

U.S. DEPARTMENT OF COMMERCE

FISCAL YEAR 2015

Summary of Performance and Financial Information



Statement from the Secretary



I am pleased to present the Department of Commerce's Fiscal Year (FY) 2015 Summary of Performance and Financial Information. This report highlights the Department's accomplishments and the challenges we faced in FY 2015 and provides information on our financial management and performance. The Department helps create the conditions for economic growth through 13 bureaus that provide a wide range of services. Every day, the Department promotes innovation, entrepreneurship, competitiveness, and stewardship and conducts world-class scientific research. The Department achieves its mission in partnership with U.S. businesses, state and local governments, the academic community, and creative individuals in every walk of life.

The National Oceanic and Atmospheric Administration's (NOAA) weather forecasts, climate and ocean monitoring, marine resource management, and support for marine commerce are vital to sustainable economic growth and our quality of life. The Economics and Statistics Administration (ESA), including the Census Bureau and the Bureau of Economic Analysis (BEA), provides the economic and demographic information necessary to evaluate growth, understand markets, and make sound decisions for the future. The National Telecommunications and Information Administration (NTIA), through broadband grants and spectrum reform, is expanding the information highway to propel job growth and competitiveness. The National Institute of Standards and Technology (NIST) and the U.S. Patent and Trademark Office (USPTO) are critical to supporting innovation and advancing the quality of our products and manufacturing processes. 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 at the International Trade Administration (ITA) directly support our Nation's international competitiveness and help U.S. companies sell more of what they make in countries around the world. The Bureau of Industry and Security (BIS) regulates exports that can be used to undermine the security of the US.

The following are some of our FY 2015 accomplishments and current initiatives. Additional accomplishments are described in the performance section of this report.

Trade and Investment

ITA continued to advance U.S. commercial and economic interests through its three business units based in Washington, D.C. and around the world working together to achieve ITA's mission.

In FY 2015, the Industry and Analysis(I&A) Market Development Cooperator Program generated \$493 million dollars, exceeding its \$437 million target. Enforcement and Compliance (E&C) initiated 62 anti-dumping and countervailing duties investigations based on petitions from U.S. industries. This is a 15-year high in the number of cases initiated by Commerce. E&C completed 384 determinations compared to an annual average of 348 determinations completed over each of the prior four fiscal years. Global Markets (GM) recorded 287 commercial diplomacy and advocacy wins, exceeding the annual target goal of 250, and served 25,029 business clients, a jump of 42 percent over the number served during FY 2014. Moreover, 73 percent of clients served by ITA's GM reported that the Department helped them achieve their export objectives. This exceeded the annual target of 71 percent for this agency priority goal. Finally, 84 percent of GM clients said they are highly likely to recommend GM assistance. GM offers U.S. companies a robust set of capabilities to help them achieve their international exporting goals, whether those goals are to set up an overseas distribution channel, gain easier access to challenging markets, or meet additional foreign buyers for their goods.

Additionally, through SelectUSA, GM increases high-impact foreign direct investment into the United States by leading coordinated investment promotion for the U.S. GM investment teams developed country and industry-specific strategies in 32 economies with substantial potential for investments in the United States. Through SelectUSA's enhanced outreach efforts, GM proactively engages the foreign investment community in identifying the information and services they need to invest in the United States. By assisting 1,651 diverse investment clients from 67 countries in FY 2015, Commerce increased the number of unique clients assisted by almost 60 percent compared to FY 2014. Sponsoring the 2015

SelectUSA Investment Summit, Commerce built on the success of the first Summit in 2013 by doubling the number of attendees to over 2,600 participants. International investors were well represented, with over 1,120 representatives of firms and business organizations from over 70 markets. Participants included U.S. Economic Development Organizations (EDOs) from 50 states, two territories and the District of Columbia.

In FY 2015, and continuing into FY 2016 multiple Commerce bureaus worked in collaboration with the Office of the U.S. Trade Representative on refining trade agreements. This ensured that U.S. negotiating objectives considered the priority needs of U.S. industries competing in the global market. These priorities include strong and effective disciplines on trade barriers to address foreign government actions and policies that impede the export of U.S. goods and services. In FY 2015, nearly \$3.58 billion in exports were created or retained as a result of preventing, reducing or removing trade barriers, more than twice ITA's goal of \$1.5 billion.

Commerce bureaus will increase efforts to communicate the benefits and importance of exporting especially to small and medium-sized enterprises and to foreign markets and buyers. ITA will implement business engagement strategies, including outreach and educational events, analyses of the impact of exports, and testimonials from successful exporters.

Since the initial implementation of Export Control Reform (ECR), BIS and the Department of State have revised fifteen of the twenty-one U.S. Munitions List (USML) categories and corresponding controls on the Commerce Control List (CCL). U.S. exporters have shipped over \$8.2 billion in less-sensitive military items and commercial spacecraft items under the more flexible controls of BIS. In addition, during the fiscal year, BIS processed 14,466 license applications for such items that moved from the USML to the CCL. BIS continued to educate the public on changes made under ECR by conducting more than 50 outreach activities that reached more than 5,262 participants.

Innovation

USPTO has continued to foster innovation, competitiveness, and economic growth by retooling their systems to make them faster, better and more customer-oriented. Cycle time for patents has again improved; average total patent pendency has been reduced from a high of 35.3 months in FY 2010 to 26.6 months in FY 2015. Likewise average trademark pendency has improved from 11.8 months in FY 2008 to 10.1 months in FY 2015.

In response to Executive Order 13636, *Improving Critical Infrastructure Cybersecurity*, NIST developed a voluntary framework for reducing cyber risks to critical infrastructure. The framework promotes the wide adoption of practices to increase cybersecurity across all sectors and industry types. It seeks to provide owners and operators a flexible, repeatable and cost effective risk-based approach to implementing security practices and supports channels for communicating security requirements to multiple authorities and regulators. NIST has been educating broad audiences about the framework's use and value. The framework is being used voluntarily across the country, in a host of sectors, by organizations ranging from multinationals to small businesses. The framework is not intended to be a static document and NIST continually seeks information and feedback on improving the framework.

The NIST Hollings Manufacturing Extension Partnership (MEP) program continues to provide valuable services to America's small and medium manufacturers. For every one dollar of federal investment, the MEP generates \$17 in new sales growth and \$24 in new client investment. This translates into \$2.3 billion in new sales annually. For every \$1,900 of federal investment, MEP creates or retains one manufacturing job.

NIST expanded a number of partnerships with experts in academia to expand capabilities in emerging areas of science and national need. NIST awarded two new Centers of Excellence to provide a collaborative interdisciplinary environment to address innovations in measurement science and emerging technical needs. The new Centers are focused on community resilience and improving the statistical analysis of forensic evidence.

During FY 2015, NTIA's Broadband Technology Opportunities Program (BTOP) grant recipients connected approximately 25,800 total community anchor institutions, and deployed more than 115,500 miles of new or upgraded network miles. NTIA also reached 337 new communities with broadband assistance. In addition, the State Broadband Initiative, which funded state data collection and analyses for the National Broadband Map, released a new data set and updated the Map.

In FY 2015, MBDA helped create 22,347 jobs through cooperative agreements with local partners, nearly twice the highest level ever previously recorded by the Agency. In addition, MBDA helped clients obtain over \$4.7 billion in contracts and capital awards.

Environment

In October, 2014, NOAA transitioned into operations its Multi-Radar Multi-Sensor (MRMS) system, which helps forecasters manage the high volume of available weather data. The MRMS system generates products every two minutes, streamlining large amounts of data from multiple sources to provide more accurate and complete weather forecasts than traditional, single-radar systems. Using MRMS, National Weather Service (NWS) forecasters can pinpoint the location of severe thunderstorms, hail swaths, tornado tracks, and heavy rainfall. Because MRMS provides better depictions of high-impact weather events such as heavy rain, snow, hail, tornadoes, and other threats, forecasters can quickly diagnose severe weather and issue more accurate and earlier forecasts and warnings. MRMS also feeds storm scale information into the High Resolution Rapid Refresh Model's data assimilation system. Implementation of the system into NWS operations was funded in part by the Disaster Relief Appropriations Act, 2013.

On February 11, 2015, NOAA launched DSCOVR, the United States' first operational deep space satellite. DSCOVR is a vital piece of our international space weather observing system. It provides NOAA's Space Weather Prediction Center forecasters high-quality measurements of solar wind conditions, improving their ability to monitor and warn of potentially dangerous geomagnetic storms. Early warnings are crucial because solar storms can disrupt public infrastructure, such as transportation systems, power grids, telecommunications, and Geographic Positioning Systems (GPS). Early geomagnetic storm warnings allow infrastructure managers from the commercial airline, electric power, and GPS industries to take appropriate mitigation actions.

Released in April 2015, NOAA's *Status of Stocks 2014: Annual Report to Congress on the Status of U.S. Fisheries*, reported that the number of fish stocks subject to overfishing or overfished has declined to an all-time low. This success is the result of the combined efforts of NOAA, the regional fishery management councils, and our partners in industry, research, and conservation communities. Stocks subject to overfishing are down from 17 to 8 percent and overfished stocks are down from 24 to 16 percent since 2007. A total of 39 stocks have been rebuilt since 2000 thereby allowing additional fishing opportunity in those fisheries.

Finally, on June 9, 2015, for the first time, NOAA improved hurricane track and intensity forecasts for the Western North Pacific, Southern Pacific, and North and South Indian oceans. NOAA upgraded the Hurricane Weather Research and Forecasting (HWRF) model, which tracks the entire globe to detect tropical cyclones. It can now produce forecast guidance out to five days in advance for up to seven separate storms simultaneously.

Data

The Nation depends on statistics provided by Census and BEA to plan financial and investment strategies, plan for economic (both national and international) expansion, provide funds to needy organizations, and anticipate population shifts that affect the demand for public funds. Information on demographics, including measures of the population, economy, and governments, assists entrepreneurs in identifying market opportunities that can generate jobs. Population estimates serve as a starting point for allocating federal, state, and local funds.

Census completed several steps toward ensuring the efficiency of the 2020 Census. These steps included: 1) Completing data collection operations for the 2015 Census Tests in the Savannah, Georgia media market and Maricopa County, Arizona; 2) Completing systems readiness testing for the 2015 National Content Test; and 3) Issuing the *2020 Census Research and Testing: 2015 Census Address Validation Test* report. The 2015 Address Validation Test was in the field from September 2014 through January 2015. The test was conducted to assess the performance of methods and models that will help staff develop the 2020 Census address list, and to estimate the in-field address canvassing workloads for the 2020 Census.

Commerce will lead the federal government in revolutionizing the approach to data. The Department has hired a Chief Data Officer to centralize its data strategy and improve data operations. In all bureaus, a new Data Advisory Council was formed to tap into the growing field of data experts from businesses, academia, consulting firms, and governments. The Council will consider the vast range of issues and provide advice on how to maximize the value of existing Commerce data.

Operational Excellence

In FY 2015, the Department and the U.S. Small Business Administration continued to make it easier for America's businesses to access government services that help them grow. The product of their collaboration, BusinessUSA, is recognized as a cost efficient, citizen-centric service model. It connects and refers businesses to entrepreneurial assistance provided by all Federal agencies, state, local, and other entities that are able to address their specialized business needs. It cuts through government bureaucracy by allowing online users and callers the ability to navigate among all major business resources from one central location. It is simple to use and reduces users' time and frustration finding the service or information they need. This convenience can impact their growth and development. The BusinessUSA website provides one door to US Government on-line services for businesses and a benchmark for using customer feedback to improve webpages. It has been evolving for four years and is now recognized as a best practice in the business assistance space by putting the voice of the customer at the center of continuous improvement. Customer feedback from multiple channels (surveys, system generated data, focus groups, observation of users) is used to refine site design, content, and features. From FY 2012 to FY 2015, BusinessUSA grew from 250 linked resources to over 57,000 that include state, local and non-profit services. The Department of Commerce is employing best practices from BusinessUSA, other exceptional government websites, and the private sector to improve other Departmental websites. In FY 2015, BusinessUSA had more than four million customer contacts, more than four times its initial target of approximately 935,000.

Additionally, an IT Transformation Road Map for the Department has been adopted. It provides a description of the future state of Departmental IT performance measures, a schedule, and defined roles and responsibilities. Much of the plan has been implemented and includes: cloud-based email; improved security of international travel devices; modernization of workplace technology; an Enterprise Security Operation Center; and Enterprise Continuous Monitoring Operations through the U.S. Department of Homeland Security.

Also, customer feedback mechanisms have been improved for two mission goal areas during FY 2015: "Trade and Investment" and "Data." In Trade and Investment, ITA has refined and expanded its client survey to develop more actionable data, increase response rate, and increase the number of services covered by the survey. Survey design and sampling have benefited from collaboration with Census. As mentioned in the discussion of accomplishments in the Data goal area, an Advisory Council of business technology leaders has been established. They will not only help Commerce move to the leading edge of Big Data but will serve as a source of "customer feedback" on what data businesses need in what form/format. Their input will also include ideas on how private sector data can improve government statistics or make them less costly to produce.

Finally, our financial management systems have been found to be in substantial compliance with the Federal Financial Management Improvement Act (FFMIA) of 1996. In accordance with Office of Management and Budget (OMB) Circulars A-136 and A-11, the financial and performance data published in this report are substantially complete and reliable. These data provide an accurate and transparent accounting of the Department's financial situation and high-level performance results. For the 17th year in a row, the independent auditors tasked with reviewing our financial statements have provided an unmodified opinion. The auditors did identify three significant deficiencies: internal control over financial reporting related to the Department's information technology controls; accounting for Public Safety Trust Fund spectrum auction proceeds; and, accounting for NOAA Corps pension benefits. We will continue to take corrective actions to strengthen controls to these areas in FY 2016.

I am proud to submit this report on the FY 2015 performance of the Department, and hope it provides a useful summary of the results of the Department and its 47,000 employees. I hope it also communicates our commitment to advancing our ability to "create the conditions for economic growth and opportunity." Our plan is to be responsive and nimble, constantly adapting to the fast-changing needs of the U.S. private sector in the 21st century.

Penny Pritzler
Secretary of Commerce
April, 2016

THE DEPARTMENT AT A GLANCE

The FY 2015 Department of Commerce Summary of Performance and Financial Information provides a summary of the budget, financial and performance information. It is designed to assist Congress and the general public in understanding the Department and its role within American society by providing a short succinct picture of the Agency.

EMPLOYEES and LOCATION

The Department is headquartered in Washington, D.C., at the Herbert Clark Hoover Building and had approximately 47,000 employees as of September 30, 2015. The Department has field offices in all states and territories and maintains offices in 66 countries worldwide. The following tables show the locations of the Department's employees.

	STAFF ¹	% OF TOTAL
United States and Territories		
DC Metropolitan Area (includes all of Washington, D.C and parts of Maryland (10,732), Virginia (10,046) & West Virginia (9))	23,947	51.1
Outside DC area (includes all other states and parts of Maryland (495), Virginia (603) & West Virginia (93))	22,554	48.1
Territories (American Samoa, Guam, North Mariana Islands & Puerto Rico) ²	122	0.3
Total, States and Territories	46,623	99.5%
Other Nations		
Northeast Asia (includes China, Hong Kong, Japan, South Korea & Taiwan)	236	0.5%
Europe (includes Austria, Belgium, Bulgaria, Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Poland, Portugal, Romania, Russia, Serbia, Spain, Sweden, Switzerland, Ukraine & United Kingdom)	56	(23.7) ³
Americas (includes Argentina, Brazil, Canada, Chile, Columbia, Dominican Republic, El Salvador, Guatemala, Mexico, Panama & Peru)	50	(21.2) ³
South Asia and Middle East (includes Afghanistan, India, Israel, Jordan, Kazakhstan, Kuwait, Pakistan, Qatar, Saudi Arabia, Turkey & United Arab Emirates)	46	(19.5) ³
Southeast Asia and Australia (includes Australia, Antarctica, Indonesia, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Thailand, & Vietnam)	37	(15.7) ³
Africa (includes Angola, Chad, Egypt, Ethiopia, Ghana, Kenya, Mozambique, Nigeria, South Africa & Tanzania)	30	(12.7) ³
Total, All Staff	17	(7.2) ³
	46,859	

1. Staff levels are based on an Office of Human Resources (OHRM) report showing locations throughout the U.S and the world.
2. Only NOAA (72), Census (49), and ITA (1) have employees in the Territories.
3. Represents the percentage of Other Nations, not the percentage of the total.

Department of Commerce Staff – United States and Territories (46,623 total)

(as of September 30, 2015)

RK	STATE	STAFF	% of TOTAL	RK	STATE	STAFF	% of TOTAL	RK	STATE	STAFF	% of TOTAL
1	Maryland	11,227	24.1	20	Oregon	481	1.0	39	New Mexico	135	0.3
2	Virginia	10,649	22.8	21	Ohio	464	1.0	40	Idaho	130	0.3
3	District of Columbia	3,160	6.8	22	Hawaii	430	0.9	41	Iowa	129	0.3
4	California	1,719	3.7	23	South Carolina	426	0.9	42	Arkansas	127	0.3
5	Indiana	1,454	3.1	24	New Jersey	422	0.9	43	Nebraska	126	0.3
6	Colorado	1,399	3.0	25	Oklahoma	374	0.8	44	South Dakota	122	0.3
7	Florida	1,265	2.7	26	Mississippi	323	0.7	45	West Virginia	102	0.2
8	Washington	1,189	2.6	27	Wisconsin	307	0.7	46	New Hampshire	100	0.2
9	Texas	1,160	2.5	28	Louisiana	293	0.6	47	North Dakota	92	0.2
10	New York	863	1.9	29	Tennessee	259	0.6	48	Rhode Island	88	0.2
11	Arizona	754	1.6	30	Alabama	251	0.5	49	Wyoming	86	0.2
12	Pennsylvania	728	1.6	31	Minnesota	239	0.5	50	Puerto Rico	74	0.2
13	Massachusetts	712	1.5	32	Kansas	208	0.4	50	Vermont	74	0.2
14	North Carolina	649	1.4	33	Kentucky	195	0.4	52	Delaware	53	0.1
15	Michigan	615	1.3	34	Nevada	168	0.4	53	Guam	27	0.0
16	Illinois	604	1.3	35	Montana	162	0.3	54	American Samoa	19	0.0
17	Missouri	532	1.1	36	Utah	158	0.3	55	N. Mariana Islands	2	0.0
18	Alaska	521	1.1	37	Maine	143	0.3				
19	Georgia	492	1.1	38	Connecticut	142	0.3				

Department of Commerce Staff – By Bureau

(as of September 30, 2015)

<u>BUREAU</u>	<u>TOTAL</u>	<u>% OF TOTAL</u>
CENSUS	15,206	32.5
USPTO	12,667	27.0
NOAA	11,542	24.6
NIST	3,389	7.2
ITA	1,431	3.1
DM (OS)	821	1.7
ESA / BEA	498	1.1
NTIA	431	0.9
BIS	361	0.8
EDA	175	0.4
OIG (OS)	165	0.4
NTIS	99	0.2
MBDA	53	0.1
TOTAL	46,838	100%
This table differs from the one that appears on page 9 which reflects Full-Time Equivalent (FTE) Employees		

INTERNET: The Department's Internet address is www.commerce.gov.

