

FY 2001 HIGHLIGHTS AND MANAGEMENT ACCOMPLISHMENTS





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

DEPARTMENT HIGHLIGHTS

The Department Responds to Terrorism

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

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

The Department's advancement and proliferation of wireless communications also helped our nation respond to the tragedy. Specifically, the National Telecommunications and Information Administration played an instrumental role by providing emergency frequency assignments to various agencies in support of their operations at the World Trade Center. In conjunction with information technology industry leaders, the Technology Administration launched the Web site, www.nyitassist.com, which provides a list of information technology services and component suppliers to businesses in New York that were adversely affected.

The Department has also been active in ensuring economic recovery funding is effective and truly focused on rebuilding economic infrastructure in order to get people back to work and businesses up and running again. The Department is involved in the nation's assistance to those cities and victims affected by the acts of terrorism. For example, the Minority Business Development Agency sponsors grants and loan programs and serves as a clearinghouse for information on organizations that provide financial assistance to businesses affected by the events of

September 11. In addition, the Economic Development Administration immediately responded to the economic impacts by initiating economic adjustment grants to New York and the state of Virginia to assist with economic revitalization.

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

Baldrige National Quality Award

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

2001 Ron Brown Award for Corporate Leadership

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



Malcolm Baldrige National Quality Award

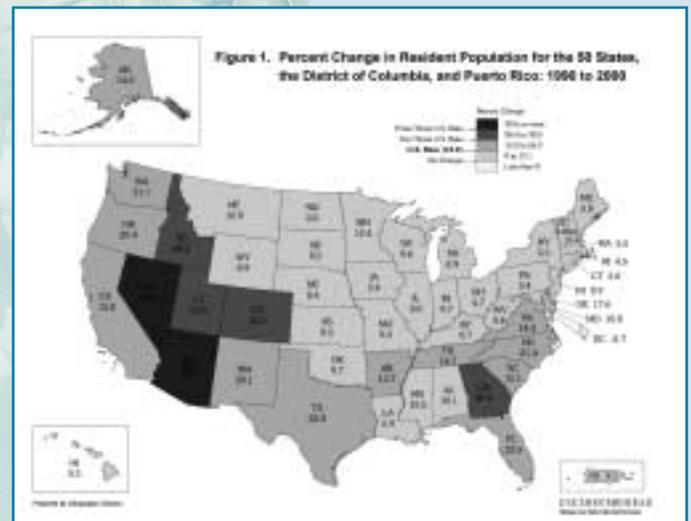
PROGRAM HIGHLIGHTS

Promotion of Free Trade

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

Successful Dissemination of 2000 Decennial Census Data

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

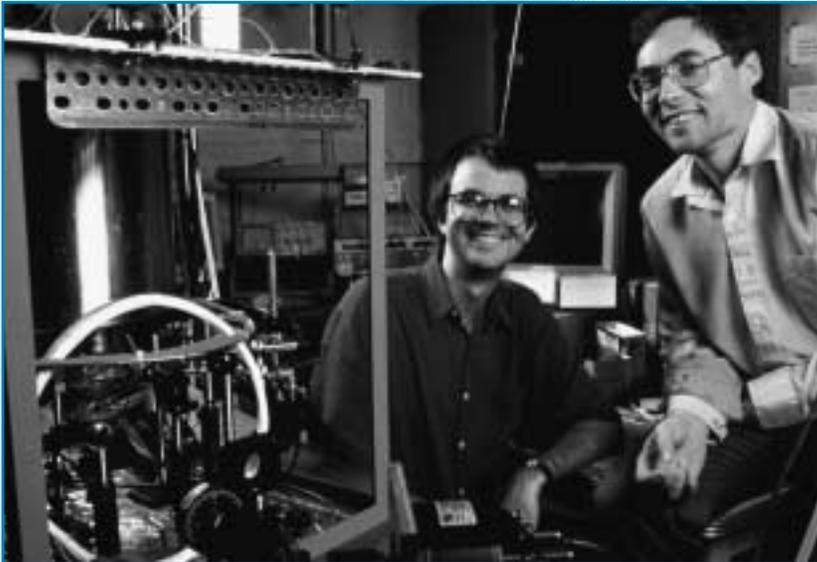


Percent Change in Resident Population for the 50 States, the District of Columbia, and Puerto Rico: 1990 to 2000

Reauthorization of the Defense Production Act

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

NIST Scientist Wins Nobel Prize for Discovery of a New State of Matter



Eric Cornell (left) and Carl Wieman (right) were awarded the 2001 Nobel Prize in Physics for research leading to the creation of the Bose-Einstein condensate – a new form of matter.

