assessing, mapping, and managing coastal and ocean areas, as well as through response and restoration activities. The FY 2012 budget requests \$558.6 million for NOS, including \$157.4 million for navigation, tide and current data, and hydrographic services to facilitate safe, efficient, and environmentally sound transportation. As the use of our oceans and along our coasts continues to increase for multiple purposes, the challenge is to maintain economic and social benefits while protecting marine ecosystem services. The budget also strongly supports the President's National Ocean Policy, proposing \$6.8 million to integrate data across the public and private sectors to inform coastal and marine spatial planning (CMSP) and providing \$20 million in grants to support regional partnerships as they develop comprehensive CMSP plans. This new capability will help resolve conflicts among ocean uses, informs trade-off decisions, and allows managers to assess cumulative environmental impacts.

NOAA's ocean and coastal resource management programs span a broad array of resource and development issues, including coastal zone management, coral reef conservation, national marine sanctuaries, national estuarine research reserves, and coastal land conservation. Balancing ecosystem health with human use of ocean and coastal resources is a challenge met by NOAA's Coastal Zone Management Program (CZMP) – a federal-state partnership that supports states' efforts to conserve and responsibly develop our coastal communities and resources. The Office of Response and Restoration (OR&R) provides comprehensive solutions to environmental hazards caused by oil, chemicals, and marine debris. OR&R provides scientific support for oil and chemical spill response and damage assessments in coastal waters.

Commitment to Organizational Effectiveness

Under the leadership of President Obama and Secretary Locke, the Department of Commerce is undertaking a number of initiatives to streamline government and improve the Department's internal management functions. The Secretary is committed to driving economic growth by transforming the customer experience, by connecting U.S. businesses with Department and partner organization programs, products and services through a central point of contact. We are working across bureaus and across Federal agencies to provide focused input in areas most directly relevant to U.S. commerce. Our goal is to provide enhanced value by efficiently and effectively meeting the needs of individuals and businesses, as well as our government customers.

CommerceConnect – The CommerceConnect initiative is a new business assistance model that better serves the public by unifying Department resources to provide customized person-to-person support to help entrepreneurs and businesses achieve their objectives and generate economic growth. The objective of CommerceConnect is to create American jobs by connecting U.S. businesses with Commerce and other Federal programs, products and services as well as state and local partners to meet client business needs throughout their life cycle. With the FY 2012 request, CommerceConnect will expand services by leveraging existing Commerce Department bureau field offices across the U.S. and integrating them through a Virtual CommerceConnect information technology infrastructure. The dedicated field office and existing bureau field offices help to target local and regional economic challenges – providing geographically specific business solutions. Virtual CommerceConnect will fully integrate all the components of the CommerceConnect initiative, and will capture, maintain, and share client and program information through a cloud-based computing solution. Virtual CommerceConnect includes an interactive virtual assistance center to intuitively direct businesses to services that meet their needs, a customer relationship management (CRM) system for tracking services to business clients and performance metrics, and the development and maintenance of a robust program knowledgebase for knowledge sharing and cross-training of bureau staff.

Securing DOC Cyber Infrastructure – Cybersecurity is vital to the economic and national security interests of the United States. The Department developed a Cyber Security Strategic Plan that identifies cybersecurity priorities for the Department's own operations. The FY 2012 budget request for \$23 million will fund cyber security improvements in enterprise-wide security capabilities and functions, including a continuous monitoring infrastructure to implement and monitor key information technology (IT) security controls on assets across the Department. Security functions provided by this infrastructure include patch management, vulnerability scanning and remediation, asset management, configuration management, host-based intrusion prevention and improved anti-virus protection. This request will also fund an enterprise security operations center that will provide support for Department-level security operations, situational awareness, and response. Together, these capabilities will better enable the Department to effectively detect, analyze, respond to, remediate, and manage IT risks.

The Department also supports improvements in cybersecurity practices that span the private and public sectors. In particular, the FY 2012 budget includes \$44.0 million for cyber security related programs at NIST, including \$24.5 million to support the National Strategy for Trusted Identities in Cyberspace (NSTIC), and \$4.0 million to support the National Initiative for Cyber Security Education (NICE). This funding will greatly enhance NIST's ability to strengthen the cyber security assurance posture of current and future information technologies and improve the trustworthiness of IT components such as claimed identities, data, hardware, and software for networks and devices.