FY 2014 – 2018 STRATEGIC GOALS AND OBJECTIVES

Goal 1: Trade and Investment: Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs	
1.1. Increase opportunities for U.S. companies by opening markets globally	ITA, NOAA, NTIA, USPTO,
1.2. Increase U.S. exports	BIS, EDA, ESA, ITA, MBDA, NIST, OS
1.3. Increase high-impact inward foreign direct investment into the United States	EDA, ESA, ITA
1.4. Strengthen fair competition in international trade for U.S. firms and workers	ITA
Goal 2: Innovation: Foster a more innovative U.S. economy—one that is better at inventing, improving, and commercializing products and technologies	
2.1. Accelerate advanced manufacturing	EDA, NIST
2.2. Strengthen the Nation's digital economy	ITA, NIST, NTIA, USPTO
2.3. Catalyze innovation ecosystems	EDA, ESA, ITA, MBDA, NIST, USPTO, OS
Goal 3: Environment: Help communities and businesses prepare for and prosper in a changing environment	
3.1. Advance the understanding and prediction of changes in the environment	NIST, NOAA,
3.2. Build a Weather-Ready Nation	ESA, NOAA
3.3. Strengthen the resiliency of communities and regions	EDA, ESA, NIST, NOAA
3.4. Foster healthy and sustainable marine resources, habitats, and ecosystems	NOAA
3.5. Enable U.S. businesses to adapt and prosper by developing environmental and climate-informed solutions	ESA, ITA, NIST, NOAA,
Goal 4: Data: Maximize the positive impacts of Commerce data on society	
4.1. Deliver increasing amounts of data to governments, businesses, and the public in formats that are easier to access and use	OS, ALL BUREAUS
4.2. Position the Department of Commerce to meet society's future data needs	ESA
4.3. Create a data-driven government	EDA, ESA, ITA, MBDA
Goal 5: Operational Excellence: Deliver better services, solutions, and outcomes that benefit the American people	
5.1. Empower and engage Commerce employees	OS, ALL BUREAUS
5.2. Support a service-oriented culture that responds to the needs of external and internal customers	OS, ALL BUREAUS
5.3. Manage for results	OS, ALL BUREAUS
5.4. Improve facilities, support services, and IT products and services to drive mission success	OS, ALL BUREAUS

THE SYSTEM OF PLANS, BUDGETS AND REPORTS

The FY 2017 planning / FY 2015 reporting cycle involves a significant change in the Department's format for presenting performance planning and reporting information. In the FY 2016 planning / FY 2014 reporting cycle, the bureaus combined performance reporting with performance planning, presenting this information at the end of their Congressional Budget Submissions as their Annual Performance Plan and Report (APPR). Starting with the FY 2017 planning and the FY 2015 reporting cycle, the Department shifted from individual, bureau centric APPRs to a Departmental APPR. The Departmental APPR focuses on the Department as a whole with a structure that coincides with the Department's Strategic Plan and reports on the Key and Supporting indicators that appear in the Strategic Plan. At the end of each bureau section of the Congressional budget, bureaus now provide an APPR Backup document which provides additional details on those indicators along with additional, supporting indicators. The Department took this action to tie annual performance planning and reporting more closely to the Strategic Plan while making the Congressional Budget submission more readable. The performance targets are based on the resource requirements specified in the Budget submission; the bureau indicators are aligned to specific Department Strategic Objectives as outlined in the Department's Strategic Plan.

The Departmental APPR and the bureau APPR Backups provide a public accounting of the Department's FY 2015 performance results completing the Department's performance management process for the fiscal year. The Department also issued a separate FY 2015 Agency Financial Report, at http://www.osec.doc.gov/ofm/OFM_Publications.html

ORGANIZATION

The following table shows the 13 bureaus of the Department along with the amount and percentage of Discretionary Budget Authority and all Full-Time Equivalent (FTE) Employees of each bureau in FY 2015 as presented in the FY 2017 Congressional Budget submission.

Discretionary	Budget Authority (in millions)	% of Total	FTE ²	% of Total
Departmental Management	\$60.5	0.5	781	1.9
Office of the Inspector General	35.4	0.3	155	0.4
Economic Development Administration	250.0	2.1	206	0.5
Bureau of the Census	1,086.4	9.0	9,013	22.1
Economic and Statistical Analysis	100.0	0.8	506	1.2
International Trade Administration	472.0	3.9	1,661	4.1
Bureau of Industry and Security	102.5	0.8	391	1.0
Minority Business Development Agency	30.0	0.2	54	0.1
National Oceanic and Atmospheric Administration	5,447.6	44.9	11,769	28.9
U.S. Patent and Trademark Office ¹	3,456.0	28.5	12,469	30.6
National Institute of Standards and Technology	877.2	7.2	3,202	7.9
National Technical Information Service ¹	169.6	1.4	150	0.4
National Telecommunications and Information Administration	38.2	0.3	363	0.9
Total ¹	\$12,125.5		40,720 ²	

1. So as to better reflect the funding available, USPTO amount reflects spending authority (3,458.0M) and Budget Authority (-2.0M) rather than BA alone. NTIS amount reflects reimbursable obligations. Otherwise USPTO would show a negative amount and NTIS would equal zero. Total amount does not include rescissions.
2. This table reflects Full-Time Equivalent Employees (FTE) and not the number of staff on board. FTE employment means the total number of regular straight-time hours worked by employees divided by the number of compensable hours applicable to each fiscal year. In essence, it is the number of employees / hours needed to achieve the mission of the bureau. This differs from the tables on pages 6 and 7.

FY 2015 FINANCIAL SNAPSHOT

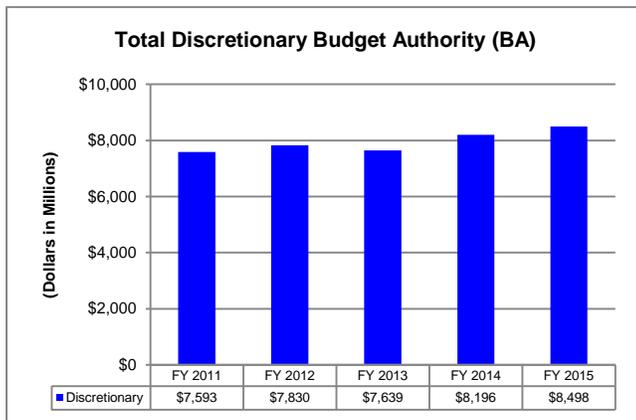
Unmodified Opinion on Financial Statements	Yes	Total Assets as of September 30, 2015	\$39.46B
Timely Financial Reporting	Yes	Total Liabilities	\$4.46B
Material Weaknesses	0	Total Net Position as of September 30, 2015	\$35.00B
		FY 2015 Total Financing Sources	\$15.21B
		FY 2015 Net Cost of Operations	\$7.93B

FY 2015 BUDGET SNAPSHOT

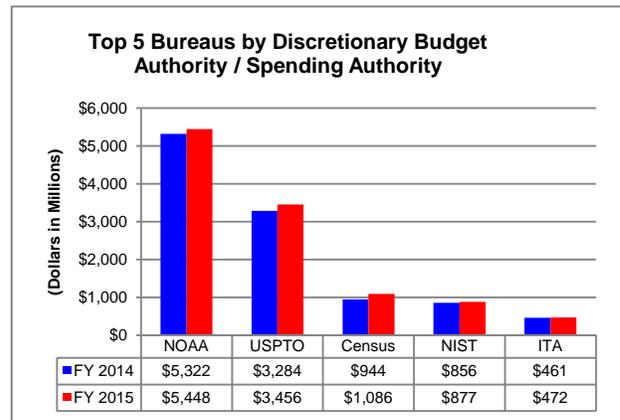
Mission: The Department of Commerce creates the conditions for economic growth and opportunity by promoting innovation, entrepreneurship, competitiveness, and stewardship.

Organization/Personnel: The Department has approximately 47,000 employees, consisting of 13 bureaus ranging in size from 54 employees to over 15,000, with the total number of employees expanding to over 120,000 during a decennial year (e.g. FY 2010).

Budgetary Resources¹: The FY 2015 discretionary budget was approximately \$8.5 billion.



The budget (or discretionary budget authority) refers to the amount that Congress provides. It excludes USPTO fees and NTIS (all reimbursable). Totals do not include rescissions.



To show the size of the largest five bureaus in terms of funding, USPTO amount reflects spending authority (+3,286M – FY 2014, +3,458M – FY 2015) and BA (-2M – both fiscal years) and not BA alone. Totals do not include rescissions.

PERFORMANCE SNAPSHOT

In FY 2015, the Department had many significant accomplishments. NOAA is continuing to improve its flash flood forecasts and is maintaining winter weather lead times over 20 hours, thus both saving lives and minimizing property loss. NOAA also confirmed the end of overfishing. ITA assisted over 25,000 companies with export transactions and removed, reduced or avoided 41 trade barriers. ITA and its federal partners, including the Office of the U.S. Trade Representative generated \$3.576 billion as a result of preventing, reducing or removing trade barriers, and with the assistance of the ITA, Export Trading Companies generated \$22.8 billion in exports. Finally, ITA generated \$493 million in exports from its Market Development Cooperator Program.

EDA Public Works and Economic Adjustment Assistance investments of \$209.7 million in FY 2006 helped generate, by FY 2015, approximately \$3.711 billion in private investment and 57,907 jobs, an approximately 18 to 1 benefit to cost ratio.

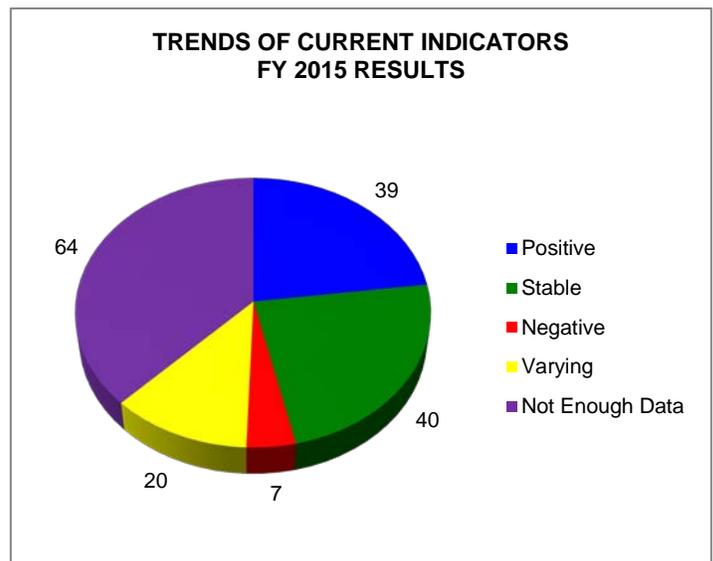
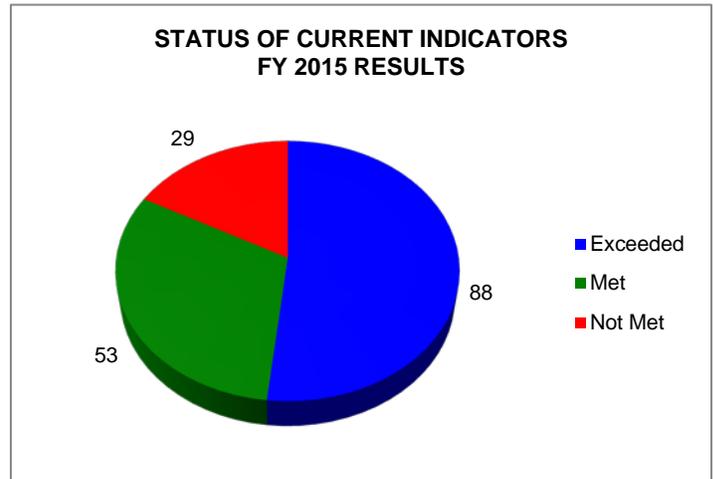
In FY 2015, business assistance funded by MBDA supported clients who obtained \$4.7 billion in contract and financial awards. The NIST Manufacturing Extension Partnership (MEP) continues to provide valuable services to America's small and medium manufacturers. For every one dollar of federal investment, the MEP generates \$17 in new sales growth and \$24 in new client investment. This translates into \$2.3 billion in new sales annually. For every \$1,900 of federal investment, MEP creates or retains one manufacturing job.

By the end of FY 2015, NTIA had generated over 25,000 connections for community anchor institutions and over 115,000 miles of broadband networks deployed.

Overall performance results for the Department show that of the 170 indicators that had results, 88 exceeded the target, 53 met (defined as 90-100%) the target, and 29 did not meet the target.

Overall trends among these indicators reflected the following:

- 39 reflected a positive trend in that over time performance was improving;
- 40 remained stable in their trends. In most cases, these indicators had maintenance targets in that the goal was to maintain a standard over time;
- Seven reflected a negative trend in that performance declined over time;
- 64 were indicators that were not in place for more than three years and therefore a trend could not be detected; and
- 20 were indicators that varied from year to year. This was usually a result of one of three reasons:
 1. Bureau adjustment of targets as a result of past results, particularly if the results are volatile from year to year;
 2. The nature of the indicator changed at one point from one year to another; or,
 3. The results are dependent on the funding level of a given year, leading to a variance in results.



MANAGEMENT CHALLENGES

For FY 2016, the OIG modified the management challenges within the context of the five strategic goals of the Department's Strategic Plan. A crosswalk between FY 2015 and FY 2016 appears in the following table.

Comparison of FY 2015 and FY 2016 Top Management Challenges	
FY 2015 Challenges	FY 2016 Challenges
<p>Trade and Investment:</p> <ul style="list-style-type: none"> • ITA faces the challenge of realizing the benefits of its consolidation and reorganization and improving its customer relationship management system. • BIS must continue its work on migrating its export licensing functions to the Department of Defense's USXPORTS system, and work to fully implement the changes called for by the Export Control Reform Initiative. • EDA must address issues with management of its Revolving Loan Fund program. • The Department will face challenges as its bureaus with grant programs assume new responsibilities regarding single audits of grants. 	<p>Trade and Investment:</p> <ul style="list-style-type: none"> • Promptly addressing remaining issues from ITA's consolidation. <ul style="list-style-type: none"> ○ Developing revised performance plans and providing appropriate training for affected employees. ○ Developing an employee engagement plan. ○ Assessing the level of resources throughout ITA headquarters. • Migrating export licensing functions to USXPORTS • Executing Departmental and bureau oversight of grant recipients
<p>Innovation:</p> <ul style="list-style-type: none"> • USPTO faces challenges in reducing waiting times for filings, advocating for greater global protection for IP rights, responding to stakeholder concerns about patent quality, and managing a large and dispersed workforce. • NTIA faces challenges identifying spectrum for commercial broadband use, addressing the First Responder Network Authority's implementation, and ensuring the sustainability of BTOP grants. • NIST faces challenges in completing the re-competition of Manufacturing Extension Program centers 	<p>Innovation:</p> <ul style="list-style-type: none"> • Improving process time and quality of patent application examinations. • Improving decision timeliness and quality at the Patent Trial and Appeal Board • Advocating for protection and enforcement of IP rights. • Implementing a nationwide public safety broadband network. <ul style="list-style-type: none"> ○ Adequacy of funding ○ Effective consulting ○ Internal control ○ Staffing and other organizational issues • Addressing the increasing demand for radio frequency spectrum
<p>Environment:</p> <p>NOAA faces challenges posed by</p> <ul style="list-style-type: none"> • Satellite acquisitions and development and potential data gaps; • Efforts to improve forecast accuracy; and • The competing needs among fisheries stakeholders and limited marine technology. 	<p>Environment:</p> <ul style="list-style-type: none"> • Keeping satellite acquisition programs on schedule. <ul style="list-style-type: none"> ○ Preparing the JPSS-I satellite for launch ○ Building a fail-safe polar satellite constellation under the Polar Follow-On program. ○ Completing integration and test activities for GOES-R launch • Preparing to process observational data from new satellite missions • Prioritizing national goals for more cost-effective collection of fishing data
<p>Data:</p> <ul style="list-style-type: none"> • Census faces the challenge of designing a more cost-effective 2020 decennial while maintaining its commitment to ensuring a fair and accurate census. • Census, NOAA, and other Departmental data providers must meet the demands of rapidly changing technology. • The Department—with the federal government-wide mandate to comply with the Digital Accountability and Transparency Act of 2014—faces the challenge of developing and implementing a vision for the future of the Department's diverse data resources. 	<p>Data:</p> <ul style="list-style-type: none"> • Delivering a timely 2020 Census that maintains or improves data quality but costs less than the 2010 Census. • Effectively recording, collecting, and using financial data to guide programmatic decisions • Developing, testing, and implementing a cost-effective, secure 2020 Census IT infrastructure. • Improve the respondent experience to the American Community Survey • Achieving the mandate for government-wide data standards of the DATA Act
<p>Operational Excellence:</p> <p>The Department faces the challenges of:</p> <ul style="list-style-type: none"> • improving cybersecurity and IT management, including (a) enhancing the Department's incident detection and response capabilities and overall cybersecurity posture, and (b) managing a fragmented governance structure; • fostering a culture of accountability, including responding to the OIG hotline complaint referrals; • improving financial data quality by addressing (a) the lack of centralized data systems; (b) control weaknesses to the financial accounting for NOAA satellites; (c) financial management challenges within the Office of the Secretary's Working Capital Fund; and (d) turnover within NOAA's financial management leadership ranks; and • reducing acquisition risk (including high-risk contract awards), as well as monitoring contractor performance and maintaining an acquisition workforce 	<p>Operational Excellence:</p> <ul style="list-style-type: none"> • Improving IT controls for financial data processed on the Department's systems. • Identifying a long-term solution to replace Commerce Business Solutions (CBS) • Addressing persistent IT security issues. <ul style="list-style-type: none"> ○ Implementing basic security measures ○ Remediating critical and high-risk vulnerabilities • Improving the quality and thoroughness of system security control assessments. • Continuing to strengthen its incident detection and response capabilities. • Managing high-risk contracts. • Needing a sufficiently staffed and qualified acquisition workforce. • Accuracy of reported Federal Procurement Data System-Next Generation procurement data. • Improving premium-class travel compliance with Federal Travel Regulation. • Creating a Department-wide culture of accountability.