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

NOAA Launches New Satellite



NOAA's Geostationary Operational Environmental Satellite (GOES-M) arrived at Complex 36-A, Cape Canaveral Air Force Station.



NOAA's GOES-M was launched aboard an Atlas rocket on July 23, 2001 from Cape Canaveral Air Force Station.

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

USPTO—Advancing Technology

In FY 2001, the US Patent and Trademark Office (USPTO) became the first intellectual property office in the world to offer electronic filing for patents and trademarks over the Internet. Specifically, USPTO initiated full production of its Electronic Filing System (EFS) for patents in October 2000. In addition, USPTO maintains an Electronic Business Center on its Web site, in support of EFS, to provide customers with software to write and file applications using the Internet. EFS software assembles all application components, calculates fees, validates application content, and compresses, encrypts, and transmits the filing to USPTO. EFS saves time and offers the convenience of Internet filing 24 hours a day, seven days a week.

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

EDA Disaster Response and Recovery Assistance

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

Minority Business Internet Portal

The Minority Business Development Agency (MBDA) launched its new, vertically integrated Minority Business Internet Portal. The Portal is a state-of-the-art e-commerce solution that will electronically identify, match, and deliver contracting opportunities to minority-owned firms. The Portal provides access to customized tools and business information to help minority entrepreneurs

Efrain Gonzalez (far right) and Bernice Martinez (center) of MBDA guide participants through the Agency's new Minority Business Internet Portal.



grow and thrive in a dynamic digital economy. Specific application programs of the Portal include the Phoenix Database, a database of minority-owned firms, and the Opportunity Database, a contract matching system. Research tools of the Portal include current and historical trends in the Minority Business Research Library section, and networking opportunities in the Calendar section. The Portal, at www.mbda.gov, is just one of the steps the Administration is taking to make MBDA more entrepreneurial, with a new focus on innovative solutions to enhance minority business development.

NIST Works to Preserve Irreplaceable Symbols of American Freedom

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



The second page of the Constitution is securely displayed in a new, titanium-framed encasement made at NIST.

NOAA Saves 160 Lives

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

NTIA Internet Developments

Domain names are the familiar and easy-to-remember names used in e-mail and Web site addresses. They map to unique Internet Protocol (IP) numbers that serve as routing addresses on the Internet. The Domain Name System (DNS) translates Internet names into



the IP numbers needed for transmission of information across networks. The National Telecommunications and Information Administration (NTIA) supported efforts to make the governance of the Internet DNS a function of the private sector, and to create a competitive, contractually based, self-regulatory regime that deals with technical oversight and potential conflicts between domain name usage and trademark laws on a global basis. Specific accomplishments include the privatization of DNS through creation of an international non-profit organization. New agreements between the Internet Corporation for Assigned Names and Numbers and VeriSign on domain name registries for .com, .net, and .org were reached. In addition, NTIA transferred responsibility for managing the .edu Internet domain space to EDUCAUSE and .us domain space to Neustar. Accordingly, the domain name registration system is competitive and NTIA will continue its oversight of Internet technical management issues.

2001 Excellence in Economic Development Awards

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

NIST Scientists Help Semiconductor Manufacturers

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

NIST's measurement of how efficiently multiplayer mirrors reflect extreme ultraviolet light will help researchers and manufacturers optimize the systems used to produce the next generation of semiconductor microcircuits.



“The Tortugas Ecological Reserve is a shining example of what can happen when diverse interests come together to accomplish a common goal ...”