Acquisition Reform – In June 2010, Secretary Locke directed a comprehensive review of the acquisition processes across the Department of Commerce. In his directive, the Secretary called for a review of lessons learned, identification of problems and inefficiencies with the current processes, and implementation of best practices to ensure that effective acquisition processes are in place. The Secretary's charge resulted in a comprehensive acquisition improvement effort led by the Department's Chief Financial Officer and Assistant Secretary for Administration. Six projects form the foundation of the improvement effort, each designed to achieve meaningful and sustainable improvements in acquisitions. These projects are focused on improved requirements, stronger planning and risk assessment, strategic sourcing, better defined roles and responsibilities of department management and the bureaus, improved customer service and a stronger acquisition workforce, and a stronger, more user-friendly automated acquisition IT system.

The Department is on target to meet an ambitious set of goals surrounding each initiative. In FY 2012, the Department will save \$30 million to \$50 million through strategic sourcing, strengthen acquisition requirements through a new integrated, enterprise wide approach, implement a new acquisition planning and risk assessment process, launch a new Center of Excellence to service small bureaus, and strengthen department management of acquisition through comprehensive performance metrics, clearly defined roles, and full integration of acquisition into other critical department-wide reform efforts in risk, IT and facilities and management.

The table below shows the theme of the FY 2012 Request to strengthen activities that are necessary for the effective functioning of the Department's existing programs (dollars in millions).

Bureau/ Line Office	Program Name	FY 2012 Request	
		Base Funding	Increase
ESA	Modernization of Statistical Production	\$0.0	\$3.0
NOAA/PS	Commerce Business Systems	\$10.5	\$5.0
NOAA/NWS	NOAA High Performance Computing	\$29.2	\$11.0
NOAA/OMAO	Homeport Facility Lease Costs at Davisville, RI and Newport, OR	\$1.3	\$1.9
NOAA/PS	Facility Maintenance	\$4.5	\$10.0
NOAA/PS	Enterprise IT Security	\$9.3	\$5.1
NOAA/OMAO	Major Repair Period for NOAA ships <i>Ka'imimoana & Miller Freeman</i>	\$0.0	\$11.6
NIST	Building 1 Renovation - Boulder, Co	\$0.0	\$25.4
DM	Cybersecurity	\$0.0	\$27.6
TOTAL		\$54.7	\$100.6

Administrative Savings

The Department of Commerce's FY 2012 budget identifies over \$142 million in administrative cost savings in support of the President's Administrative Efficiency Initiative, providing real reductions to the cost of doing business. Within this amount, \$39.2 million will be reinvested by bureaus to strengthen valuable programs. The Department wants to maximize the value for every dollar spent. The Department is primarily focusing its reductions in the following areas: acquisition reform, human capital, logistics, general administration, and information technology. One of the keys to acquisition reform is strategic sourcing. The goal of the Department in undertaking strategic sourcing is not only to achieve significant savings through lower costs, but to streamline operations, standardize what we buy, improve visibility and transparency into Department-wide acquisition, and improve the terms and conditions on our contracts. The Department will be seeking savings in human capital by reducing the burden caused by workers compensation claims and offering early retirement and separation incentives. The Department will also focus efforts on obtaining savings in travel and transportation costs, facilities consolidation efforts, and in the purchase of office supplies, printing costs, and centralized services. Lastly, we anticipate savings in information technology through data center consolidation and slowing the replacement cycle for computer hardware.

The table below reflects \$142.8 million in Administrative Savings (dollars in millions).

Bureau	Administrative Savings
Departmental Management (DM)	(\$2.8)
Office of the Inspector General (OIG)	(\$0.3)
Economic Development Administration (EDA)	(\$0.4)
Census Bureau	(\$20.0)
Economic and Statistical Analysis (ESA)	(\$0.6)
International Trade Administration (ITA)	(\$10.0)
Bureau of Industry and Security (BIS)	(\$2.0)
Minority Business Development Agency (MBDA)	(\$0.3)
National Oceanic and Atmospheric Administration (NOAA)	(\$67.8)
U.S. Patent and Trademark Office (USPTO)	(\$26.3)
National Institute of Standards and Technology (NIST)	(\$11.6)
National Technical Information Service (NTIS)	(\$0.1)
National Telecommunications and Information Administration (NTIA)	(\$0.6)
TOTAL	(\$142.8)

Overall, the FY 2012 President’s Budget for the Department of Commerce balances the needs to assist our evolving economy and reduce the deficit. The FY 2012 Request boosts competitiveness; promotes exports; improves weather forecasting, climate modeling, fisheries management and ocean programs; invests in spectrum; and strengthens statistical programs through investments in strategic programs and difficult program reductions and eliminations.