Further discussion of these challenges is on the OIG Website at <https://www.oig.doc.gov/OIGPublications/TMC-FY16-OIG-16-002.pdf>

SUMMARY OF COMMERCE PUBLIC BENEFITS, ACCOMPLISHMENTS AND PERFORMANCE

TRADE AND INVESTMENT

Strategic Goal 1: Expand the U.S. economy through increased exports and inward foreign investment that lead to more and better American jobs

Public Benefits

Trade and investment are critical to the Nation's prosperity. The U.S. is the world's largest economy- the largest exporter and importer of goods and services and the world's largest recipient of foreign direct investment. Increasing trade will help the U.S. economy continue to rebalance from one mostly driven to domestic consumption to one increasingly engaged with the 96 percent of consumers who live outside U.S. borders. As the lead trade and investment promotion agency in the federal government, the Department of Commerce's goal is to increase the international competitiveness of U.S. businesses. Multiple bureaus at the Department, including ITA, NOAA, NTIA, USPTO, BIS, EDA, NIST, and MBDA work together to improve the Nation's prosperity through international trade. For example, the Department's bureaus collaborate with the Office of the U.S. Trade Representative to ensure that negotiations meet the priority needs of U.S. industries competing in the global market; create new market access and effective disciplines on trade barriers through new agreements; and implement trade agreements.

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

- Leveraging U.S. sector and analytical expertise to develop and execute trade policy and promotional strategies;
- Expanding programs designed to enhance exports by small and medium-sized enterprises (SMEs);
- Promoting federal resources currently available to assist exports by U.S. companies;
- Ensuring that U.S. government-led trade missions and Commercial Advocacy effectively promote exports by U.S. companies;
- Improving market access overseas for U.S. manufacturers and service providers by actively opening new markets, reducing significant trade barriers, and robustly enforcing U.S. trade agreements; and,
- Developing a framework, including policy and export promotion tools, for exports of services.

BIS is actively engaged in the Administration's Export Control Reform initiative to enhance U.S. national security and strengthen the Nation's ability to counter threats such as the proliferation of weapons of mass destruction. NTIA develops and influences international standards and policies to support fair competition in the information and communications technology sector, as well as promotes the use of telecommunication devices, thereby speeding the pace of business.

EDA helps communities develop plans and build infrastructure that leverage local private and public sector assets to help build regional capacities for exports and attract Foreign Direct Investment. MBDA assists minority owned business to locate the services and capital they need to successfully export.

FY 2015 Accomplishments

International Negotiations: The Department supported White House-led efforts to promote the passage of Trade Promotion Authority (TPA) legislation, through extensive engagement with Congress and public stakeholders and collection and reporting of trade-related data. TPA will be necessary to implement trade agreements, such as the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (T-TIP), without which exports of U.S. goods and services will continue to face significant – and at times prohibitive – tariff, regulatory and other barriers. In 2015, exports supported 11.7 million U.S. jobs. With 96 percent of the world's consumers outside the U.S. in rapidly growing economies with booming middle class populations, future U.S. economic and jobs growth increasingly depends on our ability to reach those consumers.

Key Trade Agreements: ITA provided technical support to the recently concluded Trans-Pacific Partnership negotiations, which will level the playing field for farmers, ranchers, and manufacturers by eliminating over 18,000 taxes various countries put on Made-in-America products. ITA also continued to support the Transatlantic Trade and Investment Partnership, which aims to bolster the already strong US-Europe relationship in a way that will help boost

economic growth and add to the more than 13 million American and European Union jobs already supported by transatlantic trade and investment.

U.S.-India Strategic and Commercial Dialogue: The President announced a new, elevated commercial element of the bilateral dialogue with India under the U.S.-India Strategic and Commercial Dialogue. By elevating focus within the government of India on meaningful commercial outcomes, there is a greater likelihood of securing increased market access and a more open business environment that will attract U.S. goods and services.

In January 2015, President Obama and Indian Prime Minister Modi announced the creation of the U.S.-India Strategic and Commercial Dialogue (S&CD), the annual whole-of-government dialogue with India, co-chaired by Secretary Pritzker and Secretary Kerry. Since January, ITA has worked to coordinate and organize the commercial track of the S&CD with multiple stakeholders within Commerce, the interagency, the Government of India, and the private sector. The primary objectives in the S&CD are to: make it easier for foreign and domestic firms to do business in India and the U.S.; deepen our ties of trade and commerce; and, strengthen our bilateral commercial bonds in ways that benefit workers and businesses in both our countries.

Engagement in Africa: During a visit to Africa this past year, President Obama announced the opening of the ITA African Development Bank Office in Abidjan, Côte d'Ivoire. The new office will enable ITA to identify and counsel U.S. companies in pursuit of financing for infrastructure projects throughout Sub-Saharan Africa. The trip also highlighted the Commerce Department's commitment to improving the economic environment in the region, such as the Doing Business in Africa initiative, business outreach and counseling, and continued efforts to reduce barriers to trade.

Roadmap to improve Ukraine's Business Climate: As part of an effort to advance the economic pillar of the Administration's Ukraine strategy, on July 13, 2015 the Department co-hosted with the U.S. Chamber of Commerce the first ever U.S.–Ukraine Business Forum. Attended by more than 200 senior U.S. and Ukrainian government and private sector officials including Prime Minister Yatsenyuk and U.S. Vice President Joe Biden, the Forum featured high-level dialogues on ways the U.S. business community, with its technical expertise and invaluable experience, can be partners for reform in Ukraine. On October 26 – 27, 2015 Secretary Penny Pritzker traveled to Kyiv, Ukraine where she was joined by six U.S. business executives from Cargill, Citibank, DuPont, Honeywell, NCH Capital and Westinghouse to continue commercial diplomacy efforts centered around our engagement with the Government of Ukraine (GOU) on the microeconomic reforms needed to improve the climate for U.S. companies doing business in Ukraine. The Secretary, alongside the U.S. executives, presented President Poroshenko and Prime Minister Yatsenyuk with a U.S. industry and USG backed "roadmap" containing a list of actionable steps the GOU can take in the next 6 – 18 months to significantly improve its business climate while helping U.S. companies succeed and create jobs here at home.

Key Implementation concerns in KORUS FTA: In October 2014, Secretary Pritzker led a major trade and policy mission to Korea covering the sectors of energy and healthcare. It was the first Secretarial trade mission to Korea since 1999, helping both blue-chip and new-to-market small or medium-sized enterprise firms. The visit energized the bilateral commercial engagement between the U.S. and Korea and has led to new and important market access for U.S. firms in the world's 13th largest economy. In a December 2014 meeting, Secretary Pritzker and her Korean counterpart, Minister Sang-Jick Yoon of the Ministry of Trade, Industry and Energy, informally established a Commercial Dialogue through an exchange of letters. The Commercial Dialogue provides a venue to raise key implementation concerns regarding the U.S.-Korea Free Trade Agreement (KORUS FTA), and contentious issues on auto emissions, financial services and patent protection have seen significant progress leading to record U.S. exports in 2014.

Increased information to U.S. companies on infrastructure projects in the Philippines: In February 2015, Assistant Secretary Arun Kumar signed an Infrastructure Memorandum of Cooperation (MOC) with Philippine Ambassador Jose Cuisia. This MOC facilitates information sharing of upcoming infrastructure projects in the Philippines. Successes in the past year include GE's successful bid to provide railroad locomotives as a sub-prime bidder to the Philippine National Railways and Selex's successful bid to provide airport aviation navigational aids to Clark International Airport.

Select USA: As of 2013 (the most recent data available), nearly 6.1 million people in the U.S. were directly employed by U.S. affiliates of international companies. These U.S. affiliates account for more than one-fifth of U.S. goods exported and spent \$53 billion on U.S. research and development that year. The economic impact of Foreign Direct Investment (FDI) goes beyond the direct jobs. Building on the data showing direct employment, ITA released a new study in 2016 that quantifies the larger employment impact of FDI in the United States. ITA estimates that 12 million jobs, or 8.5 percent of the entire U.S. labor force, were attributed to FDI. SelectUSA is the U.S. government-wide program within ITA that promotes and facilitates job-creating business investment in the U.S.

SelectUSA assists U.S. state, local, and regional economic development organizations to compete globally for investment by providing information and counseling to interested investors, a platform for international marketing, and high-level advocacy for companies considering whether to invest in the U.S. or a foreign destination. SelectUSA, together with the U.S. and Commercial Service, assists companies that are considering expanding or establishing operations in the U.S. by supplying credible, unbiased, detailed data and analytics; creating platforms optimized to establish and build business relationships; providing a better understanding of the federal regulatory system; and, identifying appropriate contacts at federal and state agencies to streamline the process.

Examples of FY 2015 client verified investments facilitated by the SelectUSA program include:

- ABB Group, a power and automation technology company, announced a \$30 million investment in a new customer experience site near Memphis, Tennessee that would create 200-300 new jobs;
- Yuhuang Chemical, a Chinese chemical company, invested \$1.85 billion for a methanol production investment in Louisiana that is estimated to create 400 permanent new jobs. The groundbreaking ceremony was held on September 18, 2015;
- Lung Soon Ocean Group, a Taiwan-based seafood processing and cold storage facility, announced two investment projects in Astoria, Oregon in 2014. The first project is valued at \$12 million, creating 50 jobs. By the end of 2016, the company expects to set up a new cold storage facility and estimates \$22 million total in investments and the creation of 150 new jobs;
- PEDS Legwear (formerly Richelieu Legwear), a Canadian textile company that invested \$16 million in a state-of-the-art manufacturing facility in North Carolina expanded their initial investment to bring PEDS' total investment in the U.S. to \$24 million. The new investment project is expected to create over 200 jobs over the next five years; and
- SG Mills, a textile and spinning company from India, announced the opening of its first U.S.-based operation in Eden, North Carolina. The company is investing more than \$40 million and will create 84 jobs over the next two years. Operations began in 2015.

Bilateral defense cooperation with Brazil: The Departments of Defense and Commerce, together with the Brazilian Ministry of Defense, announced in June 2015 their endorsement of efforts to launch a bilateral Defense Industry Dialogue. This dialogue will institutionalize engagement between the U.S. and Brazilian private sectors to enable governments and industry to exchange information and ideas; increase technology cooperation and collaboration in the defense sector; deepen mutual understanding of our defense industries; and discuss long-term defense priorities.

U.S. interests in Mexico's newly liberalized energy sector: In preparation for the High Level Economic Dialogue (HLED) meeting in January 2015, ITA played a pivotal role in ensuring that energy and energy-regulatory issues were a prominent addition to the 2015 HLED work plan. Thirteen energy-related initiatives span a wide-range of issue areas, from technical assistance in developing unconventional oil and gas resources to the ITA-led creation of a standing bi-national, government-led council of private sector representatives from the U.S. and Mexican energy industries, which are aimed at enhancing access for U.S. companies to these newly-liberalized sectors.

U.S. priorities in TIFA talks with Taiwan: Commerce's priority is to engage with Taiwan on commercial initiatives as a strategic partner in support of President Obama's "rebalance" to Asia. Through the U.S.-Taiwan Trade and Investment Framework Agreement (TIFA), the U.S. engages in high-level economic and trade consultations with Taiwan. TIFA talks in 2014 and 2015 yielded positive results on U.S. priorities including enhancing intellectual property (IP) protection and enforcement, addressing technical barriers to trade, and fostering innovation in the pharmaceutical sector, while highlighting the need for progress to resolve a range of agricultural market access issues, medical device time-to-market concerns, and a shortfall in clarity and predictability in Taiwan's investment environment.

Look South Initiative: During FY 2015, the Look South initiative successfully encouraged U.S. exporters to consider expanding sales to additional Free Trade Agreement partner markets in Latin America. The Look South Initiative brought state, local, and interagency programs together to promote trade to eleven markets. This was accomplished through regular coordinating calls, newsletter communications, and support of state and local trade missions and events. This also included U.S. DoC sponsored events such as Discover Global Markets: Latin America, a Look South Trade Mission to Central America, the Look South Denver roadshow event, and many county and industry specific webinars, with nearly 1,000 U.S. companies participating. The Look South Initiative made market research and data more accessible online and created a New Market Tool (<http://export.gov/tradeamericas/looksouth/countries/index.asp>) to identify which Look South Initiative country has the most favorable export conditions for current exporters by their product code.

Tourist visas to Chinese applicants: Responding to longstanding requests from China, ITA worked closely with an interagency team to secure extension of validity periods for short-term business and tourist visas to Chinese applicants, facilitating significantly greater exports of U.S. travel and tourism services. Concomitant policy changes such as expanded air service agreements and Chinese liberalization of the sale of outbound travel to the U.S. along with this new visa policy will further increase Chinese visitation and expand U.S. travel and tourism exports.

Suspension of China's Banking Cybersecurity regulations: ITA and NIST worked with an interagency team to secure suspension of China's banking cybersecurity regulations. New commitments were established to non-discriminatory treatment and enhanced transparency and due process for foreign firms in the enforcement of the Anti-Monopoly Law. The inability of U.S. equipment to meet unjustified Chinese cybersecurity requirements could largely shut U.S. firms out of a banking market estimated by the International Data Corporation to be worth \$5.23 billion in 2017, and a market worth up to \$465 billion if such a policy were expanded beyond the banking sector.

ITA's Global Markets: In FY 2015, ITA's Global Markets (GM) served 25,029 business clients, a jump of 42 percent over the number served during FY 2014. This illustrates the Department's reach into the U.S. business community. Historical data indicates that over 75 percent of companies assisted are small and medium-sized enterprises. Moreover, 73 percent of clients served by ITA's GM unit reported that the Department helped them achieve their export objectives, exceeding the annual target of 71 percent for this agency priority goal. Additionally, 84 percent of GM clients said they are highly likely to recommend GM assistance. Global Markets offers U.S. companies a robust set of capabilities to help them achieve their international exporting goals, whether those goals are to set up an overseas distribution channel; gain easier access to challenging markets; or meet additional foreign buyers for their goods.

Vets-Go-Global: Under the Vets-Go-Global program, ITA assists veteran-owned businesses in maximizing their export potential and increasing their access to economic opportunities. In FY 2015, Vets-Go-Global team members participated in three national veteran conferences where they exhibited and engaged over 400 veteran owned businesses while providing one-on-one export counseling to 130 veteran owned businesses. In addition, the team collaborated with 20 veteran associations that support veteran-owned businesses, and hosted learning sessions providing export education and resources during the national conferences with over 80 participating veteran-owned businesses. The team also participated in over 15 local and regional veteran business conferences providing speakers and thought leadership on all things trade to the veteran-owned business community.

Top Markets for Export: In May 2015, ITA published nineteen Top Markets studies (<http://trade.gov/topmarkets/>) to address key questions from customers such as which markets have the best opportunities. Many of these sectors are also services to address the growth in the number of service exports and opportunities.

Transfer of items from the U.S. Munitions List to the Commerce Control List: The BIS published (during April 2014 to September 2015) and implemented ten regulations (bis/export-administration-regulations) to control the tens of thousands of military items the President determined no longer warranted control under the State Department's International Traffic in Arms Regulations. The regulations accomplish the national security objectives of the ECR effort in that they help increase interoperability with our close allies, help the defense industrial base by reducing incentives to avoid U.S.-origin content, and allow the Government to focus its resources on transactions of greater concern. The regulations and BIS' implementation of them have been well-received by the President's Export Council, U.S. industry, allied nations, and the national security community.

Proposed Export Control Rules: On May 5, 2015, BIS and the Department of State published proposed rules on one category of items that the President determined no longer warrants control under USML category XII (Fire Control, Range Finder and Optical, and Guidance Control Equipment). In this rule, BIS proposed to create six new export control classification numbers (ECCNs) and revise an existing ECCN to control the items on the CCL. BIS and State will publish second proposed rules that take into account public comments during the first half of 2016.

On June 3, 2015, BIS and the Department of State published proposed rules to enhance the clarity and consistency of the terms used in the Export Administration Regulations (EAR) and the International Traffic in Arms Regulations. BIS's proposed rule added a number of definitions of terms used in the EAR and also proposed amendments to the scope of the EAR to update and clarify the application of controls to electronically transmitted and stored technology and software.

On June 17, 2015, BIS and the Department of State published proposed rules on two categories of items that the President determined no longer warrant control under USML categories XIV (toxicological weapons) and XVIII (directed

energy weapons). BIS and the Department of State propose to publish a final version of this rule during the first half of 2016.

Exporter outreach: During FY 2015, BIS continued to inform the regulated community on ECR as additional revised USML categories and CCL controls became effective. BIS conducted more than 50 ECR outreach activities that reached more than 5,262 participants. These outreach activities included weekly teleconferences on specific ECR topics hosted by Assistant Secretary Wolf, BIS seminars, industry group meetings, small and medium-sized business conferences, webinars, and meetings with foreign governments. Furthermore, BIS continued to utilize web-based decision tools to assist exporters. In FY 2015, the decision tools on the BIS website received more than 33,000 hits. In addition to outreach with the public, BIS continued to support U.S. Customs and Border Protection (CBP) and other law enforcement agents around the United States with updated training materials. Also, BIS continued to work with CBP to implement and announce new requirements for the Automated Export System as additional final rules were published and became effective throughout the fiscal year.

Enforcement and compliance in global markets: American businesses and workers should have a full and fair opportunity to compete in global markets. Through implementation of this strategic objective, ITA's Enforcement and Compliance (E&C) unit provides many tools for them to counter foreign trade barriers and unfair trade practices both in the U.S. and abroad. Examples of progress include the following:

- From April 2014 through September 2015, E&C successfully resolved 43 trade agreements compliance cases despite significant resource challenges posed by Trans-Pacific Partnership end-game and Transatlantic Trade and Investment Partnership reinvigoration needs and staff turnover issues.
- A strong E&C outreach and engagement effort started in FY 2014 and continued throughout FY 2015 yielded progress on trade agreements compliance issues (via senior-level travel to and engagement with countries such as Brazil, China, India, Indonesia, Japan, Korea, Mexico, El Salvador, Turkey, and Vietnam) and created greater stakeholder understanding of E&C's new mission in this area, including conducting 78 trade agreements compliance-related outreach events (with 1940 participants) and 25 training events (544 participants) in FY 2015.
- In FY 2014 and FY 2015, E&C used trade negotiations and policy making to strategically advance compliance matters, including partnering with the U.S. Trade Representative to support successful conclusion and ongoing ratification of the WTO Trade Facilitation Agreement; advanced regulatory coherence as a way to avoid technical barriers to trade in Taiwan, Brazil, and Korea; seeking new country accession to the WTO Agreement on Government Procurement; advocated for improvements in the U.S.-China Bilateral Investment Treaty (BIT) text to address the known challenges of U.S. industry; and, pressed for strong, first-ever-trade-agreement disciplines on State-Owned Enterprises in the Trans-Pacific Partnership negotiations.
- In FY 2015, Commerce undertook 62 new antidumping and countervailing duty (AD/CVD) investigations, which represents a 15-year high in the number of cases initiated by Commerce in a year. Additionally, in FY 2015, E&C issued 384 AD/CVD determinations (including investigations, administrative and new shipper reviews, and scope and circumvention inquiries) covering a number of diverse products ranging from uncoated and supercalendered paper, polyethylene terephthalate resin, and numerous steel products covering a dozen countries. Of the 384 determinations, 70 were issued in the context of new AD/CVD investigations.