Florida's Tortugas Becomes Nation's Largest Marine Reserve

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

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

Advances in Mobile Wireless Communications

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

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

NOAA Organizations Celebrate Years of Service

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

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

The NIST Centennial: Foundations for Progress

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



Federal, state, and local officials celebrate NIST's Centennial Year! Pictured from left to right are: Representative Connie Morella (R, MD); Former Acting NIST Director Karen Brown; Scott Riley, Montgomery County Department of Economic Development; Jeanie Lazerov, Office of Senator Paul Sarbanes (D, MD); and Gaithersburg Mayor Sidney Katz.

NOAA's Climate Reference Network

In FY 2001, the National Oceanic and Atmospheric Administration (NOAA) embarked on a historic new program, the Climate Reference Network, to set in place a land surface network of climate reference stations within the United States. These stations are serving as the nation's benchmark for temperature and precipitation climate monitoring. Data from these observing sites will provide Americans with definitive information regarding climate variation and change where we live, work, and grow our food, and will also be used in daily weather forecasting and satellite calibration.

Space Commercialization

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

2001 Phoenix Awards

In FY 2001, the Economic Development Administration (EDA) continued to demonstrate progress in its Brownfields redevelopment expertise. "Brownfields" refer to the revitalization and reuse of idle and abandoned industrial land and facilities. EDA's success is highlighted by the fact that this year, as last year, 3 of 10 national Phoenix Award winners are EDA-supported projects. The Phoenix Awards recognize innovative, yet practical, remediation and development projects that bring blighted, abandoned commercial and industrial sites back to productive use. The winning EDA investments are the Chrysler Center Remediation and Redevelopment Project, Highland Park, Michigan; the Innerlock Business Park, Denver, Colorado; and Astoria Mill Pond, Astoria, Oregon.

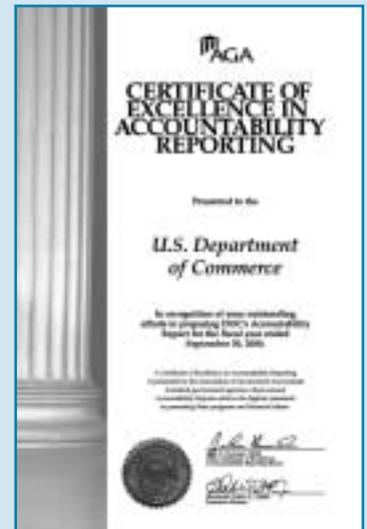
NWS Received "Straight A's" from *Government Executive* Magazine

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

FINANCIAL HIGHLIGHTS

CEAR Award for Department's FY 2000 Accountability Report

The Department received the Certificate of Excellence in Accountability Reporting (CEAR) award for its FY 2000 Accountability Report. The Association of Government Accountant's CEAR program was established in conjunction with the Federal Chief Financial Officers Council and the U.S. Office of Management and Budget (OMB) to improve financial accountability by streamlining and improving the effectiveness of reporting. The CEAR recognizes outstanding accountability reporting and is the highest form of recognition in Federal Government financial management reporting. Among the many federal agencies that participated in the program, the Department was one of the five award recipients, and one of the first cabinet departments to receive the award.



Unqualified Audit Opinion Maintained

The Department continued to make financial management a priority by maintaining an unqualified opinion on the Department's Consolidated Financial Statements for FY 2001. This is the third straight year the Department received unqualified opinions on all financial statements. In addition, all bureaus subject to individual audits maintained unqualified opinions on their principal statements. The Department also continued to resolve material weaknesses and reportable conditions by monitoring corrective actions and working closely with bureaus' management on implementation.

Commerce Administrative Management System

During FY 2001, we continued to make progress in implementing the Commerce Administrative Management System (CAMS), which includes the Core Financial System (CFS). CAMS is the integrated financial management system currently being implemented throughout the Department. The system will enable the Department to meet, for the first time, the requirements of the CFO Act and OMB Circular A-127. In addition, it will enable the Department to produce accurate, timely, and flexible reports to support management. CAMS is currently being used by the Bureau of the Census, the Office of the Secretary, the Office of the Inspector General, the Economic Development Administration, the Minority Business Development Agency, the Economics and Statistics Administration, and the Bureau of Economic Analysis. Furthermore, the Department implemented a Corporate Database to produce consolidated Department and bureau financial statements.