U.S. intellectual property policy and protection internationally: In January 2015, the USPTO hosted a symposium on trade secret protection. Topics included legislative proposals, losses due to trade secret theft and challenges to protecting trade secrets, the intersection of patent and trade secret protection, issues in civil litigation, trade secret protection in foreign jurisdictions, and proposed responses to the threat of trade secret theft in the U.S. Throughout FY 2015, the USPTO continued to seek enhanced cooperation and improved protection for IP in several fora, including the World Intellectual Property Organization (WIPO), the World Trade Organization (WTO), and several additional intergovernmental organizations. The USPTO achieved improvements in WIPO filing and registration systems for patents (PCT system), trademarks (Madrid system), and designs (Hague system).

Work sharing continued to be a key element of the USPTO's international engagement throughout FY 2015. Work sharing helps to reduce examination backlogs, improve examination quality, and promote streamlining of the international patent system. During FY 2015, work sharing received attention at the highest political levels. A joint communiqué issued on June 30, 2015, by President Obama and Brazilian President Dilma Rousseff highlighted all of the major areas of cooperation between the two countries, including patent work sharing between the USPTO and Brazil's national Intellectual Property office.

Export Tech program: In FY 2015, the NIST Manufacturing Extension Partnership’s Export Tech program (<http://www.nist.gov/exportech/>) completed 8 programs with 44 companies. While results are not expected from these sessions until the end of this calendar year, historically participating companies have seen an average of \$770,000 in increased sales.

FY 2015 Performance Results

The following table shows the FY 2015 results of key (gray-shaded) and supporting indicators that appear in the Strategic Plan, related to Trade and Investment. Additional historical and descriptive information is available in the Departmental Annual Performance Plan and Report at <http://www.osec.doc.gov/bmi/budget/>

Obj.		FY 2015 Target	FY 2015 Actual	FY 2015 Status
1.1	Number of advocacy wins (ITA)	250	287	Exceeded
1.1	Number of foreign trade barriers removed, reduced or avoided (annual) (ITA)	70	41	Not Met
1.1	Number of foreign government officials trained on best practices to protect and enforce intellectual property (USPTO)	6,300	5,283	Not Met
1.2	Percentage of Global Markets clients that achieved their export objectives (ITA)	71%	73%	Exceeded
1.2	Number of clients assisted by Global Markets (ITA)	23,000	25,029	Exceeded
1.2	Number of export transactions completed under the new authority of Commerce export licenses and license exceptions (BIS)	80,000	126,798	Exceeded
1.2	Number of grants that support place-based export strategies (EDA)	59	48	Not Met
1.2	Dollar amount of grants that support place-based export strategies (millions) (EDA)	\$53	\$66	Exceeded
1.2	Number of jobs created or retained through minority business activity (MBDA)	1,000	547	Not Met
1.2	Dollars leveraged through minority business activity (millions) (MBDA)	\$143	\$635	Exceeded
1.3	Recipient number of jobs generated as a result of grants that support inward investment (EDA)	4,516	7,566	Exceeded
1.3	Dollar amount invested as a result of grants that support inward investment (millions) (EDA)	\$2,600	\$1,264	Not Met
1.3	Number of investment clients assisted by the Department (ITA)	1,600	1,651	Exceeded
1.4	Percent of antidumping and countervailing duty determinations issued within statutory and/or regulatory deadlines (ITA)	91%	93%	Exceeded
1.4	Number of trade agreement compliance cases resolved successfully (ITA)	32	24	Not Met

Status is defined as: Exceeded = >100% of target, Met = 90-100% of target, and Not Met = <90% of target.

INNOVATION

Strategic Goal 2: Foster a more innovative U.S. economy—one that is better at inventing, improving, and commercializing products and technologies.

Public Benefits

Innovation is the primary driver of U.S. competitiveness, wage and job growth, and long-term economic growth. Up to half of all economic growth in the U.S. can be attributed to advances in science, technology, and business processes. Innovation starts with the birth of new ideas that are nurtured through applied research and development and then brought to scale through manufacturing, which in turn generates new products and services. The Department supports and expands each part of this cycle and is able to identify workforce skills in growing industries.

Through NIST, DOC promotes innovation and industry competitiveness by supporting research and development activities spanning the most basic science to the deployment of advanced technologies to direct connection with industry. NIST programs enable organizational excellence for institutions from non-profits and universities to manufacturers, supporting advanced manufacturing by facilitating pre-competitive and applied research as well as technology deployment, and performing world-class metrology and technology research and services.

NIST creates the infrastructure necessary to measure the performance and quality of products and services. In close cooperation with industry, academia, and other federal agencies, NIST continually advances measurement science, develops standard protocols and test methods, and evaluates and generates data. Industry relies on NIST for the

physical measurements and standards needed to enable advanced manufacturing, to develop and test new materials, to enable innovation, and to ensure compliance with regulations, all important components to ensure U.S. competitiveness, foster global trade and support a vibrant economy.

Through NTIA, USPTO, ITA and NIST, the Department collaborates and coordinates to leverage the opportunities of the digital economy to create jobs, enable global trade, innovate to bolster U.S. competitiveness, and improve lives. The USPTO promotes the intellectual property (IP) system through the protection of inventions or creations via patents. Under this system of protection, industry in the United States has flourished, creating employment opportunities for millions of Americans. Patents provide incentives to invent and invest in new technology by allowing innovators the opportunity to benefit from their discoveries.

EDA's economic development grant programs have helped communities and regions catalyze regional innovation ecosystems by supporting innovators at every stage, with a specific focus on advanced manufacturing, job-driven skills development, and innovation capacity building.

NTIS advances innovation by bringing scientific and technical information to U.S. business and industry.

NTIA develops forward-looking domestic and international telecommunication policies and improves telecommunication performance by optimizing use of the federal spectrum and increasing broadband access. NTIA also houses the First Responder Network Authority (FirstNet). Through its laboratory at the Institute for Telecommunication Sciences (ITS), NTIA supports basic research in innovative telecommunications and information technologies. This research has the potential to improve both the performance of telecommunications networks and the availability of digital content on the Internet.

FY 2015 Accomplishments

EDA investments in the U.S.: EDA Public Works and Economic Adjustment Assistance investments of \$209.7 million in FY 2006 helped generate, by FY 2015, approximately \$3.71 billion in private investment and 57,907 jobs. EDA investments through these programs made in FY 2012, FY 2009, and FY 2006 (three, six, and nine years prior to FY 2015) helped generate \$7.9 billion in private investment and have helped create or retain 89,584 jobs. EDA anticipates that its FY 2015 Public Works and Economic Adjustment Assistance investments will help generate \$323 million in private investment by FY 2018, and then continue to increase to \$606 million by FY 2021, and \$808 million by FY 2024. EDA expects that those same investments will help create or retain 7,322 jobs by FY 2018, 13,729 jobs by FY 2021, and 18,305 jobs by FY 2024.

Minority Business investment: MBDA helped minority business enterprises obtain contracts and financial awards through its direct federal client services and network of funded centers. MBDA's year-end results exceeded its performance goals, achieving \$3.0 billion in contract awards and \$1.7 billion in financial awards. MBDA's programs and services helped create over 22,000 new jobs in minority owned firms.

The National Network for Manufacturing Innovation (NNMI): NIST worked to establish the foundation for the NNMI, leading the interagency effort to develop policy documents on intellectual property guidelines and performance metrics for Institutes for Manufacturing Innovation. Policy documents have also been developed for the major grants management effort of NNMI on cost share, evaluation practices, visiting fellows, industry experts for proposal evaluation, and program income. NIST, through the Advanced Manufacturing National Program Office, held the first meeting of all existing Institutes for Manufacturing Innovation and their sponsor agencies to establish connections and develop the network aspects of the NNMI.

Application Development Challenge: In FY 2015, NIST launched its first-ever application development challenge focused on spurring the development of new ways to use NIST Standard Reference Data (SRD) with mobile devices. For the challenge, NIST made six popular sets of SRD available to developers. They included fundamental constants such as the speed of light in a vacuum and the ionization energies for neutral atoms. NIST received 25 entries from developers across the U.S and selected a first, second and third place winner. The first place app allows users to quickly access NIST chemical species data with the tap of a near-field communication (NFC) tag and smart chips that are able to store digital information and share it with a smartphone. The second place app, LabPal, is a quick reference tool for students and professionals in science and engineering, incorporating search features, a calculator, an infrared spectrum viewer and lab notes. The third place app helps users search for elements and compounds based on name, formula and even

common terms such as moth balls or water. ChemBook combines NIST SRD with other open source data and incorporates informative YouTube videos and other media.

Cybersecurity Summit: On the one-year anniversary of the release of the Cybersecurity Framework in February 2015, NIST supported the Administration's Cybersecurity Summit. This Summit brought together leaders from across the country to collaborate and explore partnerships, as well as to raise awareness about the Framework. The Framework is being employed across the country, in a host of sectors, and by organizations ranging from multinationals to small businesses. Recently, NIST has focused outreach efforts on the international, regulator, and small and medium business (SMB) communities. In all of these interactions, NIST continues to communicate the merits of the Framework as an organizational and communication tool to better manage cybersecurity risk.

National Advanced Spectrum and Communications Test Network (NASTCN): NIST, NTIA, and DoD signed a Memorandum of Understanding in support of NASTCN focused on increasing Federal and commercial access to spectrum by accelerating the development and deployment of spectrum sharing technologies.

Global City Teams Challenge: NIST (along with partner organizations) launched the Global City Teams Challenge to provide an opportunity for communities to partner with public and private organizations to accelerate the deployment of Internet of Things (IoT) technologies to address some of the most pressing challenges facing cities. In June 2015, NIST co-hosted an expo culminating in the Global City Teams Challenge. More than 60 teams from 51 cities around the world—made up of city planners and technology innovators—came to the expo to show off projects that are solving real challenges in real communities.

Broadband technology: By launching the BroadbandUSA initiative in January 2015, NTIA is empowering communities to increase jobs, economic development, and innovation by providing tools needed to obtain and leverage broadband as a means to succeed in the digital economy. NTIA also led the 25-agency Broadband Opportunity Council to promote broadband investment and coordinate broadband policy across the federal government.

By the end of FY 2015, NTIA had achieved its long-term target of deploying over 115,000 miles of broadband networks. NTIA also achieved its goal of connecting more than 25,000 community anchor institutions and having more than 700,000 new household and business subscribers to broadband.

NTIA convened stakeholders to improve consumer trust and adoption of technologies in the areas of commercial use of facial recognition technologies; increasing privacy, transparency, and accountability for commercial and private use of unmanned aircraft systems; and enhancing the digital economy through collaboration on vulnerability research disclosures.

Patent and trademark application efficiency: Between FY 2010 and FY 2015, the USPTO achieved a 21.9 percent reduction in the unexamined patent application backlog, an 8.4 month reduction in first office action pendency, and an 8.7 month reduction in average total pendency. By the end of FY 2015, USPTO reduced average total pendency to 26.6 months and first action pendency to 17.3 months. USPTO continues to maintain consistent first office action trademark pendency figures within the target range of 2.5 to 3.5 months, with average total pendency running at 10.1 months, lower than the 12-month performance target.

Patent Quality Summit: The USPTO held the Patent Quality Summit in March 2015 that engaged in a productive exchange of ideas with the public on patent quality. This was the kickoff event for the comprehensive Enhanced Patent Quality Initiative, which focuses on improving patent operations and procedures to provide the best possible work products, to enhance the customer experience, and to improve existing quality metrics.

Support of investment in innovation: The Department supported a large number of businesses and communities to enhance their innovation and advanced manufacturing capacity, leveraging a significant amount of private investment. EDA awarded 192 grants, totaling \$119.5M, in support of innovation-based capacity-building activities. Recipients estimated that EDA grants for industry-driven skills training resulted in 9,802 jobs being created or retained, and \$593.4M in private investment being leveraged. MBDA Advanced Manufacturing supplemental grants resulted in minority businesses obtaining and executing transactions valued at \$435M and creating and retaining 406 jobs as a result of those actions.

FY 2015 Performance Results

The following table shows the FY 2015 results of key (gray-shaded) and supporting indicators that appear in the Strategic Plan, related to Innovation. Additional historical and descriptive information is available in the Departmental Annual Performance Plan and Report at <http://www.osec.doc.gov/bmi/budget/>

Obj.		FY 2015 Target	FY 2015 Actuals	FY 2015 Status
2.1	Industry use of NIST research facilities (Number of Cooperative Research and Development Agreements between industry and NIST laboratories and the number of industrial institutions that use the NIST user facilities)	225	444	Exceeded
2.1	Number of firms receiving in-depth technical assistance from MEP centers (NIST)	8,750	8,419	Met
2.1	Percentage of MEP clients receiving in-depth technical assistance that increase their competitiveness (NIST)	62%	56%	Met
2.1	Citation impact of NIST-authored publications (NIST)	1.5	2.5	Exceeded
2.2	Miles of broadband networks deployed (NTIA)	118,000	115,565	Met
2.2	Community anchor institutions connected (infrastructure projects)(NTIA)	23,500	25,766	Exceeded
2.2	Communities to which NTIA provides broadband assistance	175	337	Exceeded
2.2	Spectrum identified for commercial broadband use (NTIA)	Meet 66% of milestones regarding the identification of 500 MHz for wireless broadband	80%	Exceeded
2.2	Number of critical infrastructure sectors with work products integrating the Cybersecurity Framework(NIST)	12	12	Met
2.2	Number of Public safety communications stakeholder R&D roadmaps (NIST, NTIA)	1	1	Met
2.3	Number of grants that support innovation-based Capacity-building activities (EDA)	169	192	Exceeded
2.3	Dollar amount of grants that support innovation-based Capacity-building activities (millions) (EDA)	\$101	\$119	Exceeded
2.3	Recipient estimated number of jobs generated as a result of the infrastructure for industry-driven skills training (EDA)	2,588	9,802	Exceeded
2.3	Recipient estimated dollar amount of private investment generated as a result of the infrastructure for industry-driven skills training (millions) (EDA)	\$485	\$593	Exceeded
2.3	Dollars leveraged (contracts and financings) for minority businesses (excluding those associated with exports) (millions) (MBDA)	\$481	\$435	Met
2.3	Number of jobs created or retained for minority businesses (not including those associated with exports) (MBDA)	325	405	Exceeded
2.3	Patent average first action pendency (months) (USPTO)	15.7	17.3	Not Met
2.3	Patent average total pendency (months) (USPTO)	26.4	26.6	Met
2.3	Patent backlog (USPTO)	534,900	553,221	Met
2.3	Patent quality composite score (USPTO)	100	42.9	Not Met
2.3	Percentage of prioritized countries for which country teams have made progress (USPTO)	75%	100%	Exceeded
2.3	Number of MEP centers partnering with skills training providers (e.g., community colleges) to link manufacturing firms with skills training resources (NIST)	55	54	Met

Status is defined as: Exceeded = >100% of target, Met = 90-100% of target, and Not Met = <90% of target.

ENVIRONMENT

Strategic Goal 3: Ensure communities and businesses have the necessary information, products, and services to prepare for and prosper in a changing environment

Public Benefits

Ocean and coastal ecosystems provide many extremely visible human benefits - they provide nourishment, recreational opportunities, and support economies. Yet ocean and coastal resources are already stressed by human uses and habitat changes resulting in depleted fish and shellfish stocks; increased numbers of species at-risk; and declining marine, coastal, and Great Lakes biodiversity. NOAA ensures that U.S. ocean, estuarine, Great Lakes, and related ecosystems and the species that inhabit these ecosystems are as vibrant and sustainable as possible in the face of these challenges. By working toward the long-term sustainability of all species, NOAA will also ensure, for present and future generations, that seafood is safe and affordable; that seafood production, recreational fishing opportunities, and non-consumptive uses of living marine resources support vibrant economies; and that species of cultural and economic value can flourish.

To protect and sustain the viability of eco-delicate and economically critical coastal areas, NOAA works with its partners to achieve a balance between the use and protection of resources. Comprehensive planning addresses competing uses to protect coastal communities and resources from the impacts of hazards and land-based pollution on vulnerable ecosystems, as well as to improve water quality and foster integrated management for sustainable uses. Geospatial services will support communities, navigation, and economic efficiency with accurate, useful characterizations; charts and maps; assessments; tools; and methods. Coastal decision-makers need the capacity to adaptively manage coastal communities and ecosystems with best available natural and social science. Enabling this goal are strong collaborative partnerships with regional, state, and local private and public entities that have responsibilities and interests in managing coastal communities and ecosystems.

By examining oceanic and atmospheric patterns, NOAA can improve its understanding of the environment and its evolution. In order to observe the environment, NOAA develops and procures satellite systems, aircraft, and ships. The information they gather is used to predict weather and warn communities about imminent severe weather, make scientifically informed decisions to manage our Nation's fisheries and conserve protected species. This information affects all facets of society from agricultural planning, to the fishing industry, to electric power usage to disaster planning. It plays a major role in the accuracy of national, regional, and local forecasting as well as impacting short and long-term climate modeling.

The National Weather Service (NWS) has launched the Weather-Ready Nation (WRN) initiative to build community resilience in the face of increasing vulnerability to extreme weather and water events. NIST contributes building and infrastructure standards that support resiliency. EDA provides strategy and implementation grants to communities and regions that help build community capacity for resilience.

Society exists in a highly variable climate system, with conditions changing over the span of seasons, years, decades, and centuries. Given such stresses as population growth, drought, and increasing demand for freshwater, it is essential for NOAA to provide reliable observations, forecasts, and assessments of climate, water, and ecosystems to enhance decision-makers' ability to mitigate climate change impacts, like coastal inundation, climate-related shifts in fish stock distributions and endangered species, and increased frequency of extreme events. This information supports decisions regarding community planning, business management, and natural resource and water planning.

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

FY 2015 Accomplishments

Deep Space Climate Observatory Satellite (DSCOVR): On February 11, 2015, NOAA successfully launched DSCOVR from Cape Canaveral, Florida. DSCOVR, the United States' first operational deep space satellite, is a vital piece of our international space weather observing system. DSCOVR provides NOAA's Space Weather Prediction Center forecasters high-quality measurements of solar wind conditions, improving their ability to monitor and warn of potentially dangerous geomagnetic storms. Early warnings are crucial because solar storms can disrupt public infrastructure, such as transportation systems, power grids, telecommunications, and Geographic Positioning Systems (GPS). Early geomagnetic storm warnings allow infrastructure managers from the commercial airline, electric power, and GPS industries to take appropriate mitigation actions. DSCOVR reached final orbit at Lagrange point 1, a gravity neutral point a million miles away from Earth, on June 8, 2015, and is now hovering continuously between the sun and Earth.

Progress on Ending Overfishing and Rebuilding Fish Stocks: NOAA's *Status of Stocks 2014: Annual Report to Congress on the Status of U.S. Fisheries*, released in April 2015, reports that the number of fish stocks subject to overfishing or overfished has declined to an all-time low. As a result of the combined efforts of NOAA; the regional fishery management councils; and our partners in industry, research, and conservation communities; stocks subject to overfishing are down from 17 to eight percent and overfished stocks are down from 24 to 16 percent since 2007. The report notes that three stocks, Gulf of Mexico gag grouper, golden tilefish, and butterfish, have been rebuilt to target levels. Two additional stocks, canary rockfish and petrale sole, have been rebuilt since the report was released, bringing the total to 39 stocks rebuilt since 2000 and allowing additional fishing opportunity in those fisheries. Gulf of Mexico red snapper continues to rebuild, enabling a 30 percent increase in the allowable catch for red snapper in 2015.

Settlement Funds for Gulf of Mexico Ecosystem Restoration: In FY 2015, NOAA led a collaborative effort among four Federal agencies and the five Gulf of Mexico states (Trustees) to advance the *Deepwater Horizon* oil spill case – the largest marine oil spill in U.S. history – to reach a groundbreaking proposed settlement between British Petroleum (BP) and the Trustees that will promote widespread restoration in the affected region. NOAA provided extensive science and research (assessing the fish, wildlife, and habitat affected by the spill), supported the litigation actions against BP and other responsible parties, and led development of a comprehensive damage assessment and restoration plan that will direct \$8.8 billion for ecosystem restoration in the Gulf of Mexico in the coming years. This funding will support significant long-term restoration for natural resources injured by the oil spill, including sea turtles, marine mammals, fish, deep sea corals, oysters, and coastal habitats and will provide lasting and significant benefits to the people and environment of the Gulf of Mexico who were most directly impacted by this tragic event.

Major Recovery Efforts for Endangered Species Act (ESA)-listed Salmonids: NOAA played key roles in two major recovery efforts for ESA-listed Pacific salmon and steelhead in 2015. First, the threatened south-central California Coast steelhead now has unimpeded access to an additional 25 miles of spawning and rearing habitat due to the efforts of NOAA, California State Coastal Conservancy, California American Water, and other partners that resulted in removal of the 106-ft. San Clemente Dam on the Carmel River in Monterey, California. Second, for the first time since the 1950s, threatened Central Valley spring-run Chinook salmon began their lives in the waters of the San Joaquin River due to a re-introduction effort led by the San Joaquin River Restoration Program (SJRRP), a multi-agency state and Federal partnership that includes NOAA. This effort allowed for release of approximately 60,000 hatchery-produced juvenile spring-run Chinook into the San Joaquin River in February 2015. Before operation of the Friant Dam in the 1950s, tens to hundreds of thousands of spring-run Chinook salmon returned to the San Joaquin River in California. The SJRRP is using a balanced approach that enables species recovery while maintaining a reliable water supply, critical to California's agriculture industry.

Increased Supercomputing Capacity for Improved Data Assimilation and Forecasts: In FY 2015, NOAA completed the delivery of its major large scale operational supercomputer upgrades to allow for greater data assimilation and faster computation of model data, which will create more realistic conditions in NOAA models and enable more accurate weather and water forecasts and enhanced public safety. The supercomputing upgrade will help forecasters more accurately predict droughts, floods, winter storms, severe thunderstorms, and hurricanes. It will also enhance NOAA's water science and services for better forecasts of water flow, soil moisture, evapotranspiration, runoff, and other parameters for 2.7 million stream reaches in the continental U.S. Ultimately, this upgrade has increased NOAA's operational and developmental supercomputing capacity by nearly four times the previous level.

National Marine Sanctuary Expansions and Designations: On June 9, 2015, NOAA expanded the Cordell Bank and the Greater Farallones National Marine Sanctuaries (NMS) by 2,770 square miles to protect one of the most productive ocean areas in North America. The nutrient rich upwelling zone identified in the NMSs supports a vast array of sea life including whales, seals, dolphins, sea lions, and white sharks. New research opportunities in the expansion areas have already provided new findings, including the discovery of large catshark and skate nursery areas and a new species of gorgonian coral. On September 5, 2014, NOAA expanded the Thunder Bay sanctuary from 448 square miles to 4,300 square miles. These expansions increased the acreage of coastal, marine, and Great Lakes area designated for long-term protection by 4,239,646 acres. Additionally, NOAA will move forward with the designation process for two areas that successfully met the criteria described in the sanctuary nomination process: Mallows Bay, Maryland, and Lake Michigan, Wisconsin.

Climate Resilience Toolkit: In October 2014, NOAA released version 1.0 of the web-based U.S. Climate Resilience Toolkit, which helps the Nation address challenges related to coastal flooding and other climate-related risks. For instance, the Toolkit includes map generators to illustrate climate-related vulnerabilities that communities face on national and local scales, and summarizes steps communities can take to become more resilient to climate change, such as managing water supply or strengthening infrastructure. The Climate Resilience Toolkit was developed in accordance with the President's Climate Action Plan and is available online at <https://toolkit.climate.gov>.

Hurricane Weather Research and Forecasting (HWRF): In FY 2015, NOAA upgraded and transitioned important model systems. On June 9, 2015, with the Hurricane Weather Research and Forecasting (HWRF) Model, NOAA improved operational hurricane track and intensity forecasts for the first time for Western North Pacific, Southern Pacific, and North and South Indian oceans. The model was upgraded to produce forecast guidance to detect tropical cyclones out to five days in advance for up to seven separate storms simultaneously.

Transitioned High-Resolution Rapid Refresh (HRRR): On September 30, 2014, NOAA transitioned the 3 kilometer resolution High-Resolution Rapid Refresh (HRRR) severe weather forecast model, which has spatial resolution four times finer than previous numerical models, into operations to enable forecasters to pinpoint neighborhood-sized threats, such as tornadoes and heavy precipitation, and warn residents hours in advance. The HRRR integrates increased radar data input with traditional observations and the recent increase in supercomputing capacity enabled the HRRR to be implemented operationally.

Transitioned the Multi-Radar Multi-Sensor System (MRMS) to Operations: In October 2014, in collaboration with University of Oklahoma's Cooperative Institute for Mesoscale Meteorological Studies, NOAA transitioned into operations its MRMS system, which helps forecasters manage high volume of available weather data to better visualize high-impact weather events such as snowstorms and tornadoes, allowing NOAA to provide earlier and more accurate weather forecasts.

Hydrographic and Environmental Surveys in the Arctic: During 2015, five NOAA ships collected critical hydrographic, fisheries, and protected species data in the Arctic region, enabling improvements to nautical charts required for safe navigation and providing data on managed species. NOAA Ships *Rainier* and *Fairweather* collected nearly 900 nautical miles of hydrographic data. NOAA ships *Ronald H. Brown* and *Oscar Dyson* supported a joint NOAA fisheries and research project to study marine ecosystems in the Northern Bering Sea, Chukchi Sea, Beaufort Sea, and Gulf of Alaska. The NOAA ship *Reuben Lasker* conducted a month-long North Pacific right whale survey off of Kodiak Island, AK; this data is critical to assessment and management of this endangered species.

Volcanic Ash Advisories: On July 31, 2015, using imagery from its Suomi NPP satellite system, NOAA's Washington Volcanic Advisory Center (W-VAAC) helped predict the movement of volcanic ash from the eruption of Manam Volcano off the coast of Papua New Guinea. The Federal Aviation Administration and commercial airlines rely on W-VAAC information to determine if they need to reroute or delay air traffic to avoid volcanic ash, which spreads quickly and can stop airline engines mid-flight. W-VAAC is responsible for monitoring the continental United States, Hawaii, a large part of the Pacific, Central America, northern South America, the Caribbean and the western Atlantic for volcanic activity. In FY 2015, W-VAAC issued roughly 1,777 volcanic ash advisories to warn about the serious threat of volcanic ash. W-VAAC also provides 6, 12, and 18 hour satellite tracking that shows the location and likely dispersal of volcanic ash plumes.

Upgraded nowCoast Tool: NOAA released a major upgrade of nowCOAST in September 2015. The GIS web-based mapping portal provides near real-time coastal intelligence for coastal and marine users on present and future weather, oceanographic, and hydrologic conditions. The new version features an improved map viewer that enables animations of changing conditions and the use of different base maps. The tool now integrates the latest National Weather Service watches, warnings, and advisories for long-duration hazards; water vapor imagery from NOAA geostationary satellites (GOES); forecast guidance from NOAA operational oceanographic forecast modeling systems; and satellite data on lightning activity. This improved functionality better serves needs of users involved in emergency management, homeland security, search and rescue, and marine operations.

Understanding of Environmental Change: NOAA also achieved various accomplishments in advancing the understanding of climate change: 1) Based on DoC/OMB direction, NOAA developed a polar observing system follow-on acquisition plan that was submitted in the FY 2016 President's Budget request to Congress; 2) NOAA released its Arctic Action Plan to provide NOAA scientists, stakeholders and partners with a roadmap to make shared progress in monitoring, understanding, and protecting the region using an ecosystems approach; 3) An assessment of the measurement uncertainty of an aircraft-based methodology quantifying urban greenhouse gas emissions was published as part of the Indianapolis Flux Experiment in conjunction with NIST, university and private sector collaborators; 4) NOAA established a Great Lakes Health Early Warning System (i.e., a disease/toxin/pathogen surveillance system) to provide effective procedures for information dissemination and to alert public health officials and managers; 5) Restoration of lost sites in global GHG reference network were completed to allow more precise measurements, data, and credible models; and 6) NOAA increased aircraft and ship utilization for expanding observations in support of understanding and predicting Environmental Change.

NOAA released its [Climate Science Strategy](#) which identifies seven key steps to increase production, delivery, and use of climate-related information to support the management of fisheries, and protected species. These steps focus on how a changing climate affects living marine resources, ecosystems, and the communities that depend on them, and how to respond to those changes. The strategy also identifies key risks in the U.S. from climate change, including millions of U.S.

jobs, ocean fisheries worth billions, protected marine species, habitats that provide valuable services, and the health and enjoyment of our oceans and coasts from recreation and tourism.

Other Accomplishments:

- The [National Water Center \(NWC\)](#) reached Initial Operating Capability in May 2015 and will serve as a catalyst for revolutionizing water prediction.
- NOAA and Census held a kick-off meeting to begin collaboration on utilizing Census's OnTheMap for Emergency Management tool and related data to assess the impact of weather-related events.
- In FY 2015, EDA invested approximately \$64M in 213 economic development projects to help communities and regions build the capacity for economic resilience, including resiliency building infrastructure construction and planning. In addition, EDA developed and disseminated information on its new Comprehensive Economic Development Strategy (CEDS) Content Guidelines. The Guidelines provide recommendations on how to integrate economic resiliency into the development of regional economic development plans.
- NIST grew its community resilience program through several actions, including a series of workshops, bringing in [Resilience Fellows](#) to inform the development of a draft Community Resilience Planning Guide for Buildings and Infrastructure Systems (per the President's Climate Action Plan) and NIST announced a \$20M, 5-year cooperative agreement with Colorado State University and ten partner organizations to establish the [Community ResilienceCenter of Excellence](#) to develop modeling and simulation tools that can help communities be more resilient.
- NOAA provided a number of targeted tools, products and services to improved community resilience in FY2015 including two [Physical Oceanographic Real Time Systems \(PORTS®\)](#) that went online in Morgan City and Port Fourchon, Louisiana. These PORTS® improve navigation safety and efficiency by providing mariners with reliable real-time information about the environmental conditions of seaports they are transiting. Port Fourchon is one of the nation's busiest energy ports, servicing 90% of the deep-water Gulf of Mexico oil and gas industry. NOAA increased the online availability and usability of climate information and tools. NOAA published narratives and data visualizations on its Climate.gov website that show how NOAA advances understanding of Earth's climate, and how those advances benefit society, including more than 15 articles and 15 videos.
- Recognizing that the majority of humpback whale populations are doing well and growing as a result of Endangered Species Act (ESA) protections, NOAA Fisheries proposed to reclassify the humpback whale into fourteen distinct population segments, with ten of the fourteen populations having recovered sufficiently that they no longer require ESA listing. Two of the other four populations would be listed as endangered while the remaining two would be listed as threatened.
- NOAA completed selection of ten new Habitat Blueprint Focus Areas. The [NOAA Habitat Blueprint](#) brings resources and partners together in priority areas improving habitat to benefit commercial and recreational fisheries, protected species, and coastal communities.
- NOAA co-hosted with public-private partners four regional natural capital business roundtables and co-hosted with the Department the National Natural Business Capital roundtable which led to the launch of the Natural Capital Business [website](#).

FY 2015 Performance Results

The following table shows the FY 2015 results of key and supporting indicators that appear in the Strategic Plan, related to Environment. Additional historical and descriptive information is available in the Departmental Annual Performance Plan and Report at <http://www.osec.doc.gov/bmi/budget/>

Obj.		FY 2015 Target	FY 2015 Actual	FY 2015 Status
3.1	Key milestones completed on time for ships (NOAA)	1	1	Met
3.1	Key milestones completed on time for satellites (NOAA)	1	1	Met
3.1	Annual number of peer-reviewed publications related to environmental understanding and prediction (NOAA)	1,500	1,860	Exceeded
3.1	Number of comparative greenhouse gas emissions studies completed	15	17	Exceeded
3.1	Percentage of data processed and delivered to the user community (relative to all data transmitted to NOAA from NOAA-managed satellites)	98.5%	99.4%	Exceeded
3.2	Number of days of forecast accuracy and warning lead time ¹			
3.2	Severe weather warnings for tornadoes – lead time (minutes)	13	8	Not Met
3.2	Severe weather warnings for tornadoes – accuracy (%)	72	58	Not Met
3.2	Severe weather warnings for tornadoes – false alarm rate (%)	72	70	Exceeded
3.2	Severe weather warnings for flash floods – lead time (minutes)	61	64	Exceeded
3.2	Severe weather warnings for flash floods – accuracy (%)	76	79	Exceeded
3.2	Hurricane forecast track error (48 hours) (nautical miles)	77	77.4	Met
3.2	Hurricane forecast intensity error (difference in knots)	12	11.4	Exceeded
3.2	Accuracy (%) (threat score) of day 1 precipitation forecasts	32	33	Exceeded
3.2	Winter storm warnings – lead time (hours)	20	21	Exceeded
3.2	Winter storm warnings – accuracy (%)	90	85	Met
3.2	Marine wind speed – accuracy (%)	75	80	Exceeded
3.2	Marine wave height – accuracy (%)	76	84	Exceeded
3.2	Aviation forecast accuracy for ceiling/visibility (3 mile/ 1,000 feet or less)(%)	65	65	Met
3.2	Geomagnetic storm forecast accuracy (%)	53	57	Exceeded
3.2	American customer satisfaction index for NOAA's NWS	84	80	Met
3.2	Number of webinars conducted and enhancements to Census's OnTheMap for Emergency Management website (CENSUS)	1) Two webinars or training showing emergency and city planners how to navigate OTM-EM; and, 2) Two enhancements to OTM-EM	1) Two webinars or training showing emergency and city planners how to navigate OTM-EM; and, 2) Two enhancements to OTM-EM, all completed	Met
3.3	Number of grants that support resiliency in communities and regions (EDA)	97	213	Exceeded
3.3	Dollar amount of grants that support resiliency in communities and regions (millions) (EDA)	\$47.4	\$63.7	Exceeded
3.3	Percentage of U.S. coastal states and territories demonstrating 20% or more annual improvement in resilience capacity to weather and climate hazards (%/year) (NOAA)	51%	60%	Exceeded
3.3	Number of communities that utilize Digital Coast (NOAA)	5,375	6,330	Exceeded
3.3	Cumulative number of coastal, marine, and Great Lakes issue-based forecasting capabilities developed and used for management (NOAA)	73	73	Met
3.4	Number of domestic stocks, as of June 30, 2013, listed as subject to overfishing for which the annual catch does not exceed the overfishing limit (NOAA)	21	19	Met
3.4	Number of protected species designated as threatened, endangered, or depleted with stable or increasing population levels (NOAA)	34	31	Met
3.4	Fish stock sustainability index (FSSI) (NOAA)	749.0	761.5	Exceeded
3.4	Number and percentage of recovery actions ongoing or completed (NOAA)	2,070 / 46.2%	2,157 / 48.1%	Exceeded
3.4	Habitat acres conserved: Annual number of coastal, marine, and Great Lakes acres acquired or designated for long-term protection.	250	4,250,256	Exceeded
3.4	Habitat acres conserved: Habitat acres restored	32,460	22,975	Not Met
3.5	Number of trade promotion missions that support U.S. environmental and clean energy businesses (ITA) ¹	10	6	Not Met
3.5	Number of trade policy missions that support U.S. environmental and clean energy businesses ¹	1	1	Met

1. The Strategic Plan had a composite indicator, "Number of days of forecast accuracy and warning lead time," however, NOAA does not have a composite target for this indicator. These indicators reflect parts of that composite indicator that NOAA reported on in FY 2015.

Status is defined as: Exceeded = >100% of target, Met = 90-100% of target, and Not Met = <90% of target.

Strategic Goal 4: Improve government, business, and community decisions and knowledge by transforming Department data capabilities and supporting a data-enabled economy**Public Benefits**

In many ways, the United States is a statistics driven society. Seven million U.S. businesses; 93,000 tribal, state, and local governments; 320 million American people; and the federal government itself use data to make informed decisions every day. The Department provides huge quantities of this data. People use the Department's data to gain insight into their weather and climate, their communities, and how the economy is faring. Businesses use Commerce data to make investment and hiring decisions. State and local governments mine the Department's data to warn of coming danger, position first-responders, and construct high-tech classrooms. The federal government uses Commerce data to allocate funds and to make critical decisions on fiscal and monetary policy.

The Nation depends on statistics provided by Census and BEA to plan financial and investment strategies, plan for economic (both national and international) expansion, provide funds to disadvantaged communities and organizations, and anticipate population shifts that affect the demand for public resources. Information on demographics, including measures of the population, economy, and governments, assists entrepreneurs in identifying market opportunities that can generate jobs.

Current and benchmark measures of the U.S. population, economy, and governments play a vital role in governance, economic decisions, and policy development. Census uses the Decennial Census to provide the official population counts for determining state allocations of seats in the U.S. House of Representatives. States use the data to determine Congressional, state, and local legislative boundaries. The Decennial Census Program (comprised of the Decennial Census and the American Community Survey) provides comprehensive demographic information about all people living in the United States, Puerto Rico, and the associated Island Areas. These data are used to identify community needs and for land use and transportation planning. The program provides data on small geographic areas and population groups. These data are needed by agencies to implement legally mandated programs. Approximately \$400 billion a year is distributed to state and local governments using formulas that are based on Census data.

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

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

FY 2015 Accomplishments

The world is at the forefront of a data revolution. The explosion of Big Data and the increasing prevalence of Open Data present enormous opportunities and challenges. There is also an increasing responsibility to protect privacy and personal information. Realizing these opportunities and overcoming the challenges is feasible only if data agencies work together to complement each other's efforts.

The DoC is America's data agency. Its data is comprehensive, consistent, confidential, credible, and accessible. These characteristics make government data unique, but the federal government cannot and should not be the sole producer of valuable data. Finding effective ways to meld Commerce data together with data from other sources will serve society better and maximize the returns on the Nation's data investments.

The Department will lead the federal government in revolutionizing the approach to data. The Department has hired a Chief Data Officer to centralize its data strategy and improve data operations. The Department has also formed a Data Advisory Council to tap into the growing field of data experts: technical experts from businesses, academia, consulting firms, and government will consider the vast range of issues and provide advice on how to maximize the value of existing Commerce data. These new Commerce resources will help the Department ensure its customers can:

- Easily find and consume Commerce data;
- Use the data to inform decisions;
- Leverage the data to help people and organizations accomplish their goals; and
- Trust that the Department is protecting privacy, confidentiality, and security

By focusing on its customers and the strategic objectives supporting this goal, the Department will transform its systems into 21st century data powerhouses—powerhouses that can help fuel the data revolution and bolster American job growth and global competitiveness.

In addition, the Department continues to make progress in addressing society's future data needs. The BEA and Census are working together to develop ideas for producing economic indicators that are more timely, accurate, specific to users' needs (such as additional regional and industry/sector indicators), and capable of being combined with other datasets from non-federal sources. BEA and Census plan to take advantage of the expertise on the Federal Economic Statistics Advisory Committee to assist them in discussing alternatives and vetting ideas. One idea that is already under exploration is working with the Defense Advance Research Products Agency to hold hackathons with the goal of combining federal datasets from various agencies to provide improved data to customers. In an alternative to surveys, ESA is partnering with two different private-sector organizations to collect economic data that can be incorporated into existing BEA and Census statistical products. If successful, these partnering arrangements could lead to more timely and accurate collection of raw economic information that could, in turn, increase the accuracy and timeliness of economic statistical products.

Advances in the 2020 Decennial Census: Census released the *2020 Census Operational Plan* in early October 2015 containing design decisions for a re-engineered 2020 Census that has the potential to save approximately \$5.2B compared with repeating the 2010 Census design. The Operational Plan includes the concept of operations for the 2020 Census, supporting documentation (e.g., a description of the 34 census operations, IT capabilities, and cost estimates), and tools to support communications with internal and external stakeholders.

Census recently completed two field tests, one in the Savannah, Georgia media market and the other in Maricopa County, Arizona. The Savannah test was designed to further test methods of encouraging householders to respond online. The test included an early engagement campaign, an advertising and a promotional campaign, and allowed householders to respond without a Census identification number. The Maricopa test looked at ways to improve the efficiency and effectiveness of "nonresponse follow-up." In recent censuses, about one-third of households didn't complete their census without an in-person visit. Follow-up operations are the most costly part of the census, and improving the efficiency of follow-up operations is critical to a cost-effective census.

Census also recently began the 2015 National Content Test. The test is being conducted to test census questionnaire content and to obtain nationwide measurements of response rates for Internet and self-response. The test census will be sent to a statistically representative sample of approximately 1.2 million households in the United States and Puerto Rico.

Census also issued the *2020 Census Research and Testing: 2015 Census Address Validation Test* report. The 2015 Address Validation Test was in the field from September 2014 through January 2015. The test was conducted to assess the performance of methods and models that will help staff develop the 2020 Census address list, and to estimate the in-field address canvassing workloads for the 2020 Census.

The Department's Office of the Chief Economist (OCE) undertook four inter-bureau and inter-agency initiatives of particular relevance in FY 2015: 1) analyzing existing DHS data to assess the jobs generated by the EB-5 Visa Program; 2) working with NOAA data to create a Natural Capital website that will help U.S. businesses incorporate the value of natural capital in their decisions; 3) writing a report for SBA on the utilization of women-owned businesses in government contracting and 4) a joint report with the Executive Office of the President on supply chain innovation. OCE also released many significant research reports during FY 2015, including reports on the value of the American Community Survey; the importance of data occupations in the U.S. economy; and the degree to which U.S. products are manufactured in the U.S.

BEA and the Census are continuing their efforts to use existing data to enhance the timeliness of their statistical products and to reduce the burden for survey respondents.

The ESA continues to hold monthly meetings with all Commerce bureaus and operating units, including the ITA, and MBDA, to discuss ways to make better use of existing federal data, to share best practices, and to discuss initiatives. ESA is working with OMB and the Department of Treasury to increase the use of federal tax data, consistent with tax data protection requirements.

NTIS has demonstrated innovative achievements in its information dissemination activities as provided in the National Technical Information Act of 1988, codified in 15 U.S.C. 3704b. This Act directed NTIS to “implement new methods or media for the dissemination of scientific and technical, and engineering information.” Supporting this directive, NTIS, as part of its base program and without appropriations, made its bibliographic database since 1990 available on the internet, making the collection more widely available to the public and allowing customers to download products electronically. Those efforts will continue to be expanded and refined as analysis of the activities warrant. In this continuing effort, NTIS continues to follow all Administration policies restricting access to information that could be used improperly.

In FY 2015, NOAA signed Cooperative Research and Development Agreements (CRADAs) with five infrastructure-as-a-service (IaaS, or cloud) providers. Under these agreements, the IaaS providers will work with NOAA to grant access to NOAA data in the cloud, where it can be co-located with computing, storage, analytic, and other value-added services. This research and development project hopes to show that the cost of providing this cloud-based access to NOAA data can be subsidized by the revenue generated by making it available; specifically, the cloud providers will recoup their costs by the increased computation and other services that new and existing users of the data will purchase in order to work with the data. In addition to helping to subsidize the cost of providing access, these arrangements will allow NOAA to make data available that it has not previously been able to distribute, for technical or economic reasons. NOAA assessed the feasibility of this model prior to signing the CRADAs through a series of interactions with industry, including two requests for information (RFIs), an industry day, and multiple workshops.

Since announcement of the CRADAs in April of 2015, NOAA has been working with the cloud providers to deliver data, and they have started to make these data available to industry. They have received a great deal of positive feedback, including over 20 companies who signed up for an initial beta program around NEXRAD Level 2 radar data.

FY 2015 Performance Results

The following table shows the FY 2015 results of key (gray-shaded) and supporting indicators that appear in the Strategic Plan, related to Data. Additional historical and descriptive information is available in the Departmental Annual Performance Plan and Report at <http://www.osec.doc.gov/bmi/budget/>

Obj.		FY 2015 Target	FY 2015 Actuals	FY 2015 Status
4.1	Number of archival datasets to which permanent, citable Digital Object Identifiers (DOI) have been assigned (NOAA)	40	183	Exceeded
4.2	Milestones met to explore and examine future economic products and datasets (ESA)	Develop a POA&M	Developed POA&M	Met
4.2	Milestones met to explore and examine future economic data sources (ESA)	Explore agreements with one or more producers of economic data	Two agreements under negotiation	Met
4.3	Milestones met in increasing the cost efficiency of 2020 Decennial Census	Preliminary design for key components of the 2020 Census to achieve cost and quality goals	Completed Preliminary design for key components of the 2020 Census to achieve cost and quality goals	Met

Status is defined as: Exceeded = >100% of target, Met = 90-100% of target, and Not Met = <90% of target.

OPERATIONAL EXCELLENCE

Strategic Goal 5: Strengthen the Department's capacity to achieve its objectives, maximize return on program investments, and deliver quality, timely service

Public Benefits

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

The benefits of all Department programs are increased by staff who are highly qualified not only in their field but in cutting edge management practices, human relations and customer service. Therefore, Operational Excellence includes developing staff to their full potential as leaders, individuals and collaborators. It also includes performance management systems that orchestrate the activities of the Department's 47,000 employees to achieve timely results.

As U.S. society becomes increasingly oriented toward using electronic means of communication and information dissemination, federal agencies must be as responsive to the needs of the public, the private sector, other levels of government, and other federal agencies. Technology transformation across the Department will provide systems able to perform at the highest levels and adapt as technology advances.

The principal benefit of Operational Excellence is accomplishing the Department's mission cost-effectively through people and processes that respond to changing needs and expectations. The Department will use new approaches to employee engagement and customer service, up-to-date space and technology, and systems that align Commerce's diverse yet interconnected efforts to accomplish performance targets in all mission areas. These changes will also help the Department attract and retain the talents needed to sustain high performance well into the 21st century.

In addition to cost-effective mission delivery, short- and long-term, Operational Excellence will strengthen and maintain cybersecurity needed to protect business and personal information. It will also provide the data and research needed for evidence-based decision-making that continuously increases return-on-investment in DOC programs.

FY 2015 Accomplishments

The Department revised the FY 2014-2018 Department Strategic Plan to further capitalize on synergy from bureau collaboration and refine strategies. A new Strategic Plan governance structure has been created to manage progress toward the many Strategic Objectives that involve multiple bureaus.

The Department completed a current state study on the quality of mission support across all bureaus. Stakeholder input was gathered through surveys and focus groups. Based on study findings, the Department decided to move some Human Resources, Acquisition, Financial Management, and IT functions to a shared service model. A task force is developing an implementation plan for actions that will begin in FY 2016. Under the leadership of the Deputy Secretary and the CFO/ASA, and with contract support, teams of principals assessed the feasibility of providing HR, Acquisition, Financial and IT services through a shared service model. Improved responsiveness to customer needs was the primary criterion for assessing alternative service delivery approaches. In FY 2015, DoC completed the feasibility study, developed an implementation plan, established a shared services center, and prioritized six IT shared services for deployment in the FY2016-17 timeframe, with the first (printing services) to be deployed by March 2016.

Additionally, the Department has adopted an IT Transformation Road Map. This Road Map provides a description of the future state of DOC IT, performance measures, a schedule, and defined roles and responsibilities. IT services has implemented much of the plan including cloud-based email; improved security of international travel devices; modernization of workplace technology; an Enterprise Security Operation Center (ESOC); and Enterprise Continuous Monitoring Operations through the Department of Homeland Security. IT also implemented audio/visual, wireless, and enterprise-wide printing infrastructure and support services, including equipment and installation services for Phase three of the HCHB renovation. In addition, IT established a 24x7 ESOC in Fairmont, WV.

In January 2007, the Department and the General Services Administration entered into an agreement to renovate the Herbert C. Hoover Building (HCHB) in eight phases. The goal of the HCHB Renovation Project is to create a safe, mobile, cooperative, and more energy efficient office environment for staff. The complete project will replace all of the major building systems, create a more open work environment, reduce the square footage needed by DOC, and preserve significant historic spaces. By FY 2015, three phases of the renovation have been completed to date. As a pilot test, an area has been renovated with more “huddle space” and fewer private offices. Staff currently using the space provided feedback on this design, which will affect future renovations. In August 2013, the Department had, in conjunction with GSA, begun a 21st Century Workplace Initiative that changed the initial renovation plan to a modern workspace design. In July 2015, the 21st Century Pilot Project and a new blocking and stacking plan were completed. The new plan will enable the Department to return operating units to the HCHB as well as return approximately 123,000 rentable square feet to GSA.

Another important development has been the formation of DOC’s People and Culture Team (PACT). The PACT met regularly throughout FY 2015 to affect the Department-level strategies for this objective. To establish a foundation for the leadership skills needed to empower and engage Commerce employees, the PACT has initially focused its attention on strengthening DOC’s SES corps including organizing the FY 2014 and FY 2015 SES Summits. The FY 2015 SES Summit was an avenue for input on the shared series initiative and workforce engagement and retention. In FY 2015, the Department worked closely with the U.S. Office of Personnel Management to develop a SES on-boarding pilot program, scheduled for launch in early FY 2016. GS-level employee on-boarding has already been expanded to include a briefing on the DOC Strategic Plan and approach to performance management. Further enhancements are planned for FY 2016.

The Office of Public Affairs (OPA) has collaborated with the performance management staff on a new Internal Communications Plan, with a focus on engaging staff with the FY 2014-18 Strategic Plan. OPA has launched CommerceConnection, an intranet that provides a platform for dialogue and collaboration across bureaus. It was used to collect staff ideas on key challenges in the goal areas of the DOC Strategic Plan. Leadership and Innovation Network at Commerce (LINC) is a newly established affinity group created for those interested in new approaches to accomplishing the Commerce mission. LINC uses CommerceConnection to organize “Hackathons” and “Un-Conferences” held in pursuit of innovation and organizational improvement.

The BusinessUSA website provides one door to US Government on-line services for businesses. It has been evolving for four years and is now recognized as a best practice in the business assistance space. It puts the voice of the customer at the center of continuous improvement. Customer feedback from multiple channels (surveys, system generated data, focus groups, observation of users) is used to refine site design, content, and features. The site makes it easier for customers to access and understand the services of 24 federal agencies, many with dozens of sub-units. From 2012 to 2015, BusinessUSA grew from 250 linked resources to over 57,000 that include state, local and non-profit services. The DoC is employing best practices from BusinessUSA, other exceptional government websites, and the private sector to improve other websites.

The Department continued its standard of reaching out to veterans and people with disabilities with approximately 14% of new hires being veterans and 12% having a disability.

Customer feedback mechanisms have been improved for two mission goal areas during FY 2015: “Trade and Investment” and “Data.” In Trade and Investment, ITA has refined and expanded its client survey to develop more actionable data, increase response rate, and increase the number of services covered by the survey. Survey design and sampling have benefited from collaboration with Census. The Data goal area established an Advisory Committee of business technology leaders that is making recommendations on how DOC data can better serve the business community. Their input will include ideas on how private sector data can improve government statistics or make them less costly to produce.

ITA is implementing a state-of-the-art Customer Relations Management System. The system will facilitate quality service by providing a complete history of services provided to a client by any unit of ITA. It will also provide data needed to evaluate the quality of service, e.g., cycle time for responding to requests, success in helping a client achieve their objective, baseline data on revenue and employment level (needed to assess if ITA assistance resulted in growth). A standard CRM system will be expanded to other Department business assistance programs over the next few years. Staff will be able to track assistance provided by any agent of DOC, so data will be available for analytics on critical success factors.

Census stood up a centralized customer experience data base that supports dashboards and self-service analytics. The Customer Experience Management (CEM) project team built the data base from five exiting data sources and created four enterprise dashboards. These dashboards provide insight into customer experience with Census products, and allow analysts to look across data sources on one Business Intelligence (BI) platform. The team deployed the data base and dashboards as a pilot and is moving it to the production environment.

In FY 2015, the OIG participated in criminal and civil cases that resulted in financial recoveries to the government totaling more than \$86 million, exceeding their target of \$70 million. In addition, 94 percent of the OIG recommendations for changes were accepted by Departmental and bureau management.

FY 2015 Performance Results

The following table shows the FY 2015 results of key (gray-shaded) and supporting indicators that appear in the Strategic Plan, related to Operational Excellence. Additional historical and descriptive information is available in the Departmental Annual Performance Plan and Report at <http://www.osec.doc.gov/bmi/budget/>

Obj.		FY 2015 Target	FY 2015 Actual	FY 2015 Status
5.1	Score on the Employee Engagement Index of the Federal Employee Viewpoint Survey ¹	67%	68%	Exceeded
5.1	Score on the New Inclusion Quotient (New IQ) of the Federal Employee Viewpoint Survey ¹	66%	63%	Met
5.2	Customer contacts (BusinessUSA)	935,510	4,222,145	Exceeded
5.2	Customer satisfaction (BusinessUSA)	70%	68%	Met
5.2	Customer impact (BusinessUSA)	70%	68%	Met
5.3	Score on the Results-Oriented Performance Culture Index of the Federal Employee Viewpoint Survey	61%	60%	Met
5.4	Cybersecurity Cross Agency Priority (CAP) Goal average for the Department	83%	83% ²	Met
1. This is an average of three percentages used to calculate the results				
Status is defined as: Exceeded = >100% of target, Met = 90-100% of target, and Not Met = <90% of target.				

PRIORITY GOALS

Priority Goals are a clear statement of the specific, measurable, ambitious near-term priority targets chosen by the senior leaders of major federal agencies. The Priority Goals communicate the performance improvements each agency is trying to accomplish relative to its priorities using existing legislative authority, previously appropriated funds, and funding at levels proposed in the President's FY 2014 Budget. The Priority Goals constitute the priority operational targets the agency will work to accomplish within 18 to 24 months of setting the targets. This distinguishes the Priority Goals from the longer-term targets agencies include in their strategic plans, and the full set of performance goals and measures agencies include in the annual plans and reports required by the Government Performance and Results Act (GPRA).

GOAL						
PERCENTAGE OF GLOBAL MARKETS CLIENTS THAT ACHIEVED THEIR EXPORT OBJECTIVES						
Bureau						
International Trade Administration (ITA)						
Overall Description	By September 30, 2015, the Department of Commerce will increase the percentage of companies assisted by Global Markets that achieve their export objectives to 71 percent.					
Performance Indicators	Percentage of companies that achieved their export objectives		Number of clients assisted by Global Markets		Percentage of clients highly likely to recommend Global Markets	
Specific Descriptions of Indicators	This indicator evaluates Global Markets' effectiveness in helping companies achieve their export objectives. Global Markets will offer U.S. companies a more robust set of capabilities to help them achieve their international exporting goals, whether those goals are to set up an overseas distribution channel; gain easier access to challenging markets; or meet additional foreign buyers for their goods. Global Markets will focus on understanding clients' exporting needs, and providing services to meet those needs. This metric focuses the new Global Markets organization on this top priority while also driving behavior towards client outcomes		This indicator illustrates ITA's reach into the U.S. business community. Historical data indicates that over 75 percent of companies assisted are small and medium-sized enterprises.		This indicator illustrates the level of client satisfaction with Global Markets (GM) and will be used to improve the quality and efficiency of service delivery. This indicator was adopted in FY 2013. These targets were set using government customer satisfaction benchmarks from the American Customer Satisfaction Index (ACSI). ACSI results have hovered between 65-68% over the last five years, making the targets set reasonable ones.	
	Target	Actual	Target	Actual	Target	Actual
FY 2014	69%	73%	22,150	17,593	69%	83%
FY 2015	71%	73%	22,150	25,029	71%	84%

GOAL								
ADVANCE COMMERCIALIZATION OF NEW TECHNOLOGIES BY REDUCING PATENT APPLICATION PENDENCY AND BACKLOG								
Bureau								
U.S. Patent and Trademark Office (USPTO)								
Overall Description	By September 30, 2015, the Department will reduce patent pendency for first action and total pendency from the end of FY 2012 levels of 21.9 and 32.4 months to 15.7 and 26.4 months, as well as the unexamined patent application backlog of 608,300 to 534,900. Additionally, the Patent quality composite score will be improved from 72.4 percent to 100 percent of the FY 2015 target.							
Performance Indicators	Patent Average First Action Pendency		Patent Average Total Pendency		Unexamined Patent Application Backlog		Patent Quality Composite Score	
Specific Descriptions of Indicators	This indicator tracks the timeliness of first office actions on patent applications, measuring the time from the application filing date to the date of mailing the first office actions.		This indicator identifies the timeliness related to issuance of the patent or abandonment of the application, measuring the average time from the application filing date to the date of issue or abandonment.		The unexamined patent application backlog is the number of new utility, plant, and reissue (UPR) patent applications in the pipeline at any given time which are awaiting a First Office Action by the patent examiner. Continuation, continuation-in-part, and divisional applications are included in the total.		The Quality Composite Score is composed of seven individual quality metrics. The composite metric determines progress in each component metric towards the desired five-year goal, applying a weighting factor to each metric and summing the weighted progress in each component metric to determine the overall progress towards the composite quality goal. A composite score of 0 represents the statistical achievement in the base year used for comparison. A composite score of 100 represents attainment of a superior level of performance identified as the stretch goal.	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual
FY 2014	17.4	18.4	26.7	27.4	593,700	605,646	83-91	75
FY 2015	15.7	17.3	26.4	26.6	534,900	553,221	100	43

GOAL		EXPAND BROADBAND SERVICE TO COMMUNITIES:				
Bureau		National Telecommunications and Information Administration (NTIA)				
Overall Description	By September 30, 2015, the Department of Commerce will increase the nation's broadband infrastructure developed through the Broadband Technology Opportunities Program (BTOP) from 78,120 miles at the end of FY 2012 to 118,000 miles. When this goal is achieved, BTOP will connect 23,500 community anchor institution and will add 670,000 new household and business subscribers to broadband service.					
Performance Indicators	Miles of broadband networks deployed (Infrastructure Projects)	Community anchor institutions connected (Infrastructure Projects)		New household and business subscribers to broadband (Sustainable Broadband Adoption Projects)		
Specific Descriptions of Indicators	NTIA's broadband grants program supports projects that increase broadband access and adoption; provide broadband training and support to schools, libraries, healthcare providers, and other organizations; improve broadband access to public safety agencies; and stimulate demand for broadband. This performance indicator tracks the number of new or upgraded miles of network (e.g., fiber, microwave) deployed using NTIA funding.	NTIA places a high priority on deploying and enhancing broadband capabilities for approximately 24,000 community anchor institutions, including schools, libraries, government offices, health care facilities, and public safety entities. This performance indicator tracks the number of anchor institutions connected with new or improved broadband capabilities..		NTIA funded innovative programs to encourage sustainable adoption of broadband service. This performance measure tracks the number of new household and business subscribers to broadband generated by projects funded through the Sustainable Broadband Adoption category of funding, as reported by awardees.		
	Target	Actual	Target	Actual	Target	Actual
FY 2014	115,000	113,555	23,000	25,391	670,000	736,489
FY 2015	118,000	115,565	23,500	25,766	N/A ¹	
1. NTIA achieved its final target in FY 2014. Therefore, it does not have a FY 2015 target for this indicator.						

GOAL		IMPROVE FORECASTING ACCURACY AND LEAD TIMES FOR SEVERE WEATHER				
Bureau		National Oceanic and Atmospheric Administration (NOAA)				
Overall Description	By September 30, 2015, the Department of Commerce will improve its overall weather forecast model accuracy to 9 days which will enable more accurate, consistent, longer lead time for specific weather event forecasts and warnings.					
Performance Indicators	Global Forecast Skill (GFS) 500 hPA Anomaly Correlation Length of Forecast Considered Accurate	High Performance Computing Capacity		Hurricane Forecast Track Error		
Specific Descriptions of Indicators	The 500 hPA anomaly correlation is a proxy for skill of the GFS and computed over the range of forecast days into the future. The forecast length where the value drops to 0.6 indicates the point at which a forecast loses useful skill. NOAA tracks and reports this value, in units of days, on an annual basis. It is reported after each calendar year (i.e. Q2 of a FY). There is variability in the measure based on the season. Measuring this value more frequently does not provide relevant, useful statistics. If a usual climate pattern emerges improvement may be realized more than one year after the computing upgrades are complete.	The measure of computing speed equal to one trillion floating-point operations per second for the Weather and Climate Operational Supercomputing System (WCOSS). WCOSS Phase 2 performance based capacity increase resulted in a large increase in the target.		A hurricane is a rotating, organized system of clouds and thunderstorms that originates over tropical or subtropical waters. This indicator measures the difference between the projected location of the center of these cyclonic storms and the actual location in nautical miles (nm) for the Atlantic Basin. The targets are computed by averaging the differences (errors) for all the 48-hour forecasts occurring during the calendar year. This measure can show significant annual volatility based on the frequency and type of hurricanes that occur in a given season. Metric computed once a year in Q2 of the FY, after the hurricane season concludes (Hurricane Forecast Track – 48 hr Error – nautical miles)		
	Target	Actual	Target	Actual	Target	Actual
FY 2014	8	7.9	213	213	81	65
FY 2015	9	Avail 4/2016	1600	776	77	77.4
1. Not available until the end of the second quarter in FY 2015						

GOAL		CONFIRM ELIMINATION OF OVERFISHING	
Bureau	National Oceanic and Atmospheric Administration (NOAA)		
Overall Description	By September 30, 2015, the Department of Commerce will confirm the elimination of overfishing on all 21 U.S. domestic stocks identified as subject to overfishing as of June 30, 2013 by comparing catch data relative to overfishing limits (OFLs).		
Performance Indicator	Number of domestic stocks listed as subject to overfishing as of June 30, 2013 for which the annual catch does not exceed the overfishing limit (OFL) in any fishing year		
Description	NOAA Fisheries will compare annual catch estimates to OFL for the 21 domestic stocks that were subject to overfishing as of June 30, 2013. In FY14, we will track the 2013 fishing year catch for each of the 21 stocks quarterly using the best catch estimates available at the time. In FY15, we will track the 2014 fishing year catch only for the stocks that exceeded the OFL in the 2013 fishing year.		
	Target		Actual
FY 2014	11		11
FY 2015	21		19

FY 2016/2017 Priority Goals

The Department has established the following priority goals for fiscal years 2016-2017.

1. By September 30, 2017, the Department of Commerce will reduce patent pendency to less than 14 months for first action and less than 23 months for total pendency from end of fiscal year 2015 results of 17.3 and 26.6 months. This priority goal supports the Department of Commerce's longer-term goal focused on achieving 10 months for first action pendency and 20 months for total pendency by FY 2019. **(USPTO)**
2. By September 30, 2017, the Department of Commerce will improve the useful lead time of its weather forecast model guidance to 9.5 days which will enable more accurate, consistent, forecasts and warnings for high-impact and extreme weather events. **(NOAA)**
3. By September 30, 2017, the Department of Commerce will transition twelve (12) research and development (R&D) capabilities to applications (from TRL 8 to TRL 9) to improve efficiency, accuracy, or precision of forecasts to reduce adverse effects of environmental events on people and property. **(NOAA)**
4. By September 30, 2017, increase the percentage of companies assisted by Global Markets that achieved their export objectives from 69% to 75%. **(ITA)**

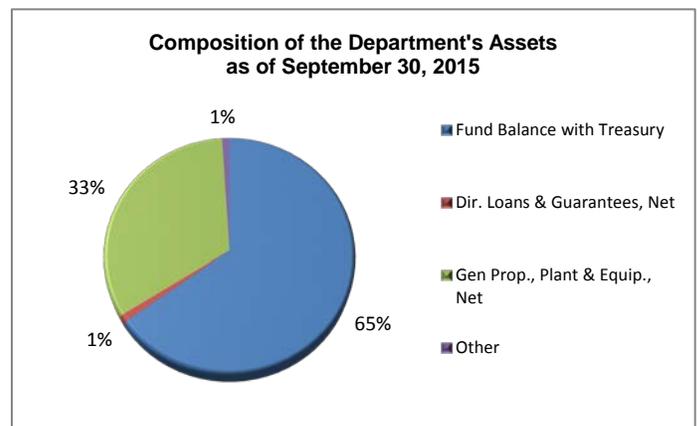
FINANCIAL HIGHLIGHTS

(Dollars in Thousands)	Percentage Change	FY 2015	FY 2014	(Dollars in Thousands)	Percentage Change	FY 2015	FY 2014
As of September 30, 2015 & 2014				For the Years Ended September 30, 2015 & 2014			
Condensed Balance Sheets:				Condensed Financing Sources:			
ASSETS:				Appropriations Received, Net of Reductions			
Fund Balance with Treasury	+25%	\$25,511,071	\$20,440,730	Transfer In of Auction Proceeds from Federal Communications Commission	+1,426%	18,627,804	1,221,000
Gen. Property, Plant, and Equipment, Net	+7%	12,948,649	12,107,752	Transfer Out to General Fund of U.S. Government for Deficit Reduction	N/A	(12,618,990)	-
Direct Loans and Loan Guarantees, Net	0%	512,463	512,588	Imputed Financing Sources from Cost Absorbed by Others	-28%	256,500	\$357,022
Other	+38%	491,547	356,634	Other	+43%	413,685	\$289,260
TOTAL ASSETS	+18%	\$39,463,730	\$33,417,704	TOTAL FINANCING SOURCES	+50%	\$15,214,184	\$10,117,723
LIABILITIES:				Condensed Statements of Net Cost:			
Unearned Revenue	-8%	\$1,510,571	\$1,641,577	Gross Departmental Costs	+4%	\$11,951,789	\$11,468,898
Federal Employee Benefits	-2%	881,546	898,771	Less: Earned Revenue	+6%	(4,020,707)	(3,796,874)
Accounts Payable	+9%	646,074	592,999	NET COST OF OPERATIONS	+3%	\$7,931,082	\$7,672,024
Accrued Payroll & Annual Leave	+1%	505,168	500,082	Selected Budgetary Information:			
Debt to Treasury	-62%	504,704	1,311,671	Obligations Incurred	+56%	\$20,805,228	\$13,363,956
Accrued Grants	-70%	144,925	475,714	Outlays, Gross	+59%	\$20,469,821	\$12,914,541
Other	-3%	269,860	279,110				
TOTAL LIABILITIES	-22%	\$4,462,848	\$5,699,924				
NET POSITION:							
Unexpended Appropriations	+9%	\$5,733,904	\$5,263,441				
Cumulative Results of Operations	+30%	29,266,978	22,454,339				
TOTAL NET POSITION	+27%	\$35,000,882	\$27,717,780				
TOTAL LIABILITIES AND NET POSITION	+18%	\$39,463,730	\$33,417,704				

ANALYSIS OF FY 2015 FINANCIAL CONDITION AND RESULTS

Assets

Departmental assets amounted to \$39.46 billion as of September 30, 2015. Fund Balance with the U.S. Department of the Treasury (Treasury) of \$25.51 billion is the aggregate amount of funds available to make authorized expenditures and pay liabilities. General Property, Plant, and Equipment (PP&E), Net of Accumulated Depreciation, of \$12.95 billion, includes \$8.81 billion of Construction-in-progress, primarily of satellites and weather measuring and monitoring systems; \$1.54 billion of Satellites/Weather Systems Personal Property; \$1.49 billion of Structures, Facilities, and Leasehold Improvements; and \$1.11 billion of other General PP&E. Direct Loans and Loan Guarantees, Net of Allowances for Subsidy Cost (Present Value) and Loan Losses, of \$512.5 million, primarily relates to the NOAA direct loan programs. Other Assets of \$491.5 million primarily includes Accounts Receivable, Net of Allowance for Uncollectible Accounts, of \$152.1 million; Advances and Prepayments of \$222.7 million; and Inventory, Materials, and Supplies, Net of Allowance for Excess, Obsolete, and Unserviceable Items, of \$104.4 million.

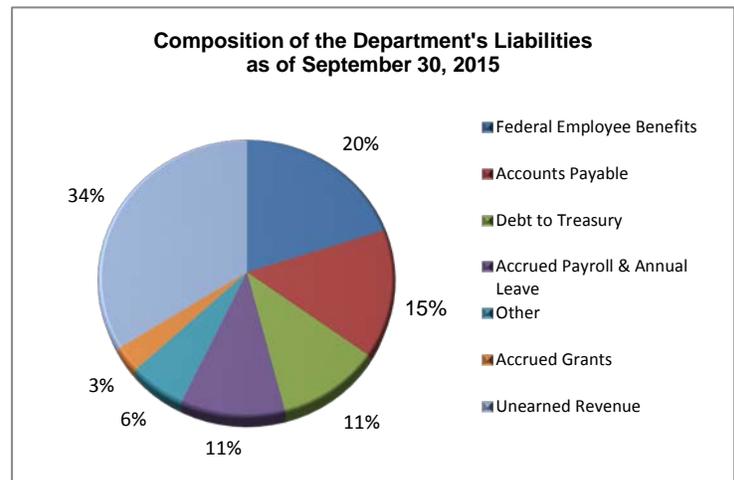


Departmental assets increased \$6.05 billion, or 18 percent, from \$33.42 billion as of September 30, 2014 to \$39.46 billion as of September 30, 2015. Fund Balance with Treasury increased \$5.07 billion, or 25 percent, from \$20.44 to \$25.51 billion, primarily due to a Fund Balance with Treasury

increase of \$6.36 billion in the NTIA Network Construction Fund, from \$392 thousand to \$6.36 billion, resulting from a September 2015 transfer in of \$6.40 billion from NTIA's Public Safety Trust Fund, which will be used for funding of the First Responder Network Authority, an independent authority within NTIA, and for other NTIA program(s). There was an offsetting Fund Balance with Treasury decrease of \$1.42 billion in NTIA's Public Safety Trust Fund, from \$1.96 billion to \$541.7 million. The Public Safety Trust Fund in FY 2015 received a transfer in of auction proceeds from the Federal Communications Commission (FCC) of \$18.63 billion, and, in September 2015, transferred out a total of \$19.24 billion pursuant to provisions of the Middle Class Tax Relief and Job Creation Act of 2012, including a transfer out of \$12.62 billion to the General Fund of U.S. Government for deficit reduction, and a transfer out of \$6.40 billion to NTIA's Network Construction Fund, and also in September 2015 repaid its debt to Treasury balance of \$779.0 million. General PP&E, Net increased \$840.9 million, or 7 percent, from \$12.11 billion to 12.95 billion, primarily due to an increase in Construction-in-progress of \$1.13 billion, in large part due to an increase in Construction-in-progress for NOAA's Geostationary Operational Environmental Satellites – R (GOES – R) and Joint Polar Satellite System (JPSS) of approximately \$713 million and \$538 million, respectively. Other Assets increased \$134.9 million, or 38 percent, from \$356.6 million to \$491.5 million, in large part due to an increase in advances to grantees for NTIA's Broadband Technology Opportunities Program of \$67.7 million as a result of periods of performance carrying into FY 2016 for several grants, also due to an increase in NOAA's intragovernmental accounts receivable of \$28.0 million related to agreements with the U.S. Air Force for construction, habitat conservation, and restoration of Grand Liard and Bayou DuPont, and also as a result of \$19.4 million of increased intragovernmental advances and prepayments from the ITA to the U.S. Department of the Interior for information technology-related services.

Liabilities

Liabilities of the Department amounted to \$4.46 billion as of September 30, 2015. Unearned Revenue of \$1.51 billion represents the portion of monies received from customers for which goods and services have not been provided or rendered by the Department, including customer deposits, and primarily relates to patent and trademark application and user fees that are pending action, and also includes monies collected in advance under reimbursable agreements. Federal Employee Benefits Liability of \$881.5 million is comprised of the actuarial present value of projected benefits for the NOAA Corps Retirement System of \$634.9 million and the NOAA Corps Post-retirement Health Benefits of \$37.3 million, and the Department's Actuarial Federal Employees Compensation Act (FECA) Liability of \$209.3 million, which represents the actuarial liability for future workers' compensation benefits. Accounts Payable of \$646.1 million consists primarily of amounts owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due. Accrued Payroll and Annual Leave of \$505.2 million includes salaries and wages earned by employees, but not disbursed as of September 30, 2015. Debt to Treasury of \$504.7 million represents debt for NOAA's direct loan programs. Accrued Grants of \$144.9 million relate to a diverse array of financial assistance programs and projects, including the EDA accrued grants of \$51.8 million for its grant investments that help communities generate jobs, retain existing jobs, and stimulate industrial and commercial growth; NOAA's accrued grants of \$46.9 million for grants awarded to state and local governments, non-profits research institutions, and colleges and universities for research and conservation initiatives; and NIST accrued grants of \$44.2 million for its grant investments and cooperative agreements that fund programs in a variety of fields such as energy, food safety, and electronics research, strategic manufacturing technology, and the Hollings Manufacturing Extension Partnership. Other Liabilities of \$269.9 million primarily include Environmental and Disposal Liabilities of \$144.9 million, including \$77.3 million for asbestos-related cleanup costs and \$55.9 million for a nuclear reactor operated by NIST; Accrued Benefits of \$40.5 million; Accrued FECA Liability of \$31.7 million; Downward Subsidy Reestimates Payable to Treasury of \$13.4 million for NOAA's loan programs; ITA's Foreign Service Nationals' Voluntary Separation Pay Liability of \$10.1 million; and Resources Payable to Treasury of \$5.9 million for the Department's loan programs which have pre-credit reform liquidating fund groups.



Liabilities of the Department decreased \$1.24 billion, or 22 percent, from \$5.70 billion as of September 30, 2014 to \$4.46 billion as of September 30, 2015. Debt to Treasury decreased \$807.0 million, or 62 percent, from \$1.31 billion to \$504.7 million, primarily due to a \$779.0 million repayment of debt in September 2015 by NTIA's Public Safety Fund, as previously discussed. Accrued Grants decreased \$330.8 million, from \$475.7 million to \$144.9 million, or 70 percent, primarily due to a change in EDA's grant accrual methodology, aimed at better illustrating the spending patterns in each major grant program over the average life of the grant. Unearned Revenue decreased \$131.0 million, or 8 percent, from \$1.64 billion to \$1.51 billion, primarily due to Census's decrease of \$77.5 million in advances received from the U.S. Department of Justice, the U.S. Department of Housing and Urban Development, and the U.S. Department of Health and Human Services, that resulted from a combination of prior-year carryover advances and a lack of new work requests. Accounts Payable increased \$53.1 million, or 9 percent, from \$593.0 million to \$646.1 million, in part due to NOAA's increase in payables of \$19.2 million related to GOES – R and JPSS satellite projects, and also due to Census's increase in payables of \$13.5 million related to 2015 Census Tests across the United States aimed to improve Census operations for the 2020 Decennial Census.

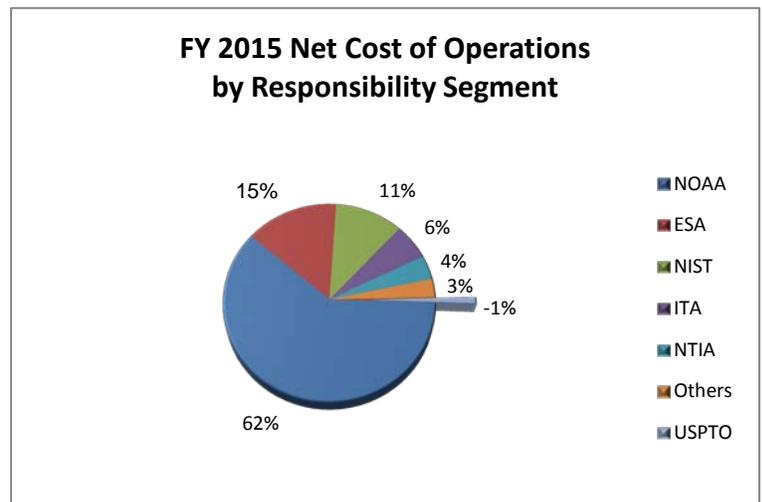
Financing Sources

Financing sources of the Department increased \$5.10 billion, or 50 percent, from \$10.12 billion in FY 2014 to \$15.21 billion in FY 2015. Appropriations Received, Net of Reductions increased \$284.7 million, or 3 percent, from \$8.25 billion in FY 2014 to \$8.54 billion in FY 2015. Imputed Financing Sources from Cost Absorbed by Others decreased \$100.5 million, or 28 percent, from \$357.0 million to \$256.5 million, primarily due to NOAA's decrease of \$46.9 million in imputed costs related to a Judgment Fund payment; NOAA's and the U.S. Patent and Trademark Office's (USPTO) decreased imputed costs related to pensions of \$19.9 million and \$16.0 million, respectively, due to a decrease in the Federal Employees Retirement System (FERS) cost factor; and a \$9.2 million decrease in imputed costs related to the GSA Federal Buildings Fund.

Net Cost of Operations

In FY 2015, the Department's Net Cost of Operations amounted to \$7.93 billion, which consists of Gross Costs of \$11.95 billion less Earned Revenue of \$4.02 billion.

The Department's Net Cost of Operations increased by \$259.1 million, or 3 percent, from \$7.67 billion in FY 2014 to \$7.93 billion in FY 2015. Gross Costs increased by \$482.9 million, or 4 percent, from \$11.47 billion in FY 2014 to \$11.95 billion in FY 2015. Earned Revenue increased by \$223.8 million, or 6 percent, from \$3.80 billion in FY 2014 to \$4.02 billion in FY 2015, primarily due to NTIS's increased earned revenue of \$51.1 million in reimbursable work related to E-Learning management services; NOAA's increase of \$49.5 million with the U.S. Army Corps of Engineers for habitat conservation and restoration; and Census's increase of \$37.9 million in earned revenue resulting from increased reimbursable activities with the U.S. Department of Housing and Urban Development.



Selected Budgetary Information

The Department's Obligations Incurred increased by \$7.44 billion, or 56 percent, from \$13.36 billion in FY 2014 to \$20.81 billion in FY 2015, and the Department's Outlays, Gross increased by \$7.56 billion, or 59 percent, from \$12.91 billion in FY 2014 to \$20.47 billion in FY 2015. The increases in Obligations Incurred, and Outlays, Gross were primarily due to NTIA's Public Safety Trust Fund's \$6.40 billion transfer out in in FY 2015 to NTIA's Network Construction Fund, as previously discussed, treated as Obligations Incurred and Outlays, Gross by the Public Safety Trust Fund.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

Presented below is a summary of financial statement audit and management assurances for FY 2015. Table 1 relates to the Department's FY 2015 financial statement audit, which resulted in an unmodified opinion with no material weaknesses. Table 2 presents the number of material weaknesses reported by the Department under Section 2 of the Federal Managers' Financial Integrity Act (FMFIA)—either with regard to internal controls over operations or financial reporting, and Section 4, which relates to internal controls over financial management systems; as well as the Department's compliance with the Federal Financial Management Improvement Act (FFMIA).

Table 1. Summary of Financial Statement Audit

- Audit Opinion: Unmodified
- Restatement: No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

Table 2. Summary of Management Assurances

EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING (FMFIA §2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
EFFECTIVENESS OF INTERNAL CONTROL OVER OPERATIONS (FMFIA §2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0
CONFORMANCE WITH FINANCIAL MANAGEMENT SYSTEM REQUIREMENTS (FMFIA §4)						
Statement of Assurance	Systems conform with financial management system requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	0	0	0	0	0	0
COMPLIANCE WITH FFMIA						
	Agency			Auditor		
1 System Requirements	No lack of substantial compliance noted			No lack of substantial compliance noted		
2 Accounting Standards	No lack of substantial compliance noted			No lack of substantial compliance noted		
3 U.S. Standard General Ledger at Transaction Level	No lack of substantial compliance noted			No lack of substantial compliance noted		

REPORT ON AUDIT FOLLOW-UP

The Inspector General Act, as amended, requires that the Secretary report to Congress on the final action taken for Inspector General audits. This report covers Commerce Department audit follow-up activities for the period June 1, 2014, through May 31, 2015.

SUMMARY OF ACTIVITY ON AUDIT REPORTS JUNE 1, 2014 THROUGH MAY 31, 2015						
	Disallowed Costs ¹		Funds to be put to Better Use ²		Nonmonetary Reports ³	Total
	Number of Reports	Dollars	Number of Reports	Dollars	Number of Reports	Reports
Beginning Balance	31	\$40,702,191	8	\$223,624,627	20	59
New Reports	8	2,276,186	2	309,000	21	31
Total Reports	39	42,978,377	10	223,933,627	41	90
Reports Closed	(20)	(25,307,814)	(4)	(220,783,962)	(16)	(40)
Ending Balance	19	\$17,670,563	6	\$43,149,665	25	50
¹ Disallowed costs are questioned costs that management has sustained or agreed should not be charged to the government.						
² Funds to be put to better use" are funds that could be used more efficiently if management took action to implement and complete the recommendation.						
³ Includes management (performance), contract, grant, loan, and financial statement audits with nonmonetary recommendations.						
Note: Changes to the non-federal audit process were implemented in part as a result of OMB's new <i>Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards</i> . Effective December 26, 2014, the OIG discontinued review of non-federal audit reports.						

INDEPENDENT AUDITORS' REPORT

Summary

Appearing in the Department's FY 2015 Agency Financial Report (AFR), in its audit of the Department, KPMG stated that:

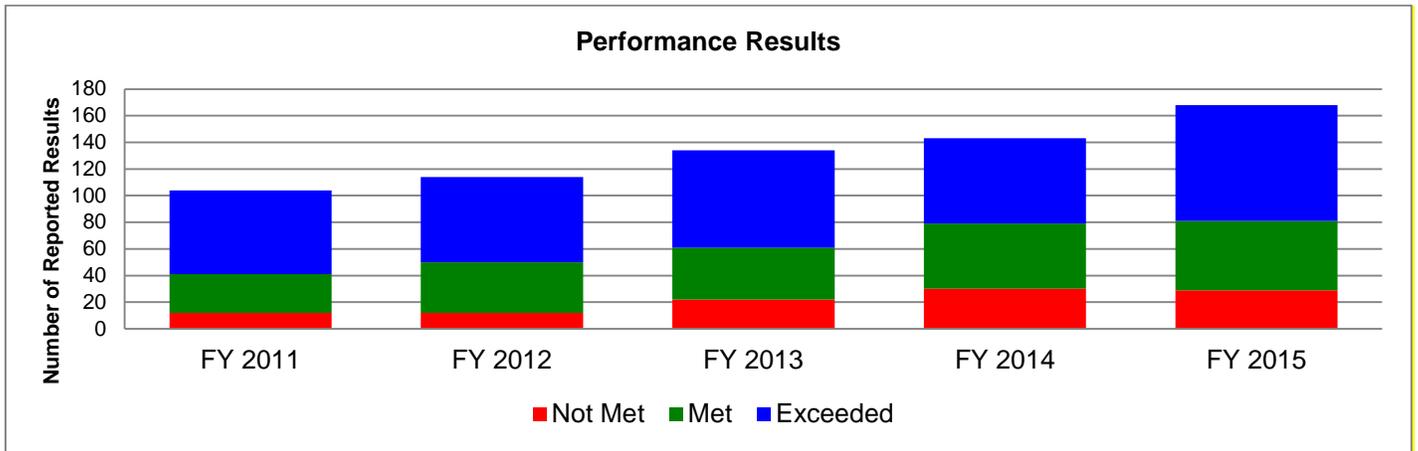
"In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of Commerce as of September 30, 2015 and 2014, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with U.S. generally accepted accounting principles."

In its audit of the Department, KPMG:

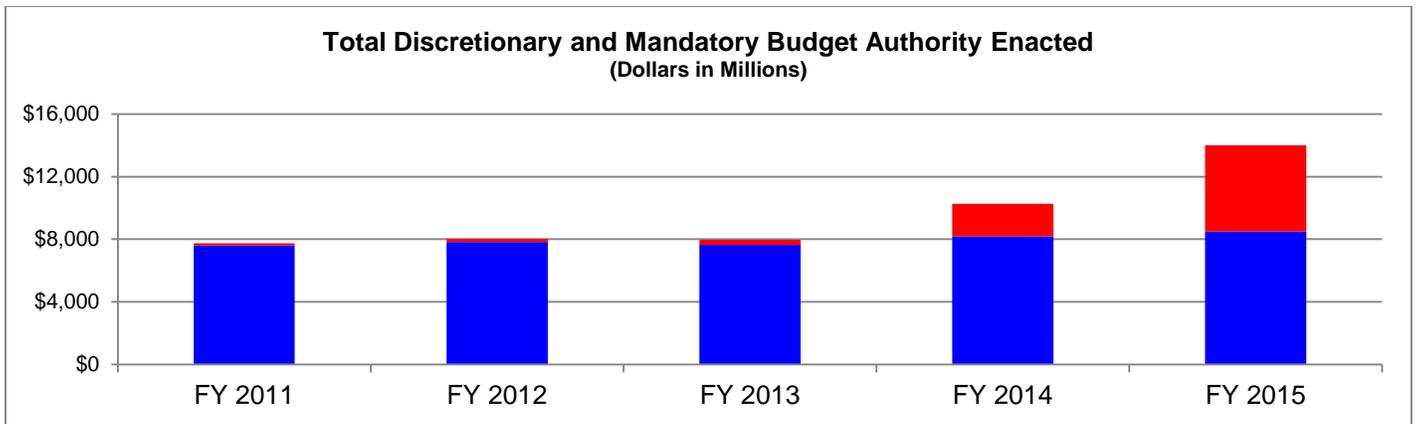
- determined that the financial statements were fairly presented in all material respects and in conformity with U.S. generally accepted accounting principles;
- identified three significant deficiencies in internal control over financial reporting related to weaknesses in the Department's information technology general controls, accounting for Public Safety Trust Fund spectrum auction proceeds, and accounting for NOAA Corps pension benefits;
- identified no instance of reportable noncompliance with applicable provisions of laws, regulations, contracts, and grant agreements;
- identified no instances in which the Department's financial management systems did not substantially comply with the requirements of the Federal Financial Management Improvement Act of 1996; and
- disclosed five potential Antideficiency Act compliance matters currently under review at the Department.

The full text of the independent auditors' report can be found in the Department's FY 2015 AFR, located at http://www.osec.doc.gov/ofm/DOCFY2015AFR_508.pdf.

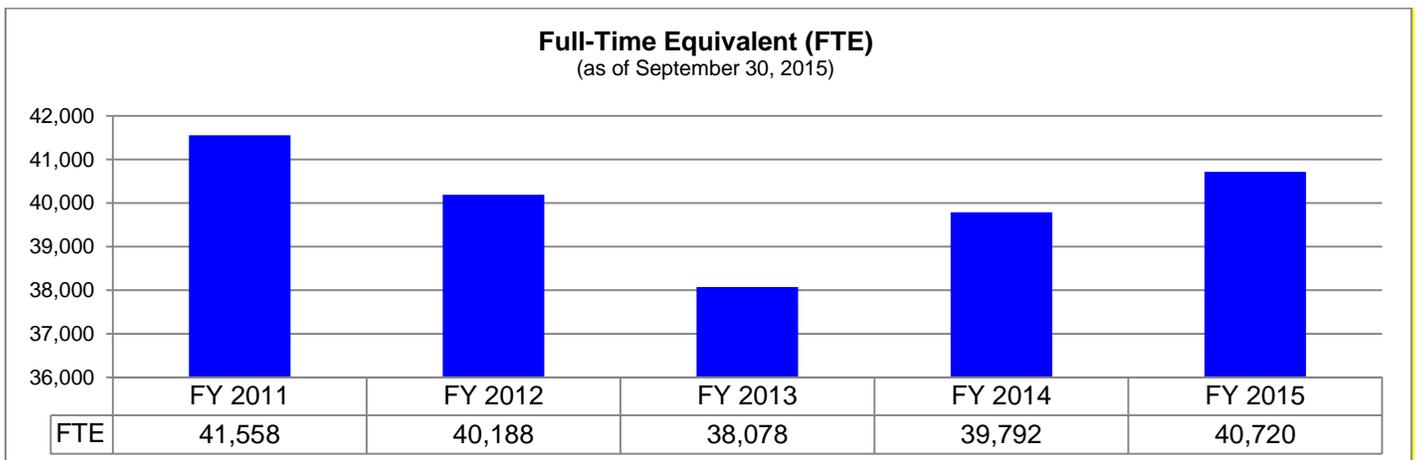
FIVE YEAR HISTORY OF PERFORMANCE, BUDGET AUTHORITY, AND FTE



% Met/Exceeded	88%	89%	84%	79%	83%
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Discretionary	\$7,594	\$7,830	\$7,639	\$8,196	\$8,498
Mandatory	\$154	\$193	\$337	\$2,075	\$5,506
Total (BA)	\$7,748	\$8,023	\$7,976	\$10,271	\$14,004



DEPARTMENT OF COMMERCE WEB ADDRESSES

Planning & Performance Web Addresses

Department of Commerce / Departmental Management

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

Strategic Plan, past Performance and Accountability Reports, Congressional Budget Justifications and Budget-in-Briefs

<http://www.osec.doc.gov/bmi/budget/>

Annual Financial Report

http://www.osec.doc.gov/ofm/OFM_Publications.html

Office of Inspector General

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

Economic Development Administration

Annual Reports <https://www.eda.gov/annual-reports/>

International Trade Administration

Strategic Plan FY 2012 – FY 2016

<http://trade.gov/PDFs/strategic-plan.pdf>

Bureau of Industry and Security

Annual Report

<http://www.bis.doc.gov/index.php/about-bis/newsroom/publications>

Minority Business Development Agency

Portal/Annual Report

<http://www.mbd.gov>

Economics and Statistics Administration

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

Bureau of Economic Analysis

<http://www.bea.gov>

BEA's Mission, Vision, Values, and Role

<http://bea.gov/about/mission.htm>

BEA Strategic Plan for FY 2013 – FY 2017

http://www.bea.gov/about/pdf/BEA%20strategic_plan%202013-2017.pdf

Release Dates for 2016 and 2015

<http://esa.doc.gov/content/release-schedule#2016>

Census Bureau

<http://www.census.gov>

National Oceanic and Atmospheric Administration

Strategic Planning and Performance

<http://www.ppi.noaa.gov/hqsp/>

Congressional Justifications and Bluebooks

<http://www.corporateservices.noaa.gov/~nbo/>

National Telecommunications and Information Administration

Annual Reports

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

U.S. Patent and Trademark Office

<http://www.uspto.gov>

Performance and Accountability Report

<http://www.uspto.gov/web/offices/com/annual/>

President's Budget and Strategic Plan

<http://www.uspto.gov/web/offices/ac/comp/budg/index.html>

National Institute of Standards and Technology

<http://www.nist.gov/index.html>

NIST Performance Evaluation

http://www.nist.gov/director/planning/impact_assessment.cfm

NIST Planning

<http://www.nist.gov/director/planning/planning.cfm>

National Technical Information Service

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

Budget and Performance Contacts

Departmental Management

Bill Tatter, btatter@doc.gov, 202-482-5979

Chris Hefflin, chefflin@doc.gov, 202-482-1705

Office of Inspector General

John Webb, jwebb@oig.doc.gov, 202-482-1719

Alicia James-Marshall, ajames@oig.doc.gov, 202-482-0185

Economic Development Administration

Bryan Borlik, bborlik@eda.gov, 202-482-3901

Stephen Devine, sdevine@eda.gov, 202-482-3280

Economics and Statistics Administration

Bureau of Economic Analysis

Timothy Jack, tjack@doc.gov, 202-482-5975

Census Bureau

Adam J. Tucker, adam.j.tucker@census.gov, 301-763-6949

Everett Whiteley, Everett.g.whiteley@census.gov, 301-763-3861

International Trade Administration

Blanche Ziv, Blanche.Ziv@trade.gov, 202-482-3302

Michael House, Michael.House@trade.gov, 202-482-5739

Bureau of Industry and Security

Gerald Patterson, Gerald.patterson@bis.gov, 202-482-2904

Minority Business Development Agency

Ron Marin, rmarin@mbda.gov, 202-482-3341

National Oceanic and Atmospheric Administration

Dana Prince, Dana.Prince@noaa.gov, 240-533-9028

Janelle Smith, Janelle.Smith@noaa.gov, 202-482-3036

Marcus Points, Marcus.Points@noaa.gov, 202-482-4763

U.S. Patent and Trademark Office

Robert Fawcett, robert.fawcett@uspto.gov, 571-272-7006

Alexandria Emgushov, Alexandria.emgushov@uspto.gov, 571-272-6296

National Institute of Standards and Technology

Francisco Balicao, francisco.balicao@nist.gov, 301-975-5510

Jason Boehm, jason.boehm@nist.gov, 301-975-8678

National Technical Information Service

Angie Martin, amartin@ntis.gov, 703-605-6455

National Telecommunications and Information Administration

Linda Smith, LiSmith@ntia.doc.gov, 202-482-7405